Project Cycle Management (PCM) and Objectives-Oriented Project Planning (ZOPP)

Guidelines
Project Cycle Management (PCM) and Objectives-Oriented Project Planning (ZOPP)

– Guidelines –
Basic Structure of Development Cooperation

Outset situation

Activities of the target group (self-help process)

Future situation/Intended improvements (development goal)

Project/Programme of the partner country organisations

TC

Levels of Cooperation and Input Processes

Levels of Cooperation

Target groups

Partner-country organisations

GTZ

Input Process

Outset situation

Development goal achieved

Project/Programme concept

Project/Programme purpose achieved

Proposal for TC

Objective of assistance achieved
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Introduction

In its "Statement of Principles on Managing the Implementation of German Technical Cooperation Activities", GTZ’s Directors General clearly set out the organisation’s tasks and role and encouraged staff members to adopt flexible procedures.

These guidelines describe the GTZ’s project cycle management (PCM) and its objectives-oriented project planning method (ZOPP), explaining the principles on which GTZ plans and steers its cooperation activities.

Supplementary brochures on specific operational issues of PCM and ZOPP will soon be published.

1. Managing Projects

Managing means structuring social processes in order to achieve a predetermined objective. Management is broken down into separate functions in order to describe the full range of structuring tasks involved. The chief functions are: agreeing on objectives, planning, decision-taking, motivating, organising, steering, monitoring and informing. These functions, and the resultant tasks, must be performed regularly throughout the process being managed, from the outset to the very end.

A project can be described as a process of providing inputs over a limited period: using the resources provided, activities are conducted and outputs (results) generated, in order to achieve a previously defined impact (the project purpose). We talk of programmes when more than one project in a sector, sub-sector or region are linked together by a clearly defined concept. Projects and programmes are sustainable if the impact continues to have effect.

The description of the "life cycle" of a project, commonly found in business theory and stretching from the start of planning to the conclusion of project activities, can be taken as an orientation aid for managerial actions. According to this concept a project goes
through phases of identification, conception and implementation. During this life cycle, project managers must regularly perform tasks entailed by the above-listed functions. Thus, a project or programme, which is a social process, is not just subjected to one-off planning and subsequently implemented. Planning is an ongoing process throughout implementation (so-called "rolling planning").

Figure 1 shows the project cycle and the functions and tasks of management.

The stages which a project goes through in the course of its life build on one another: the ideas concerning what objectives are to be reached and how they form into a system must first be outlined before any decision can be taken on what inputs are required. Before deciding to implement a project and provide the necessary resources the cornerstones of a project concept must be in place. The diagram indicates the transition between phases or the conclusion of a specific phase by the phrases: "objectives system clarified" (identification phase), "project plan elaborated" (conceptual phase) and "project purpose achieved" (implementation phase). The individual project planning steps are geared to this logical system.

The entire process is not linear but has many feedback loops in which to review the analyses, planning and decisions made or re-examine them in more detail, in line with experience gained. The definition given to an objective during the identification phase is not a definitive one, but must be repeatedly re-examined over the course of implementation and modified if necessary. All other decisions too, must be regularly reviewed and modified if they prove to be inexpedient, no longer applicable, or when they are up for renewed agreement. All in all, hard and fast decisions should be kept to a minimum expedient for a given situation, and plans only be held as valid until new findings make it necessary to revise them.

Replanning is the result of systematic observation, analysis and assessment of implementation (i.e. monitoring and evaluation). Focus does not centre exclusively on the planning targets but also on pertinent conditions and circumstances in the project.
Figure 1: Project Cycle

- **Implementation Phase**
  - Assess current situation
  - Establish project concept
  - Prepare decision to implement the project
  - Implement, adjust and update planning
  - Terminate project

- **Concept Phase**
  - Establish project concept
  - Prepare decision to implement the project
  - Implement, adjust and update planning
  - Terminate project

- **Project Plan**
  - Establish project concept
  - Prepare decision to implement the project
  - Implement, adjust and update planning
  - Terminate project

- **Project Cycle**
  - Assess current situation
  - Establish project concept
  - Prepare decision to implement the project
  - Implement, adjust and update planning
  - Terminate project

- **Identification Phase**
  - Assess current situation
  - Establish project concept
  - Prepare decision to implement the project
  - Implement, adjust and update planning
  - Terminate project

- **Inform**
  - Assess current situation
  - Establish project concept
  - Prepare decision to implement the project
  - Implement, adjust and update planning
  - Terminate project

- **Plan**
  - Assess current situation
  - Establish project concept
  - Prepare decision to implement the project
  - Implement, adjust and update planning
  - Terminate project

- **Set**
  - Assess current situation
  - Establish project concept
  - Prepare decision to implement the project
  - Implement, adjust and update planning
  - Terminate project

- **Objectives**
  - Assess current situation
  - Establish project concept
  - Prepare decision to implement the project
  - Implement, adjust and update planning
  - Terminate project

- **Purpose**
  - Assess current situation
  - Establish project concept
  - Prepare decision to implement the project
  - Implement, adjust and update planning
  - Terminate project

- **Control**
  - Assess current situation
  - Establish project concept
  - Prepare decision to implement the project
  - Implement, adjust and update planning
  - Terminate project

- **Implement**
  - Assess current situation
  - Establish project concept
  - Prepare decision to implement the project
  - Implement, adjust and update planning
  - Terminate project

- **Operationalise planning**
  - Assess current situation
  - Establish project concept
  - Prepare decision to implement the project
  - Implement, adjust and update planning
  - Terminate project
environment. Any unintentional impacts and their consequences must be identified at an early stage.

Basically, every project implementing organisation has a similar management process. In development cooperation, the management processes of several organisations have to be interlinked, constituting a complex situation which places high demands on managers. Successful cooperation relies on well-clarified roles, duties and responsibilities of the actors involved. GTZ has developed its PCM system to this end.

2. Managing Participatory Development Cooperation

2.1 Underlying Concepts and Basic Terms

To better clarify the contexts and relations described in this chapter, let us first look at a few of the central concepts involved. The definitions given make no claim to be the only possible and valid definition. On the contrary, they should be seen as working aids, to be replaced by better ones when necessary.

**Development** can be understood as a structured process of transition from a current situation considered unsatisfactory to a future situation which is considered to be an improvement. Our experience shows such processes can only succeed when the individuals concerned assume responsibility for them and changes are brought about as self-help measures. An intended development must thus be based on the actual needs of the people affected, and on the scope for action open to them.

**Development cooperation** aims to ensure that self-help processes are initiated and that they run successfully. The GTZ assists its partner organisations in encouraging development processes within target groups. **Target groups** are those groups in society who are to be directly affected by the change contained in the project’s or programme’s purpose (goal). GTZ’s task may consist of identifying and structuring suitable partner-country organisation’s plans to assist target groups in this process of change. Responsibility can be weighed differently, depending on the specific role and
competence of the participants, meaning that the role of the GTZ can also vary enormously from one situation to another.

In official technical cooperation the political applicant for German assistance is always the government of a partner country. Even though a proposal may be drawn up by a specific organisation, it must be approved by the governments of the countries in question. The government making the application frequently transfers its activities to organisations, state or non-governmental, which plan and implement a project (sometimes forming a network). These implementing organisations are, strictly speaking, the counterpart organisations of the GTZ. GTZ’s cooperation with its counterpart organisations usually takes the form of projects or programmes.

Participation is recognised today as a central quality criterion of development cooperation. Participation means the active involvement of individuals, social groups and organisations in the planning and decision-making processes that affect them.

2.2 Basic Structure of Development Cooperation

The basic structure of cooperation relations in technical cooperation is explained in Figure 2. On behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), the GTZ supports one or more partner-country organisations during the preparation and implementation of a project or programme designed to promote self-help among target groups. Counterpart organisations may be state-run or non-governmental. The development-policy principles of the BMZ and the GTZ commit them to working increasingly with non-governmental organisations. German promotion and assistance is based on the principle of minimum intervention, and the type and scope of support addresses those inputs which the partner cannot (yet) provide itself. The GTZ reacts to this varied demand situation with a wide spectrum of services ranging from one-off inputs (e.g. conducting a study) right through to managing complex systems.

For a project to be eligible for German promotion it is crucial that it
• be geared to the needs of the target group

1 To underline this distinction we sometimes speak of the political applicant of a project on the one hand and the implementing organisations on the other.
2.3 PCM as a Way of Combining the Inputs of Different Actors in Technical Cooperation

PCM is the internationally used abbreviation for "project cycle management". GTZ considers PCM as not only covering the life cycle of a project and the management functions to be performed at regular intervals throughout the cycle, but above all as a concept to be used to design cooperation such that it runs successfully for all participants. From this viewpoint, the overriding principle is to ensure that the affected groups become involved as participants in this process.

Figure 2

Basic Structure of Development Cooperation

- strengthen the self-help capacities of people affected
- be feasible under the given framework conditions
- create the preconditions which will ensure the sustainability of the situation it helped improve.
As shown in Figure 2, a distinction is first made between the actors to be involved and the various levels at which they act:

- the target groups, at whose level the intended development is to take place
- the partner organisations who implement a project or programme, so that this development can come about, and
- the GTZ who, on behalf of the BMZ or other commissioning/financing bodies, provides inputs to help the partner organisation to implement the project or programme.

The differentiated view of each level makes it easier to organise expedient cooperation. Basically, each actor must structure (or manage) his or her own input process. The common aim is the agreed development goal: the target group level must reach a consensus on the planned improvement in their life situation (which will be the development goal) and the measures necessary to achieve this goal. A project or programme which is being implemented at the level of the counterpart organisation with the aim of supporting a self-help process, must first clarify how the process operates at target group level, why it is not succeeding under its own steam (outset situation) and which "external" inputs are needed to allow the planned development (project purpose) to take place. The GTZ must know what the two higher levels – target group and partner-country organisation – intend to do and what they need before it can specify its own inputs to support the project.

In the cooperation network, the input processes of all participants must be interlinked in such a way as to ensure that the targeted improvement to the situation does actually take place. Frequently the GTZ's task in this part of the cycle is to ensure that the input processes between the partner organisation and the target groups are appropriately interlinked.

Figure 3 illustrates a model for differentiated cooperation which integrates the above ideas. The vertical links depict the actors – target groups, partner organisations and the GTZ – at their respective intervention levels. The horizontal links show the input processes at each level with their starting and end points. At the
levels of the partner organisation and the GTZ the needs-clarifying process is based on the process taking place at the next highest level, i.e. “top-down”. The success of inputs made at any one level becomes evident at the next highest level: the promotion has achieved its objective when, with its help, the project purpose has been achieved. The project itself is successful when, with its help, the intended development actually takes place.

Cooperation relations are directed to the common purpose, if

• they address a need at the next highest process level
• they comply with the principle of minimum intervention
• they are cost-effective
• they stabilise the process at the next level on a sustainable basis
• they comply with the superordinate development-policy goals of the actors.
Experience shows that cooperation is more fruitful if participants
• have clarified the expectations they have of one another
• broadly agree on the objectives to be reached
• recognise their respective responsibility for achieving the
  objective, and accept this throughout the process.

2.4 Management of GTZ Development Cooperation

In recent years the GTZ has focused considerable effort on improving
the start-up phase of cooperation. This reflected the experience
that more in-depth preparatory work improves the conditions for
implementation and the chances of sustainability. Optimal net-
working of the input processes was recognised as being paramount
to the success of cooperation. The principle of minimum inter-
vention was given high rating in this context.

The starting point for activities by the GTZ is determined by the
project or programme proposal submitted by the partner side and
by the development-policy directives of its client, the BMZ (or the
financing body for the project in question). The GTZ must design
its inputs to optimally satisfy the quality requirements of each
client. This often entails reconciling divergent ideas and interests.

With its main client, the BMZ, the GTZ follows a standardised
procedure – the so-called “F-procedure”. Whilst all statements
made here apply to this procedure, the ideas of participatory mana-
gement basically also apply to other commissions as well. Under the
procedure adopted with the BMZ, the government of a partner
country submits a proposal for Technical Cooperation to the
German Federal Government in line with the currently valid
application procedures. GTZ is often involved in an upstream
consultancy capacity even before the application is filed. In these
cases the GTZ helps potential counterpart organisations to clarify
their ideas for a project, without any prejudice to the outcome of
the application procedure. In compliance with the regional and
sector-policy directives of the BMZ, the GTZ can also present its
own ideas for cooperation. Once an application has been pre-
screened and checked to ensure that it complies with German
development-policy procedures, the BMZ generally commissions

\[\text{Different commissioning scenarios of the GTZ will be dealt with in a separate set of guidelines (currently in
preparation).}\]

\[\text{“F” stands for “formatted” and reflects the standardised working relations, including the instruments and for-
formats used.}\]
the GTZ to perform a preliminary appraisal of the application, or to submit an offer for further procedure. A commission from the BMZ to implement the work initiates a relevant input process on the part of the GTZ. In the course of this process, open questions regarding the planned cooperation will be answered as far as possible and necessary, and the potential German contributions to the planned improvements at the levels of the partner organisation and the target groups are designed.

The overall structure of GTZ’s input process covers
• identifying the outset situation and the objective of promotion
• designing the promotion measures
• implementing promotion measures and further developing them as required.

In concrete terms this means that the GTZ analyses and assesses the proposal for cooperation\(^4\), in order to specify the recognisable needs at target group level. The GTZ checks whether or not the proposed project concept meets needs at this level, and whether it will be accepted by the target groups. It assesses whether the concept put forward can be successfully operationalised (e.g. the commitments undertaken by the partner-country organisation, the resources available, the cost-benefit ratio). It attaches special importance to whether or not suitable organisations on the partner side are proposed to implement the project and what support these organisations will require. German promotion is then worked out on this basis. In many cases the first step is to create the necessary framework for cooperation by initiating clarifying processes at the level of the target groups and the counterpart organisations. Before a project agreement (exchange of notes) is signed, the GTZ can provide upstream consultancy services in the form of a project appraisal, help in drawing up a project concept and devising an implementation structure, or even an open orientation phase\(^5\).

GTZ not infrequently faces problems which go beyond the performance capacity and authority of the partners at the outset of cooperation. For sustainable project success it is of paramount importance that the partners acquire this problem-solving competence in the course of the project. A system of task sharing and division of responsibility over several organisations as part of a

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\(^4\) When GTZ is involved before an application is submitted the questions mentioned here are used as lead questions in planning.

\(^5\) The analysis, assessment and decision-making steps adopted by GTZ, and those used in dealings between the BMZ and the GTZ to clarify cooperation are described in more detail in separate guidelines.
A diversified partner-country organisational structure can often be a suitable approach, since the various conflicting interests in a development process can best be identified when they are represented by organisations and groups working together over a longer period. Development can be impeded or derailed if one organisation (often the state) claims that it can prematurely harmonise the divergent interests which are the driving force of development. GTZ terms this task-sharing model a 'pluralist structure'.

GTZ uses its own ZOPP objectives-oriented project planning method to identify and design its own inputs and initiates its partners in this method if they so request.

3. ZOPP – Objectives-Oriented Project Planning

Objectives-oriented project planning (ZOPP) is a method of structuring planning processes. It provides a systematic framework while at the same time according high priority to ongoing communication. ZOPP is based on a specific understanding of planning and planning quality and its main features are presented in this section.

3.1 Planning as a Process of Clarification, Consensus-Building and Communication

Planning is above all a process of clarification and understanding between individuals who wish to work together to change something. The elements of a plan are produced during the course of the project: Plans are designs of something to be done in future, which pre-specify what inputs are required to achieve the desired goal. They are common guidelines for participants to target their activities and efficiently manage scarce resources. There are limits to what can be planned, and the time-scale and degree of detail contained in plans must be realistic. Forecasts of future developments always contain a degree of uncertainty, but this does not make planning superfluous to requirements. Nevertheless, problems and framework conditions may arise in which planning procedures can be counterproductive, restricting options for action. Where this is the case, the consensus reached on the objectives and framework...
for activities should provide a system of reference which permits activities to be geared to objectives. In the light of the fundamental debate on the limitations of planning, the GTZ staff are encouraged to try out other options too in future.

In the past, the GTZ has highlighted the priority of planning compared to other management functions. As a result, planning has been seen as a rigid directive and unbending administrative rule which frequently stood in the way of targeted project implementation.

GTZ has also realised that the status of planning, and thus the degree to which it is held as binding, can vary enormously from one culture to another. For this reason GTZ today accords top priority to the communicative aspects of planning and its process-type character.

3.2 Elements of a Plan and the Project Planning Matrix (PPM)

The plan specifies the individual elements of a project or programme. In particular it provides information about:

• What improvements are to be made to the situation of the target groups? (Development goal)
• What changes are to be made to the target groups' actions? (Project purpose, impact of project measures)
• What outputs will be needed to generate this impact? (Results)
• What must be done in order to obtain these outputs? (Activities)
• What resources (human, material, financial, time) are needed to perform the activities? (Quantities and costs)
• What framework conditions are necessary to obtain the results and achieve the impact? (Assumptions)
• How can we recognise that impacts, results and assumptions have been achieved? (Indicators)

The relevance of the project purpose, and thus the justification for implementing a project also become clear when information is obtained on:

• Why the project purpose should be achieved; Which superordinate (strategic, development-policy) goal the project serves. (Overall goal)

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6 See also the Directorate General’s “Managing the Implementation of German Technical Cooperation Activities” (August 1995).
The activities, results, project purpose, development goal and overall goal, along with the assumptions, together make up the project's development hypothesis and outline the underlying logic. In order to present the elements of the plan clearly and to illustrate the interrelations involved, a special matrix, the *project planning matrix* (PPM or logical framework) was devised and integrated into the objectives-oriented project planning method.

The individual elements of the PPM must be specified during the planning process. Depending on how much detailed, reliable information is provided in each field of the PPM, it is possible to plausibly assess what risks\(^7\) endanger the achievement of the objective and its economic efficiency, and make a well-founded decision on whether or not to implement the project. The validity of a PPM must be revised regularly during implementation.

### 3.3 ZOPP Procedures

*ZOPP* consists of pre-defined *analysis and planning steps* to define the outset situation, the objectives structure and the project concept. These steps should be done in teamwork as far as possible. *Moderation (or facilitating), special visualisation techniques and consistent documentation* support communication and decision-making.

The chief characteristics of the ZOPP method are:

- participation by those affected and all important actors
- iterative procedure, flexible design
- search for consensus
- transparent analysis and decision-making
- receptiveness to the use of suitable instruments in the planning process.

Experience teaches us which elements reflect a solid plan and what quality of information is required: an objective, for instance, can help direct our activities if it is clearly worded and verifiable, if it can be achieved with the resources available, and if it is accepted by the individuals affected. A plan can only be used as intended, as an instrument to guide activities, if the participants share a

\(^7\) The political, socio-cultural, economic and environmental conditions which have bearing on the assumptions are particularly important in assessing risks.
common understanding of its elements and their relevance. This requires a process of communication and understanding which should be supported by moderators/facilitators. Workshops have proved to be a good forum for participants to exchange views. Workshops can vary enormously in terms of topics, participants and the way they are held. Each workshop should be organised to serve a specific purpose. A workshop should never be confused with the ZOPP method itself, nor should a planning process be reduced to the ZOPP workshop alone.

Before a consensus can be reached, the varying points of view must be identified and clearly presented. Visualisation techniques (e.g. the card method), team work and moderation (facilitation) have been adopted as integral parts of the ZOPP method. As different actors can be involved at various stages of the process, ZOPP also prescribes that comprehensive documentation be kept on all steps taken.

The ZOPP method is applied wherever there is a need for clarification in the project cycle. Various analysis steps - the participation analysis, problem analysis, objectives analysis and analysis of alternatives - have been developed to define the objectives to be reached and the pertinent action strategies. The ZOPP method can incorporate all instruments, techniques and procedures that may be appropriate in the given cultural context (e.g. ecological and economic assessments, baseline studies, sectoral studies, instruments to evaluate interaction, decision-making techniques).

All participants will only share a common understanding of the project and its objectives if they have been adequately involved right from its birth. This is particularly true of the target groups, whose lives and working situations it is to change. A crucial quality of ZOPP is that during the clarification process the direct participants can present their own views about the existing problems and potentials; this makes the project inputs more realistic and boosts acceptance of the inputs by and for the project.

Experience has shown, however, that the ambitious standards set for participatory analysis and planning are not always met. Just as the ZOPP method has sometimes been reduced to the ZOPP
workshop, participation has often been misunderstood as simply having representatives of the target groups attend the workshop, irrespective of how alien events of this sort may be to their culture. More appropriate techniques are available nowadays allowing planning and evaluation to be conducted more flexibly with the social groups affected. Special mention is made of the participatory appraisal, a procedure which has proved its worth in both rural and urban situations. Techniques of this sort should be used more often in the ZOPP system.

All in all it can be said that ZOPP has often been applied in too rigid and ritualised a fashion in the past. The strong focus on a logical, rationally structured PPM has meant that too little attention has frequently been attached to the prior participatory process of clarification and consensus building. The clarification of the various participants’ roles and responsibilities, which is every bit as important, has often been neglected. The ZOPP method only enhances the quality of projects when
• it is used flexibly and planning is seen as a process
• it is also used to clarify the objectives, expectations, roles and responsibility of all participants.

3.4 Instruments to Steer Implementation

During implementation the duties of management are not limited to simply operationalising the plan. Responsibility for steering also implies periodic review and adjustment of planning. GTZ has developed additional instruments and formats to assist its managers perform these tasks. All aids are based on a common system, and can be used throughout the project cycle. The project planning matrix is the basic, logical structure on which the following instruments have been built:
• Plan of operations
• Monitoring and evaluation (M + E)
• Project progress report
• Project progress review.

The plan of operations is used to detail the activities presented in the PPM for a limited period of time, stipulating the personnel,
materials, equipment and funds required for implementation, allocating responsibility, and stipulating a time-schedule. A special form (GTZ form 21-50) is available for this.

M + E (cf. Schriftenreihe der GTZ No. 229) is an instrument for internal project steering. It assures ongoing observation and assessment of project progress. M + E addresses not just the results and activities, but also intended and unintentional impacts (impact monitoring) and conditions surrounding the project. M + E is also the basis for reporting.

The project progress report (cf. GTZ form 24-26) is the format for reports submitted by the official project contact person to the responsible division at Head Office, and by the latter to the BMZ.

The project progress review (cf. GTZ form 23-16) is a systematic examination of a project’s planning, implementation and impacts. It is conducted by independent experts.

Here too the overriding principle is that an instrument can only be used to maximum efficiency if it is clearly target-oriented and flexibly adapted to match the given cultural context.