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Humanitarian Mini MBA: leading a humanitarian organisation

Course handout · Week 3 : Project cycle: design, planning and performance management

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Week 3 : Project cycle: design, planning and performance management

Objectives

- Design a project from an analysis of problems, stakeholders and options, and build a coherent logframe.
- Plan the work (work breakdown structure, critical path, resources) and anticipate the constraints of emergencies.
- Steer a project with performance indicators (earned value, burn rate) and manage changes with the donor.

The phases of the cycle and the decision gates

The project cycle has five phases: **identification**, **design**, **implementation and monitoring**, **evaluation**, **closure and learning**. The PMD Pro guides (PM4NGOs) add a logic of **decision gates**: at the end of each phase, a body decides whether to continue, adjust or stop. In practice, many organisations never stop a project during design because a donor is interested; this is one of the main causes of failure.

The three classic constraints (scope, time, cost) are complemented in humanitarian work by **quality** (Sphere standards, CHS), **risks** (security, protection, fraud) and **accountability**. Any change to one constraint affects the others: reducing the timeline without reducing the scope raises the cost or degrades quality.

Phase	Key output	Decision question
Identification	Needs analysis, concept note	Is the problem a priority and within our mandate?
Design	Logframe, budget, MEAL plan, risk analysis	Is the solution feasible, relevant and fundable?
Implementation	Work plan, monitoring reports	Are we on track? Do we need to revise?
Evaluation	Evaluation report, management response	What results and what lessons?
Closure	Final report, inventory, archives, exit strategy	Have commitments been met and handed over?

From the problem tree to the logframe

The **problem tree** organises the causes (roots) and effects (branches) of a central problem. Converted into an **objective tree**, it reveals several possible pathways; the **options analysis** chooses the one that matches the priority needs, the organisation's added value, what other actors are doing, cost and risk.

The **logical framework** then organises the project into four levels: overall objective (impact), specific objective (outcome), results (outputs) and activities. Its vertical logic is checked with the "if... and... then" test: if the activities are carried out *and* the assumptions hold, *then* the results are achieved. The horizontal logic associates indicators, means of verification and assumptions with each level.

Three mistakes get a proposal rejected by a demanding reviewer: a specific objective that repeats an activity ("distribute kits") instead of a change ("households apply key hygiene practices"); assumptions that are in fact risks the project should manage ("staff are recruited on time"); indicators with no baseline or target.

> A good assumption is an important external factor, likely but not certain, that the project does not control. If it is very unlikely, it is a killer assumption: change the design, do not write it in the column.

Planning: breakdown, critical path and resources

The **work breakdown structure** (WBS) breaks each result down into work packages precise enough to be estimated, assigned and tracked. From the WBS, you estimate durations, identify dependencies (for example, the baseline survey must precede targeting, and targeting must precede distribution) and calculate the **critical path**: the longest sequence of dependent tasks. Any delay on a critical-path task delays the whole project.

Example: recruiting enumerators (10 days), then baseline survey (15 days), then analysis and targeting (10 days), then distribution (20 days) = 55 days. In parallel, procuring the kits takes 45 days but must be completed before distribution, which starts on day 35: it therefore has a negative float of 10 days. Procurement becomes critical: it must be launched before the survey ends, based on estimated quantities, or through a framework agreement.

Resource planning must include **constraints specific to humanitarian work**: rainy seasons and access, the agricultural calendar, religious holidays, import and customs clearance times, donor approval times (often 4 to 8 weeks for a modification), and the real workload of teams already committed to other projects.

Steering with earned value and burn rate

Simple budget monitoring (spent versus budget) is misleading: a project may have spent 50% of its budget at mid-term while having completed only 30% of the work. The **earned value** method compares three figures:

- **Planned value (PV)**: budgeted cost of the work scheduled to date.
- **Earned value (EV)**: budgeted cost of the work actually completed.
- **Actual cost (AC)**: what has actually been spent.

From these come the **schedule performance index** SPI = EV / PV and the **cost performance index** CPI = EV / AC. An index below 1 signals a delay or an overrun. The estimate at completion is often calculated as EAC = total budget / CPI, if the observed performance continues.

Worked example. Total budget USD 800,000 over 12 months. In month 6: PV = 400,000, EV = 320,000, AC = 360,000. SPI = 320 / 400 = 0.80 (20% behind the planned work). CPI = 320 / 360 ≈ 0.89 (you pay USD 1.12 for USD 1 of work). EAC = 800,000 / 0.89 ≈ USD 900,000: without action, the project will overrun by about USD 100,000 or will not complete all the work.

> Manager's reading: a low SPI with a CPI close to 1 signals a capacity or access problem (less work done, but at the right price). A low CPI signals a problem of price, productivity or, sometimes, fraud. The two call for different actions.

Managing changes, stakeholders and closure

No humanitarian project unfolds as planned. **Change management** requires a log in which each change is described, assessed (effects on scope, cost, time, quality, risks), decided at the right level and, where necessary, approved by the donor. Most donors set a flexibility threshold between budget headings (for example 15% for several European donors, under conditions), beyond which an amendment is mandatory. Exceeding this threshold without agreement exposes the organisation to ineligible costs.

Major modifications (area, target group, duration) are requested before being applied, with a data-based justification (monitoring, security, market), a revised budget and a revised logframe. A no-cost extension request must arrive at least one to two months before the end date, depending on the donor.

Closure is often rushed. It includes: checking commitments, the final narrative and financial report, inventory and disposal of assets according to donor rules, ending or transferring contracts, archiving (often 5 to 10 years depending on the donor), informing communities and implementing the exit strategy, and a lessons-learned workshop.

Exercise: mid-term review with earned value

Data. 18-month multi-sector project, budget EUR 1,200,000. In month 9: planned value EUR 640,000; work completed estimated at EUR 512,000 of budgeted value; actual expenditure EUR 590,000. The delay comes from 7 weeks during which one area was inaccessible (floods); the high spending comes from a 22% rise in fuel prices and an unplanned vehicle rental.

Task. 1) Calculate SPI, CPI and the estimate at completion. 2) Interpret the two indices separately. 3) Propose three recovery measures and state which ones require donor approval. 4) Write, in ten lines, the modification request to the donor.

Answer key. SPI = 512 / 640 = 0.80; CPI = 512 / 590 ≈ 0.87; EAC = 1,200,000 / 0.87 ≈ EUR 1,380,000, i.e. a potential overrun of about EUR 180,000. The delay is external and documentable (floods): it justifies a no-cost extension. The cost overrun is partly external (fuel) and partly a management issue (unplanned rental): renegotiate the rental or pool vehicles, and reallocate between headings within the flexibility limit; beyond it, an amendment is needed.

Key takeaways

- At the end of each phase, a decision gate: continue, adjust or stop.
- Specific objective = a change, not an activity; assumption = a likely but uncertain external factor.
- The critical path determines the project's duration; procurement is often on the critical path.
- SPI = EV / PV; CPI = EV / AC; EAC ≈ budget / CPI.
- Every change is documented, assessed and, beyond the flexibility thresholds, approved by the donor before it is applied.

Quiz

1. In month 4 of a project: PV = 200,000, EV = 180,000, AC = 150,000. Which reading is correct?
   A. The project is behind schedule and over budget
   B. The project is behind schedule (SPI = 0.90) but under the planned cost for the work done (CPI = 1.20)
   C. The project is ahead of schedule and over budget
   D. The project is exactly on schedule

2. Which of these statements is a correct assumption at the specific objective level?
   A. Project staff are recruited on time
   B. The kits are purchased on time
   C. Prices of staple goods on local markets stay within a range of plus or minus 20%
   D. The NGO complies with its procedures

3. A 45-day procurement must be completed before a distribution planned for day 35; it can only start on day 25. What should you conclude?
   A. Nothing, procurement is not on the critical path
   B. Procurement has a negative float of 35 days and becomes the critical element: it must be brought forward or the supply method changed
   C. Simply postpone the distribution by one week
   D. Reduce the length of the survey

4. An SPI of 0.75 with a CPI of 1.00 most likely indicates:
   A. Price fraud
   B. A capacity or access problem: less work done than planned, but at the right unit cost
   C. A major budget overrun
   D. A project ahead of schedule

5. An NGO wants to move 25% of the budget from one heading to another, while the contract allows 15% flexibility. It must:
   A. Make the transfer and explain it in the final report
   B. Request and obtain an amendment before committing the expenditure, with a justification and a revised budget
   C. Spread the transfer over two financial years to stay under the threshold
   D. Ask the programme officer for verbal approval

Quiz answers : 1. B · 2. C · 3. B · 4. B · 5. B