

Module 3 – Developing the Logical Framework

Please note that if you have not yet requested one or more of the technical modules to assist you complete Module 2, we suggest you request the appropriate modules to assist you complete this module:

- If your proposal relates to Lot 1a and/or Lot 1b you should request the technical modules entitled Cluster Development and Value Chains Development to assist in the development of the LogFrame.
- If your proposal relates to Lot 2 you should request the technical module entitled BIO/BMO Capacity and Resource materials attached to assist in the development of the LogFrame.

The Logical Framework (LogFrame) is a systematic approach to describing the project and the rationale that justifies the need for the project. This is normally presented in the form of a matrix; a blank example being shown as attachment to Module 2.

The LogFrame summarises the information provided by the narrative under each section of the application form. The objectives, activities, results and indicators shown on the LogFrame must be consistent with that of the application. Failure to maintain this consistency could give rise to conflicting information ultimately leading to lower scores being attributed to each criterion.

There are no specific rules for the degree of detail entered onto the LogFrame; the best 'rule of thumb' is to make sure the information presented is concise and reflects the key issues of the corresponding narrative from the application form.

The LogFrame should be used as key vehicle for developing a detailed narrative for the application and as such is then logically the first document to be developed before any actual narrative is developed for the full application.

The standard [LogFrame template](#) attached to this Module is the only format you should use.

As you will see from the template the document is presented in the format of a matrix and the 'logic' in completing the matrix is that details are entered from left to right one row at a time i.e. start at row 1 and complete each column entry and then move down to row 2 and continue until all rows and columns have been completed. **Note that the last column of row 1 is left blank.** This is because there are no assumptions to the overall stated objective of the proposal; it is a 'statement' of what is to be achieved regardless of any other factors.

The LogFrame shown in Module 2 gives a brief indication of the type and nature of information/data required.

The Concept Note should be the starting base for completing the LogFrame since it should contain all the key points of the full proposal. This information should be developed and expanded with substantially more detail to build a full description of the proposal which is ultimately converted into the full application.

When compiling the LogFrame there are a number of important measures to be taken to ensure that the information presented does not give rise to any confusion, misunderstanding or contradiction. Key areas are:

Overall objectives. These represent the 'big' picture to which your specific proposal will make some sort of contribution. Your proposal is not designed to achieve these overall objectives but has been developed by you on the basis that you believe your proposal will make a positive and significant contribution towards achieving the overall objectives.

Objectively verifiable indicators. What are the key indicators related to the overall objectives? Indicators selected **must** be **quantitative** and you must indicate how, when or where they will be collected.

Sources and means of verification. What are the sources' of information for these indicators?

Specific objectives. These should be expressed in simple direct language and represent the sustainable benefits to be delivered to the project beneficiaries.

Objectively verifiable indicators. Have you identified indicators demonstrate clearly that the specific objective of the action has been achieved?

Sources and means of verification. For each indicator you must state from where the information is gathered. This could be from an existing source such as monthly management reports, official journals and other statistical reports prepared on a regular basis (weekly, monthly, quarterly and annually).

If the indicator is 'new', or something that is not collected presently, then you must include details of how the data is to be collected, who will be responsible, how frequently it will be collected and where the data will be held such as the BIO's head office.

Assumptions. Assumptions made here are usually outside the control of the Beneficiary. What factors or conditions outside the Beneficiaries responsibility are necessary to achieve the objective?

When you design your proposal you are, without automatically recognising it, making the main assumption that you will achieve the objective given that you will undertake all the actions you believe necessary. However this may not be the case. In this regard you are required to give serious consideration to the bases upon which you believe you can achieve the objective. The purpose of this exercise is to challenge your 'assumptions' to try and establish the basis for a successful conclusion and, conversely, indicate those issues that, should they not be maintained, possibly result in proposal failure.

Expected results. Results are the expected outputs arising from the actions implemented to achieve the specific objective (note the difference between 'Overall Objectives' and 'Specific Objective'). Where possible you should identify results that are the combined effect of a number of separate but related activities. Results must be clearly stated and quantitative (numeric).

Objectively verifiable indicators. What are the indicators to measure, whether and to what extent, the action has been achieved? Indicators selected **must be quantitative** and you must indicate how, when or where they will be collected.

It is not acceptable to state 'sales turnover' increased by 50%. You must state some 'baseline' upon which the 50% is based. For example 'Sales turnover increased by 50% on sales for year ending 2011'.

Another example of qualitative data to be avoided would be 'Improved Quality'; how is this to be measured? If improving quality is the result you wish then you must find a way to measure quality in quantitative terms. 'Quality' can be expressed in different ways many of which could be used as a measure of 'Quality'. For example the number of re-work orders per month, the number of warranty returns per year and the weight of scrap metal despatched for re-cycling per month.

Sources and means of verification. For each indicator you must state from where the information is gathered. This could be from an existing source such as monthly management reports, official journals and other statistical reports prepare on a regular basis (weekly, monthly, quarterly and annually).

Assumptions. Assumptions made here are usually outside the control of the Beneficiary. What factors or conditions outside the Beneficiaries responsibility are necessary to achieve the objective on schedule?

Activities. Detail the key activities to be undertaken and the sequence in which they are to be carried out in order to produce the expected result. Where several activities are required to produce an expected result group them together. This will avoid any confusion or misunderstanding and will ensure that each activity corresponds/contributes to a result. In many cases it is unlikely that one activity will lead to one result.

Objectively verifiable indicators. In this context we are looking to indicate what is required to implement the activities. For example the means by which actions are implemented such as personnel, equipment, training, studies, supplies and operational facilities.

Sources and means of verification. For each indicator you must state from where the information is gathered. In this context we are looking for sources of information that also report progress. Additionally, and in this particular section, you are required to include the costs of actions. What costs are associated with each action and are they identified in the budget?

Assumptions. What pre-conditions must exist to enable the actions to be undertaken? What conditions outside the Beneficiary's direct control must be met for the planned actions to be implemented?

It is worth noting that it is most unlikely that you will produce a 'final' LogFrame at the first attempt; you should be prepared to revise it several times as you proceed with the rest of the application.

In preparing Section 2 of the application you are required to provide a detailed description of the proposal and the methodology for implementation. The source of this information is the 'Expected Results' and 'Activities' section of the Logframe. As you develop these you may well find that additional actions are required to further enhance the chances for achieving the specific objective of the proposal however these actions must be within the context of the original concept note. Such changes and their impact should then be reflected on the LogFrame; preparing the final LogFrame is a re-iterative process in order to present the most effective document possible.


Grant Aid Tutorial Questions

The objective of this set of questionnaires is to facilitate a deeper understanding of both the administrative and technical requirements for preparation and submission of a grant application.

Apart from questions relating to the 'Case Study' tasks, all answers are to be found in different sections of the following three documents:

SCGS Guidelines - [Guidelines for Applicants](#) 

SCGS Grant Application Form - [Annex A - Grant Application Form](#) 

Corrigendum No 1 - [Corrigendum](#) 

In each of the above documents you will find specific references to other EU documents for further clarification. In cases where you are unsure as to how, or if, these affect your response you are encouraged review the reference to clarify your understanding.

Consultant:

Return Date:

e-mail:

Module 3 – Developing the Logical Framework

Without the benefit of a 'live' project upon which to develop a logical framework, we present the following scenario, based upon the original 'Call for Proposal' for the current SME Competitiveness Grant Scheme.

Please note the 'Case Study' detailed below will be used in each of the training modules comprising this Tutorial Study programme.

You are also encouraged to use the Cluster, Value Chains or BIO Capacity Development Resource materials attached.

Case Study - Tutorial

BACKGROUND

The SME Environment in Bangladesh

In Bangladesh, micro and small and medium enterprises (MSME) play a significant role in the development of the economy, primarily by creating employment opportunities and producing important alternative mechanisms for accumulating foreign currency through exports. The ability of MSMEs to grow the industrial base and increase the volume of foreign trade has made them a national developmental priority, especially in terms of moving Bangladesh to a more sophisticated manufacturing and service base than currently exists. Given the pre-eminence of SMEs in terms of creating jobs in the country, there is an emphasis on selecting booster sectors which have high promise for growth and, within these, identifying sub-sectors which provide an overall impetus for economic growth.

The majority of MSMEs in Bangladesh are male-owned, family-run enterprises with a sole proprietorship. These businesses display features of traditional lifestyle SMEs of a low growth development pathway - providing their owner-managers with a day-to-day source of employment and income, but lacking innovative growth to withstand competitive pressures, both internationally and from large domestic enterprises.

Problems/Constraints to Growth for MSMEs.

The most commonly cited constraint to growth is inefficiency. This is an issue in terms of business management, low capital intensity, etc. Specific problems include the following.

- **Resource Scarcity.** In Bangladesh, scarcity of raw materials and inefficient human resources (particularly at management level) hinder the ability of MSMEs to be export-oriented and limits their ability to reach more advanced stages of international business.
- **Shortage of Skilled Workers.** Although Bangladesh is a labour abundant country, shortage of skilled workforce is perceived to be a constraint for larger SMEs. This problem is particularly acute for medium scale export oriented SMEs.
- **Absence of Modern Technology.** One of the main barriers for the development of MSMEs in Bangladesh is inadequate technology. Many have failed to adopt modern technology.
- **Poor Physical Infrastructure.** Inadequate supply of utilities such as electricity, water, roads and highways hinders the growth of the MSME sector. Moreover, unfavourable geographical conditions increase the transportation costs.
- **Financial Constraints.** Limited availability of finance hinders the growth of MSMEs in Bangladesh. Bangladeshi banks consider MSMEs to be high-risk borrowers because of their inability to comply with the bank's collateral requirements. Only about 15%-20% of MSME owners have the necessary collateral. Bankers issue loans on the basis of ownership of immovable property as collateral. This excludes 80% of MSMEs from receiving bank loans. Access to working capital loans from banks is therefore limited. Because of low access to institutional financing, MSMEs rely on inefficient financing services from informal sources.
- **Lack of Entrepreneurship Skills.** Conservative attitudes towards risk, lack of vision, and limited business planning skills hinder the growth of MSMEs in Bangladesh.
- **Lack of Best Practices.** MSMEs often follow traditional practices and are unfamiliar with the latest technology. The lack of uptake of innovations in technology can lead to inefficiency as opportunities are missed.
- **Lack of Commitment from Large Enterprises to Support MSMEs to Grow.** Large enterprises are, to some extent, dependent on MSMEs either for sub-contracting or backward linkage businesses. In some cases, large enterprises lack commitment in helping MSMEs to grow to the next level, often by not engaging MSMEs as partners for leveraging resources.
- **Limited Opportunities for Female Entrepreneurs.** Equality of opportunity is a major problem for MSMEs. Female entrepreneurs are not always treated equally and women are not well represented in business organisations.
- **Limited Access to Market information and Branding.** Many MSME owners are weak at establishing brands and do not adopt adequate marketing strategies to promote themselves.
- **Lack of Quality Assurance.** Due to the absence of a comprehensive national quality policy and adequate support systems such as a quality certification authority, MSMEs cannot ensure the quality of their products and services either in local or international markets. Investment in R&D is also negligible.
- **Competition with Cheaper Foreign Goods.** Strong competition from China, India, Thailand and Myanmar pose a serious threat to MSMEs in Bangladesh.

SMEs and Clusters

A cluster is a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities. Because of the shared proximity – both in terms of geography and of activities - cluster constituents enjoy the economic benefits of several types of positive location-specific externalities. These externalities include access to specialised human resources and suppliers, knowledge spill-overs, pressure for higher performance in head-to-head competition and learning from the close interaction with specialised customers and suppliers.

Clusters in Bangladesh

Cluster development is seen as a way of addressing the problems faced by the SME sector in Bangladesh and rapidly increasing cluster competitiveness. Cluster development is also defined as a priority area in the 2005 national SME policy of Bangladesh. No comprehensive cluster mapping has been undertaken in Bangladesh, although some work has been undertaken on a limited number of sectors¹.

¹ By the South Asia Enterprise Development Facility in the light engineering sector -which identified 24 mature and potential light engineering clusters - and by the Katalyst programme.

The competitive advantages of clusters can be seen in three broad areas:

- Scale economies and efficiency of local enterprises are increased, due to:
 - Shared use/purchase of equipment, facilities, human resources, specialization in complementary production stages, better access to investments, information, technology and support institutions, better access to staff and the labour market (especially for professional/qualified staff), better access to suppliers, easier and faster co-ordination of linked enterprises, and promoting improvement of the management of the business cycle and processes.
- Innovative abilities of enterprises are increased, accelerating the level of growth of their efficiency, due to:
 - The inclusion of specialised buyers into the cluster, the inclusion of knowledge agents, faster and constant exchange of information on new technologies, constituent parts, machines, markets, services etc. joint work of suppliers and buyers, increasing the level of buyers satisfaction;
- The creation of new enterprises is stimulated, which additionally increases innovation and efficiency and enhances the scope of the cluster, due to:
 - Lower admission barriers, availability of funds, skills, knowledge, investments, favourable disposition of financial institutions and investors, and the possibility to constantly follow business opportunities.

Business Intermediary Organisations

There are no cluster associations in Bangladesh, only national trade bodies and local chambers of commerce which offer membership to companies in a cluster and may have cluster working groups. However, individual companies in a cluster may not always be members of the same trade body, as there can be more than one trade body representing a sector or sub-sector. Most national trade bodies are located in Dhaka, whereas many of the clusters operate in towns and cities outside of Dhaka, with minimal regional representation. Many of these business intermediary organisations are small and poorly funded, thus restricting their effectiveness to promote cluster development and coherence.

OBJECTIVES OF THE PROGRAMME AND PRIORITY ISSUES

The global objective of the SME competitiveness grant scheme (SCGS) is to “Reduce poverty in Bangladesh by supporting the development of SMEs in the country”.

The immediate objective of the SCGS is “enhanced competitiveness and sustainable pro-poor growth of SMEs in Bangladesh”.

The **specific objective** is to support clusters within the priority sectors that have high growth potential. The SCGS will provide support for the following:

- 1: Support to cluster and value chain development projects that clearly seek the increase in SME competitiveness in priority sectors agreed between the EC and the GoB and in two stages of the cluster /value chain life cycle: (a) Early Growth and (b) Intensive growth and consolidation.
- 2: Support the skills development and capacity building of Business Intermediary Organisations in the priority sectors in lobbying, advocacy, networking, effective public-private sector dialogue and the provision of business development services to their members.

The **eight priority sectors** selected for support are the following; **agro-processing, natural fibres, leather, plastics, light engineering, electronics, furniture, textiles/crafts.**

As you will realise the above has been extracted from the introductory section of the Call for Proposals for the current SME Competitiveness Grant Scheme. For the purpose of this exercise it provides sufficient background data and information for the design of a project that contributes to the overall objective of the Call for Proposals i.e. ‘Reduce poverty in Bangladesh by supporting the development by supporting the development of SMEs in the country’.

Your task is to design a Logical Framework for a project that you consider would contribute to the overall objectives of the Call for Proposals.

Key issues to remember:

1. The difference between the overall objectives and the specific objectives of your proposed project.
 2. The assumptions upon which you have based the outputs of the proposal.
 3. Quantitative and measurable targets/results.
 4. Sources of verification of all results.
 5. Sequence in which proposed activities should be undertaken.
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Annex to Module 3. Logical Framework

Developing the Logical Framework			
Overall objective	Objectively verifiable indicators	Sources of verification	Assumptions
<i>What are the overall broader objectives to which the action will contribute?</i>	<i>What are the key indicators related to the overall objectives?</i>	<i>What are the sources of information for these indicators?</i>	<i>Leave this box blank</i>
Specific objective	Objectively verifiable indicators	Sources of verification	Assumptions
<i>What specific objective is the action intended to achieve to contribute to the overall objective?</i>	<i>Which indicators clearly show that the objective of the action has been achieved?</i>	<i>What are the sources of information that exist or can be collected? What are the methods required to get this information?</i>	<i>Which factors and/or conditions outside the Beneficiary's responsibilities are necessary to achieve that objective? (external conditions). Which risks should be taken into consideration?</i>
Results	Objectively verifiable indicators	Sources of verification	Assumptions
<i>The results are the outputs envisaged to achieve the specific objective. What are the expected results? (enumerate them).</i>	<i>What are the indicators to measure whether and to what extent the action achieves the expected results?</i>	<i>What are the sources of information for these indicators?</i>	<i>What external conditions must be met to obtain the expected results on schedule?</i>
Activities	Means	Costs	Assumptions
<i>What are the key activities to be carried out and in what sequence in order to produce the expected results?(group the activities by result)</i>	MEANS: <i>What are the means required to implement these activities, e.g. personnel, equipment, training, studies, supplies, operational facilities etc.</i>	<i>What are the sources of information about action progress? COSTS: What are the action costs? How are they classified? (breakdown in the Budget for the Action).</i>	<i>What pre-conditions are required before the action starts? What conditions outside the Beneficiary's direct control have to be met for the implementation of the planned activities?</i>