Module1
Project Planning and preparation

1.1. Basic Concepts of Project

A project is a complex set of activities where resources are used in expectation of returns and which lends it to planning financing and implementing as a unit***. A project usually has a specific starting point and a specific ending point intending to accomplish specific objectives***. It usually has a well defined sequence of investment and production activities and a specific group of benefits that can be identified, quantified and valued either socially or monetarily. Projects also have boundaries which make it distinguishable from each other. In addition to its time sequence of investments, production and benefits, the project normally has a specific geographical location, with identifiable targets and beneficiaries.

The project format facilitates systematic and objective examination of results of alternatives. For instance, the effects of a proposed project on national income and other objectives can be compared with the effect of projects in other sectors, or other projects in the same sector, or alternative formulations and design of the same project including not undertaking the project altogether.

Once national objectives are known, unreliability of data at the national level can be overcome by confining the project meant to achieve a national objective in a specific location with a specific target and beneficiaries. Thus local information on which to base the analyses can be efficiently gathered, field trials undertaken and judgment can be made about social and cultural institutions that might influence the choice of project design and its pace of implementation.

The word 'project' comes from Latin: projectum 'something thrown forth', from pro- 'forward' combined with iacere (pp. iactus) 'to throw'. So, as the roots of the word show, a project is an active, purposeful thinking process that 'pro-jects' – throws forth - a goal in a specific time in the future and aligns resources as well as monitoring mechanisms to ensure that the goal is achieved

A project is an assignment/task/job that has to be undertaken and completed within a set time, budget, resources and performance specifications designed to meet the needs of stakeholder and beneficiaries

*** A project usually also has a fixed time span with a clear beginning and end; specific activities designed to achieve certain objectives; and provision for evaluation to ensure the project meets its goals.***

I. Projects are required for the following situations:

- The task is complicated and light must be shed from several directions;
- The task is entirely new and there is uncertainty about how to handle it;
- The task involves several organizations or units and demands cooperation;
- The task is to be carried out within a definite period of time;
- The task is cost intensive and requires special follow up;
- The task is limited and specified; and

- The task demands broad and active participation.

II. Features of Projects

- Projects seek to accomplish a specific objective.
- Projects produces deliverables (end items).
- Projects have a clear beginning and ending.
- Projects are unique.
- Projects are bounded by schedule, budget, resources, and performance.
- Has clearly identified stakeholders, including primary target group & financial beneficiaries.
- Projects have a clearly defined coordination, management and financing arrangement.
- Projects have a monitoring and evaluation system.
- Projects have an appropriate level of financial and economic analysis, which indicates that the projects benefit will exceed its costs.
- Projects are often carried out by a team of people who have been assembled for that specific purpose. The activities of this team may be coordinated by a project manager.

1.2. What is a Successful Project?

What can be considered as a successful project from the point of view of donors, project implementers/participants and project beneficiaries?

Ideally it would be a project that is:

- **Delivered as promised.** Project produced all the deliverables stated in the project proposal
- **Completed on-time**. Project completed within the agreed schedule
- **Completed within budget**. Project completed according to the agreed budget
- **Delivered quality**. Project deliverables meet all the functional, performance, and quality specifications
- **Achieved original purpose**. Project achieves its original goals, objectives, and purposes
- **Met all stakeholders' expectations**. Expectations of each key stakeholder were met, including donor acceptance criteria, and each key stakeholder accepts the project results without reservation.
- **Maintains "win-win" relationships**. Needs of the project are met with a "people focus" and do not require sacrificing the needs of individual team members. Participants on successful projects should be enthusiastic when the project is complete and eager to start a new project together.

A. What makes a project successful?

The key elements which make a project successful are the same for all projects, no matter whether the project is small or large, well-funded or under-funded. The processes which contribute to the success of a project include the following:

- Involving the stakeholders in all phases: project planning, implementation and evaluation
- Making sure the problem identification is based on thorough needs analysis (the analysis must include opinions of various stakeholders such as representatives of government, nongovernmental organizations, the public, business, and academia).
- Selecting a project leader who is respected by partners and followed by all participants
- Creating a logical and effective structure of project design and management.
- Identifying realistic project goals and '**SMART**' (Specific, Measurable, Achievable, Realistic and Time-bound) objectives.
- Identifying clearly defined project tasks and responsibilities for all project team members involved.
- Planning for early sense of achievements to motivate participants, i.e. making sure that some tangible results are achieved and celebrated during the early phase of the project.
- Developing the timeline and the budget realistically so the objectives are met within time and resource limits.
- Developing an effective monitoring system that measures progress, identifies problems and provides a mechanism for necessary changes in the project.
- Evaluating each phase of the project and the entire project after it is finished, based on indicators set during project planning.

1.3. Constraints on the completion of projects

A constraint is a boundary or limit based on the project. You've dealt with constraints before: a preset budget for your project, an inflexible deadline, limited availability of computer hardware, locating a resource with a specific skill. **Constraints** are any factors that can limit your options. They must be documented, their risks examined, and then the project manager must plan on how to meet the project objectives with the identified constraints.

A. Time

Our definition of a project stated that it was an activity which had a defined beginning and ending point. Most projects will be close-ended in terms of there being a requirement for completion by a certain point in time. This point may be the result of an external factor such as new legislation, or may be derived from organizational requirements. It may also be partly determined by other constraints. There is likely to be some relationship between the time taken for a project and its cost. A trade-off between the two constraining factors may then be necessary.

There are three types of date constraints:

- **No earlier than** This constraint specifies that a task may happen any time after a specific date, but not earlier than the given date.
- **No later than** This constraint is deadline orientated. The task must be completed by this date—or else.

- **On this date** This constraint is the most time orientated. There is no margin for adjustment, as the task must be completed on this date, no sooner or later.

B. Resource Availability

There is likely to be a budget for the project and this will clearly be a major constraint. Cost constraints may be set in a number of ways, for example as an overall cash limit or as a detailed budget broken down over a number of expenditure headings. Labor resources in particular may be a limiting factor on the completion of the project. In the short run it is likely that labor will be fixed in supply. Whilst the overall resource available may in theory be sufficient to complete the project, there may be difficulties arising out of the way in which the project has been scheduled. That is, there may be a number of activities scheduled to take place at the same time and this may not be possible given the amount of resources available. Resource constraints relate to the lack of adequate resources which may force parallel activities to be performed in sequence. The consequence of such a change in network relationships is delay in the completion date of the project.

C. Quality factors

It is related to whether the project delivers the goods to the right quality or not. There are techniques which can be used to overcome the problems referred to above. These include ***budgeting*** and the corresponding control of the project budget through budgetary control procedures and ***project planning*** & ***control*** techniques such as Gantt charts & network analysis.

D. Technological

The technological constraints relate to the sequence in which individual project activities must be completed. For example, in constructing a house, pouring the foundation must occur before building the frame.

E. Physical constraints

Physical constraints are caused by contractual or environmental conditions. For example, due to space limitations an activity such as painting a wall may have to be performed by only one person. An important point to note at this stage is how the various constraints on project completion are likely to be interlinked with each other. For example, problems with time constraints or resource constraints may be overcome by spending more through working overtime, employing more people or purchasing better machines. Budget problems may have a knock-on effect on the achievement of deadlines.

1.4. Types of Projects

Basically three types of projects can be identified depending upon how new resources committed to them relate to existing economic activities.

First the **largest type of project**, around which project analysis grew up, involves new **investment.** New investments are designed to establish a new productive process

independent of previous lines of production. They often include a new organization, financially independent of existing organizations.
Secondly there are **expansion projects** which involve repeating or extending an existing economic activity with the same output, technology and organization.

Thirdly there are **updating projects** which involve replacing or changing some elements in an existing activity without major change of output. Updating projects involve some change in technology but within the context of an existing, though possibly reformulated organization. With changing economic circumstances the balance between these types of projects may change. New investments predominated in developing countries in the 1960's and 1970's.However with declining investment resources and limited access to operational inputs, the proportion of expansion and updating projects has increased.

Whatever type of project is being analyzed, the effect of using new resources has to be distinguished from the effect of existing operations. The incremental resource cost has to be identified, that is that will be committed in a project over and above what would otherwise have been used. Similarly the incremental benefits, the additional benefits over and above what would otherwise have occurred, have to be identified. Both incremental costs and incremental benefits have to be valued. For new investments the whole of the output and the whole of the costs will be incremental for expansion and updating projects, the effects of the new resources have to be separated from the effects of the existing resources.

Project costs are generally easier to identify and estimate than project benefits. Costs may be met directly by a particular institution; benefits are frequently more diverse. A distinction can be drawn between directly productive and indirectly productive projects. The former are those where the immediate costs and benefits accrue to a single organization; a consequence is that this organization is able to calculate and commit any resulting surplus to new activities. Indirectly productive projects broadly speaking are those where the benefits received from new resources do not accrue to the organization responsible for carrying the costs. In these circumstances, any resulting surplus is not concentrated in the hands of a single organization. Most infrastructure projects, such as roads are indirectly productive; the benefits accrue to users and producers whilst costs are met by government. Of course, several projects, especially large ones, may be a mixture of directly and indirectly productive activities, for example, a rural development project involving both increases in agricultural output through farmer investment as well as roads, schools and other infrastructure facilities. The importance of the distinction between directly and indirectly productive projects is that benefits from new resources are more

difficult to estimate in the case of indirectly productive projects. None the less whenever possible they should be incorporated in the project statement.

1.5. What is (and what is not) a project

From the perspective of project management, any series of activities that go through the project cycle are projects.

The project cycle consists of project phases. An organization should already have a well-defined organizational strategy from which it can begin to assess relevant needs and opportunities in its field. Several ideas will then come to light, from which an organization may choose. The project phases then follow logically through design, financing, implementation and evaluation stages.

A project is not;

- Past activities that are repeated in exactly the same way on a periodic basis;
- Activities with no clearly defined goals
- Activities which can be repeated or transplanted anywhere at any moment; or
- Ongoing (regular) organizational activities (e.g. board meetings).

1.6. Some key terms related with project

Input; the investment of resources (human, material or financial) invested in the project

Output; the results achieved

Activity plan; a description of the flow, timeline and responsibilities for the project's activities

Resource Plan; a description of how the resources will be used in relation to the activities

Income; the funds secured for the project's implementation.

1.6. SECTION TWO:- PROJECT PLANNING AND WRITING PROJECT PROPOSAL

Introduction

Experience shows that when projects are being planned, the task of establishing a sound basis for goals and objectives, and defining them properly, is not given sufficient attention. Yet, these are the most fundamental elements of planning. A good plan alone is no guarantee for a good project. However, a plan which builds on a weak foundation can lead to a good project idea developing into a poor project. Project proposals and plans differ in style and in degree of detail on specific activities. The differences depend on the type of project, but many are also matters of choice. Some prefer a loose framework plan with details to be filled in along the way. Others prefer a more detailed master plan. When one considers applying for donor funding then certainly a well written, detailed project proposal has to be made. Regardless of what is chosen, the essential elements described below will make up the basis for the project proposal development.

Even though there are variations outline/ depending on the type of project and the interest of some donors require following their guideline let us look at look at the most popular section that has to be outline in a project proposal should contain the following sections:

-Title Page **-Table of Contents** **-Summary**	
Main Part of the Application Form **I. Introduction** **II. Project Context or Justification** **III. Problem Statement** **IV. Objectives** **V. Anticipated Outcomes or Results** **VI. Work scope or Implementation Plan** **VII. Project Evaluation** **VIII. Project Budget** **IX. Project Sustainability**	
Appendices, including timetable for activities.	

Title Page

The title should be short and evoke the donor's attention. Titles can tell the donor what kind of project it is and sometimes who the target group will be. Title pages need to be well laid out. We find it useful to put the date of submittal in one of the corners at the bottom of the title page. Some applicant organizations use official stationary for the title page. However, this is not necessary.

NB:- Project titles that are too long or too general fail to give the reader an effective snapshot of what is inside.

For example Effective and Ineffective project titles

Effective project titles

- Raising Environmental Awareness in rural kebeles of Kallu woreda
- Enhancing women's participation in local developmental activities in Dessie Town
- Care, sponsorship and rehabilitation of Highly Vulnerable Children (HVC) in Haik town

Ineffective project titles

- Environmental education
- The impact of HIV Aids on Dessie town Menafesha kifle ketema community

NATIONAL NETWORK OF POSITIVE WOMEN ETHIOPIANS (NNPWE)

ETHIOPIA HIV/AIDS CARE AND SUPPORT PROJECT (HCSP)

Submitted to:- Management Science for Health (MSH)

ADDIS ABABA, ETHIOPIA
May /2015

You have also expected to prepare a letter for submission before a cover letter.

RFN.....
May 30, 2015

NNPWE
Addis Ababa, Ethiopia

Subject: Submission of NNPWE Full Proposal

Dear Sirs/Madam,

This is to kindly inform you that we have submitted our full proposal as per the guidelines and working modalities of **NNPWE**. Thus, would you please find the attached files herewith this letter?

- ~~~~ pages of the full proposal application;
- The detail budget;

- Activity plan;
- Support letter from ~~~(all aorganization listed if any)
- Audit Reports;
- Legal Licensee
- Grant Award from Pact Ethiopia.
- Cv of the personel

We look forward to work with you for better results

With Best Regards,
Mr. xx.yy stamp
Executive director

Table of Contents

A table of contents can be helpful to donors in reviewing a project. It should be kept to one two pages. The contents page enables readers to quickly find relevant parts of the document. It should contain the title and beginning page number of each section of the proposal. So, no matter what if you are interested to show your donor as it is important it is better to include in the table of contents.

Summary /abstract

Since donor personnel have many proposals to review, a summary is helpful in telling them what the project is about quickly. If properly presented, it can lead them to study the proposal closer. A summary also makes the proposal appear more professional. Theoretically, the summary should be compiled after the relevant items already exist in their long form. For a small project the abstract may not be longer than 10 lines. Bigger projects often provide abstracts as long as two pages.

In the summary, one should include the following:

- Organization or group making the request: address, telephone, fax, e-mail.
- Description of your organization in one paragraph.
- Project manager(s).
- Problem statement.
- Implementing organizations
- Key project activities
- Goal and objectives.
- Amount requested. We find that it is not necessary to include the full budget. The total amount and one or two lines of what the money will be used for suffices.
- one can also included partner organization address, telephone, fax, e-mail two-line description

- The Summary section should be short, preferably one page, but never longer than two pages. You might find it easier to write the summary last.

Main Part of the Application Form

1 .Introduction

Normally, we repeat the project title at the top of this page. The Introduction should describe in more detail your organization, and back ground information about the project and set the stage for linking the project to your organization's mission and program goals/strategies. It should be no longer than half a page.

2. Project Contexts

Some project proposal writers put the problem statement before the project context; however, we prefer it the other way since it identifies the conditions surrounding the problem, and then you can later present the problem statement in a more concise fashion. Either approach seems effective.

One should be extremely careful not to make this section too long. Keep it to two pages. If necessary, documentation or other material can be annexed. While some people put a description of their organization and their partner group in this section, we prefer to put it in the Introduction. Obviously, if the project problem relates to organizational and administrative concerns, this becomes a part of the project context. For example, a family planning project may address concerns of training supervisors or of service contract management, but the description of the organization itself (mission, objectives, etc.) should be in the Introduction. Only if needed, can one describe the organization in more detail here, if it does not detract from presenting the project context with its concerns and problems.

This section should present a brief history of the region, the people, the social, economic, health, and other conditions, highlighting those that the project will impact on. Apart from describing your organization, which was done earlier, you should present your organization's involvement in the project or region, in previously addressing this or other problems (achievements) with the target group and/or other groups.

An outline to follow is:

- Describe history of area and people.
- Describe social, economic, health and other pertinent conditions.
- What has been your organization's involvement in this region: what achievements?
- What is the government doing to address these problems?
- What are Private sector groups and religious organizations contribution?
- What plans do these have to address these problems?

3 .Problem Statements

This should be a short and concise descriptive statement of the problem(s) and need(s) to be addressed, how the problem impacts the lives of the people who are the project's target group. If data is available, it should be used (i.e. 70% of the target group of children under 5 years of age suffer from at least one form of parasite infection - name source). It is suggested to always state why this problem has priority over other problems, and why your organization has a particular role in addressing this problem.

The problem statement provides;

- A description of the specific problem(s) the project is trying to solve, in order to make a case for the project.
- Should point out why a certain issue is a problem for the community or society as a whole, i.e what negative implications affect the target group
- There should also be an explanation of the needs of the target group that appear as a direct consequence of the described problem
- The extent and magnitude of the project should be described at national, regional, and local level

Priority needs

The needs of the target group that have arisen as a direct negative impact of the problem should be prioritized. An explanation as to how this decision was reached (i.e. what criteria were used) must also be included. For example, if the problem is stated as …''poor infrastructure in the community'' the list of needs associated with this problem may be;

- Improved water supply in quality and quantity
- Better roads; and
- Improved solid waste collection etc…

These three needs would then be given higher or lower priority according to the level of importance for the community, and a description would be given of how that decision was reached (e.g. a poll taken from the local population, costs associated with project intervention, etc.) this procedure provides credibility to the selected intervention and created a sense of commitment on the local community since it is their own priority.

The implementing organization

This section should describe the capabilities of your organization by referring to its capacity and previous project record such as;

- why exactly your organization is the most appropriate to run the project,
- its connection to the local community,
- the constituency behind the organization; and
- what kind of expertise the organization can provide;

Tips for successfully presenting and organization

- Never use language that could be perceived as an attack towards any other organization or institution
- Carry out and analysis of you organization's strengths prior to preparing the proposal and then showcase these strengths.
- Show that your planning process is participatory and takes into consideration the opinions of the target group
- Prepare a short document that presents your past experience (organizational record) and attach it to the project proposal

4. Project goal(S), objective

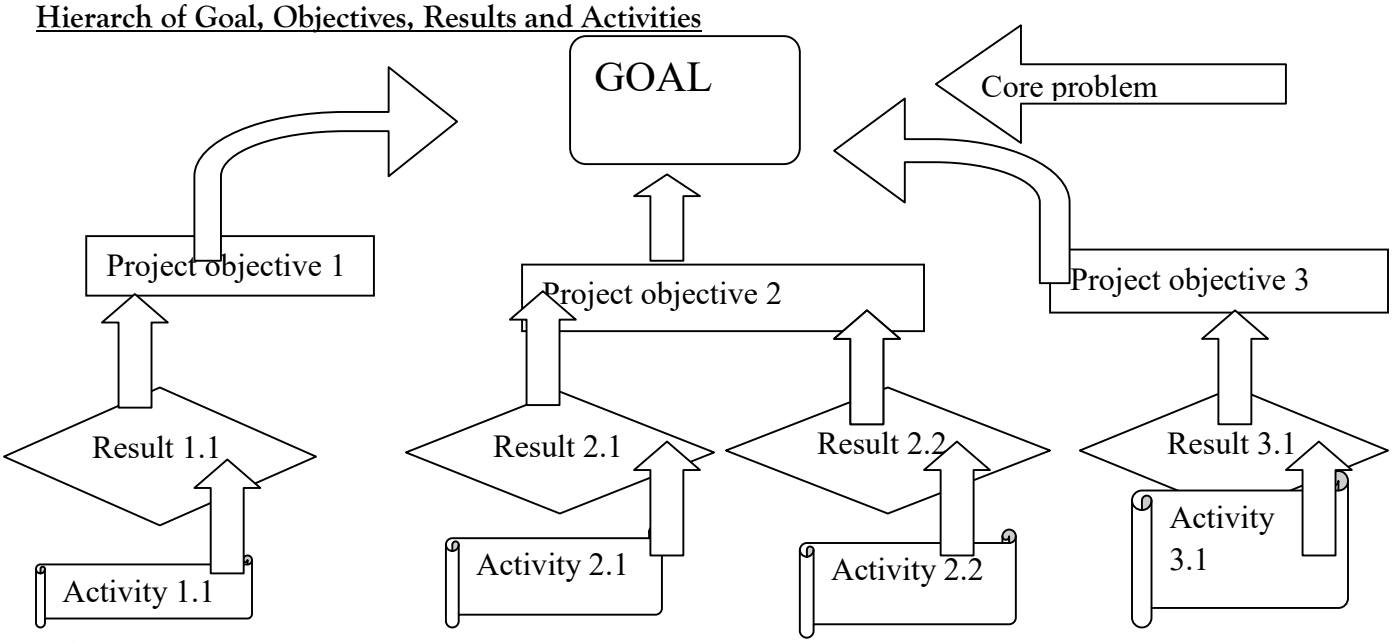
Try to present a simple one sentence goal statement. For example, "the project will improve the health of children under 5 years of age in Dessie town". It lets the donor know what your organization intends to do to address the problem. Objectives can be separated, if there are multiple ones, into primary or major, and secondary objectives.

- Objectives should state in measurable terms who will benefit, the time frame needed to achieve it, and the development units or outputs. Some examples;
- To provide 4,000 children under 5 years of age with parasite treatment in Dessie town in the first year.
- To construct 2 water systems in one year to benefit 4 villages with about 2,000 people in Dessie Town
- To train 10 family planning workers in 6 months for Menafesha kifle ketema, Dessie twon

Objectives should be **SMART: specific, measurable, attainable, realistic and timed**.

This is one of the most important sections of any proposal. The work scope or implementation plan that follows later will be designed in order to achieve these objectives.

Hierarch of Goal, Objectives, Results and Activities



Some Examples of a project goal might be;

1. Raising environmental awareness
2. Improving the quality of life in the community ; and
3. Fostering social empowerment among women from deprived rural areas.

Some rules for setting a project goal are;

- There should be only one goal per project
- The goal should be connected to the vision for development
- It is difficult or impossible to measure the accomplishment of the goal using measurable indicators , but is should be possible to prove its merit and contribution to the vision

N.B:-Project objectives provide a more detailed breakdown of the project goal. A project will likely have multiple objectives.

5. Anticipated Results and Assumptions

Some project proposal developers feel this section is not necessary since it repeats the objectives or results stated earlier. However, most donors insist on this section. For ourselves it enables us to take a closer look at our objectives and allows us to analyze them in terms of ***tangible and intangible results.*** Anticipated are tangible results or those that are measurable and found in the objectives. Intangible results, on the other hand, cannot easily be measured, and may not be contained in the objectives.

For a parasite treatment project, the anticipated and tangible results would be the number of children treated in one year, the number of treatments per child, increase in weights, decreased bouts of diarrhea (although this is harder to measure), number of children treated in clinics or health posts who have been treated previously (the number should decrease). Intangible results would be improved health, better absorption of nutrients, more energy and more alert children, and so forth. If they are in your objectives, try to make them measurable.

In the case of a water project, tangible results would be 2 wells in 4 villages by the end of one year, number of household taps, number of community water tanks, amount of water flow, amount of water available to the community or home daily and home gardens, formation of a water committee, collection of water fees, etc. Intangible results would be improved health and hygiene, savings from carrying water, reduced parasite infection, etc.

A statement might be made concerning the environmental impact of the project. For example, for a water project, would the water table be lowered to the point that it will effect other water supplies, cause the saline level to increase, etc. One should also look carefully at a project in regard to soil erosion and deforestation. Many donors want to

know if you have considered environmental impact. While the project may bring a benefit to the people, would it later cause environmental problems has to be examined with possible solutions.

6. Work Plan (Implementation)

A detailed implementation plan should be presented. It can be presented in a step by step fashion of activities. Some points to consider are:

- Was the local population involved in planning the project, and how will they participate in its implementation? Many donors want the local population involved from the planning stage, through implementation and evaluation. Describe this role along with their inputs.
- The number and kind of personnel needed to carry out the project. Provide their qualifications, whether they are available locally, and how they would be recruited. Mention who they would be responsible to, or report to.
- Describe the relationship for this project between the applicant and the implementing or field agency. What administrative and supervisory responsibilities does each have?
- Describe your action plan or methods -how you will implement the project. For example, for a water project, after hiring a water technician and mobilizing the community, pipe, cement and other materials will need to be purchased. Materials will need to be inventoried and stored (how and where, and by whom). How long will this start up phase take? Try to present your project in phases or stages.
- Describe how and why you selected your target group, target villages, and so on. In describing educational and training activities, many project writers fail to describe how they will identify and select candidates for training. Selection criteria should be presented.
- Describe at each step what resources are needed. Try to stay away from mentioning funds, which is better kept for the Budget section. We describe resources in terms of pipe, pumps, vehicles, seeds, training manuals, space or locale for courses, tools, and other items. Always try to quantify resource needs, i.e. 100 training manuals, 10 kilometres of plastic piping, 10 new family planning promoters, 3 supervisors, and so forth. Technical assistance inputs should be described.
- Try to show what alternatives there are to your plan of action or methods and why you did not choose them.

The activity plan should include specific information and explanations of each of the planned project activities. The duration of the project should be clearly stated, with considerable detail on the beginning and the end of the project.

In general, two main formats are used to express the activity plan;

- A simple table; this is a table with columns and rows for activities, sub-activities, tasks, timing and responsibility is a clear readily understandable format for the activity plan.
- Grant chart; is a universal format for presenting activities in certain times frames which shows the dependence and sequence for each activities.

For example, preparing activity/action plan;

Steps	Activity	Considerations
1	List all project activities	Develop a single list of all activities planned
2	Break activities into manageable tasks and sub –activities	• Break activities first into sub-activities and then into tasks • Each task is assigned to and individual who assumes it as a short-term goal. • The main consideration is getting the level of detail right. • The most common mistake is to break activities into too many details • Planners should stop breaking the activities down any further as soon as they have sufficient detail to estimate the resources required
3	Clarify sequence and dependence	• Relate activities to each other in order to determine their sequence and dependence. • Is the activity dependent on the start-up or completion of any other activity? For example, building a house consists of a number of separate, but inter-related actions; first comes digging and laying the foundation, then the walls are erected, etc
4	Draw up a timeline for each tasks	Each task should be giving a start-up date, duration, and a completion date. The schedule should then be followed as closely as possible.
5	Summarize the scheduling of main activities	Having specified the timing of the individual tasks, the next step to plan (summarize) the timing of the entire main activity.
6	Use milestone (landmark)	Milestones are key events that provide a measure of project progress and targets for the project team to aim for.
7	Define expertise	The level and type of expertise needed should be decided for each task separately.
8	Allocate tasks among the team	Distribute responsibilities in consultation with the members of the team.

Basically, this is the section of the project where you will describe how you are going to carry out the project to achieve your outputs and project objectives.

7. Monitoring and Evaluation

This section is very important. It tells the donor how and when the project will be evaluated. The evaluation should be designed to determine how well the objectives are being achieved. The project should be evaluated at certain points during its implementation, with a final evaluation at the end of the project. In a 2- or 3-year project, monitoring should take place at least every six months. This section should include:

- Person(s) who will undertake the monitoring/evaluation.
- Time periods for the evaluation, i.e. every 6 months or at the end of each project stage.
- How data or information will be recorded, analysed, and presented.
- Criteria for evaluating outcomes or achievements, and progress made toward achieving objectives.
- How and to whom evaluations will be presented.
- How evaluations will be used by the project, the community, the implementing agency, and project holder (if different than implementer).

It is important to feed back to the project staff and community the results of the evaluation. They must take part in solving problems, but first they must understand them. It also gives them encouragement when achievements are on schedule. Evaluations should be reviewed by agency boards or persons designated by them, since this information has a bearing (usually) on the NGO's mission and development strategies.

8. Project Budget

Projects are generally under-budget rather than over-budget. Certainly, ambitious, high cost budgets are sometimes presented. Budgets must be realistic to cover project inputs or costs to achieve outputs. Budgets should:

- Be expressed on a yearly basis. For a 3-year project, each year's budget can be shown in separate columns, with a last column for totals.
- Show costs in dollars and local currency. The exchange rate used should be indicated below the budget.
- Always show what local funds and other resources are available. Many donors like to see a 20-50 percent local input.
- Always divide expenditures into major sections, such as personnel, travel, equipment and materials, course costs, office costs, technical assistance, and so on.
- Allow for inflation or other currency fluctuations, and for unforeseen costs. We sometimes add 5 to 10 percent to the cost of the project for these items (Contingencies). It depends on the country, and the kind of project presented.

Some tips:

- When presenting salary costs, calculate the monthly salary x 12 months to arrive at one year's salary
- Show fringe benefits in a separate line item from salaries. Remember, some countries have a 13th to a 15th month bonus, besides other benefits.
- Separate travel costs. Show line items for: air travel, land travel, vehicle maintenance, per diem or hotel and meals, other travel.

- Under office expenses: show separate line items for rent, communication (postage, telephone, fax, internet), stationary, office equipment, maintenance, and other.
- When showing the costs of materials, indicate the per unit cost.
- Show local inputs. Project applicants often forget that when volunteers are involved in a project, their input has a local value. It can be calculated easily by determining the number of hours weekly or monthly they will work on the project over the project's lifespan, times the minimum established wage in the country or region of it. One is often surprised by how large this input can be. Use of vehicles and office space can be calculated as local inputs as well. Estimates can be made for donated local materials, such as the gravel, wood, sand and hand tools donated by a village for a water project. Educational materials that have already been developed and will be used for your project can also be given a value. The more local inputs/value one has, the more attractive the budget and project itself becomes to the donor NGO.
- When purchasing equipment such as a vehicle, computer, vocational shop machinery, tractor, and similar items, remember to depreciate them at 20 to 25 percent per year. You should also indicate how these would be maintained and replaced, and if maintenance is available locally. It is a good idea to set up an equipment replacement fund if your project generates income. You can put your budget discretion in the following detailed manner.

At the end of the budget section, one might add a paragraph on cost/benefit ratios. Some agencies try to calculate cost- effectiveness, but for most projects it is not recommend such complicate experiences.

Budget categories

Classify expenditures into smaller groups according to a certain criteria. This is to monitor spending and ensure compliance with the plan.

The two main costs are;

- **Direct costs**; are associated with a certain activities like e.g. organizing workshop.
- **Operational costs (Administrative costs ;)** are related to internal activities of an organization and are considered fixed costs in the short term (staff salaries, perdiems, rent, utilities etc).

Units, quantity per period and estimated unit costs are the three elements that are needed to calculate costs associated with any of these categories.

Example :-budget break down

Line Item (Expenditures: In US$ and country currency/birr)

A. Personnel

Salaries (list and calculate)

Fringe Benefits

Subtotal

B. Travel

Purchase of motorbike

Gasoline: $20 per month X 12 months.

Registration, insurance and maintenance

Per diem: 10 days per month at $15 per day x 12 months

Bus fare

Subtotal

C. Materials

ORT salts: $0.10 X 1,000 packets

Printing of 500 posters: $1.00 each.

Etc.

Subtotal

D. Office

Rent: $100 per month X 12 months.

Communication: $125 per month X 12 months.

Stationary.

Etc.

Subtotal

E. Course Costs

Five nutrition courses:

30 people in each at $10 per day per

person X 30 X 5 courses.

Subtotal

F. Contingencies (Unforeseen and inflation).

Estimate: 10% per year.

Grant TOTAL

9. Project Sustainability

Increasingly, donors want to know how the activity will be continued once their grant is expended. It is a good idea to address this point in every project.

There are at least three kinds of sustainability:

Financial Sustainability: the proposal should indicate how the project can continue or be sustained after donor funds are expended, i.e. through the use of locally generated funds, government funding, etc.

Technical Sustainability: Indicate that the target group can provide technical inputs to the project after donor funding ends, that they have the training, skills and materials to continue to sustain the project.

Managerial Sustainability: The proposal should show that the local target group and/or applicant will continue to provide organizational or managerial inputs after donor funding. Can the community or target group itself reach a level where it can manage the project and organize for expanded or new activities? What will local leadership and organization be like at the end of the project?

10. Reporting

The schedule of project progress and financial report could be set in the project proposal. Often these obligations are determined by the standard requirement of the donor agency. The project report may be compiled in different versions, with regard to the audience they are targeting.

11. Management and personnel

A brief description should be given of the project personnel, the individual roles each one has assumed, and the communication mechanisms that exist between them. And the additional information (such as CVs) should be attached to the annexes.

NB:-in some project reporting included in monitoring and evaluation and management and personnel also included under activity plan, in this case no need of putting alone as a main part of project proposal.

12. Appendices

There should be very few appendices. If there are too many appendices, the document is unattractive and turns away donors. We suggest that only pertinent and very important documents or information be appended. One such appendix might be a time line of activities. This shows by month or quarter year what activities will be undertaken. Others might be a map of the project region, letter from responsible government official, information highlighting problems to be addressed, letter of support from another donor, staff credentials, etc.

Module two
Social policy and planning (strategy, program, project)

2.1. The Relationship among Policy, Strategy, Programs and Projects

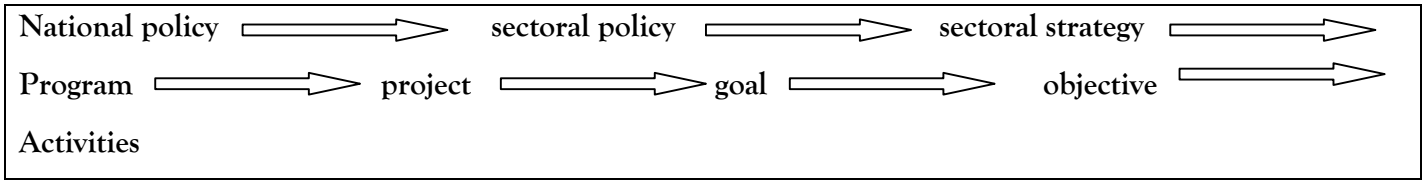
Development policy is converted into reality through projects and programs. Projects take place within a complex environment of multiple actors, policies, programs, and projects. All countries have national development plans which spell a range of economic and social objectives and strategies meant to enhance growth and development. Development plans and projects are closely interlinked since sound development plans require good project just as good projects require sound planning. For effective planning, availability & access to a wide range of information on existing and potential investments and their likely effects on growth & other national objectives is crucial.

Policies determine the environment and framework within which development takes place. It is argued that get the policies right, and successful development will follow. Nevertheless, the tactical processes of development also need attention and, for the foreseeable future, projects are likely to form a major part of these tactics. *Projects and the project approach is an instrument of policy, and are one means by which polices are put into practice*. The change, which is inherent in any form of economic, institutional or social development, is brought about by initiative, impetus, and where necessary, capital investment, which may be provided by a project. *Projects in general are important tactical development tools.*

The need to link appropriate polices to appropriate projects is an increasingly important element of the development process. Whatever the shortcomings, *projects will remain as an important mechanism for implementing policies*: they are, & will remain, *demonstrations of effects of policies at the practical level*. They also provide a means of assessing the impact of development initiatives on people. For example, a policy of to attain self-sufficiency may well be implemented through a series of projects related the supply of irrigation facilities, development of improved seed, & provision of related inputs, such as training & marketing. A review of these projects, together or singly, increases our knowledge of the possible effects of the policy both on the economy & on individuals such as the farmer & the consumer.

National policy sets the overall policy objective of the nation e.g. National Development policy. ***Sectoral policy*** refers to policies for the various sectors of the economy. ***Sectoral strategy*** refers to approaches that should be undertaken to achieve the stated policies of the government. ***Programs*** can be relatively large and diverse, longer term but time-bounded with set objectives. E.g. National level programs, crop production program, livestock program, nutrition. A program may cover a whole sector (e.g. health sector program) or focus on one part of the health sector (e.g. primary health care program) or be a package of projects with a common focus/theme; or it may define what is essentially just a large project with a number of different components. Programs are planned continuous or ongoing development investment activities that are not generally time-bound. They may consist of a number of projects with distinctly specified time and resources.

Projects are usually the smallest unit of development programs and plans. Projects are derived from the prevailing development policies. They are fundamental components of the development efforts of increasing provision of goods and services. Projects can be short term, more location specific, more easily bounded & managed. A project is a complex set of activities where resources are used in expectation of returns & which lends it to planning, financing & implementing as a unit. A project usually has a specific starting point & a specific ending point, intending to accomplish specific objectives. It usually has a well- defined sequence of investment & production activities & a specific group of benefits that can be identified, quantified & valued either socially or monetarily. Projects also have boundaries which make them distinguishable from each other. In addition to its time sequence of investment, production & benefits, the project normally has a specific geographic location, with identifiable targets & beneficiaries.



2.2. Differences and Similarities between Program Vs Project

It is necessary to distinguish between projects & programs because there is sometimes a tendency to use them interchangeably. While a *project* refers to an investment

activity where resources are used to create capital assets which produce benefits over time & has a beginning & an ending with specific objectives, a *program* is an on-going development effort or plan. A program is therefore a wider concept than a project. It may include one or several projects at various times whose specific objectives are linked to the achievement of higher level of common objectives. For instance a health program may include a water project as well as construction of a health centre both aimed at improving the health of a given community which previously lacked easy access to these essential facilities. Projects which are not linked with others to form a program are sometimes referred to as "stand-alone" projects.

2.2.1. Similarities between program and project

- Both have purpose/objectives
- Both require input (finance, manpower, material etc)
- Generate over space and time
- Contribute to the development & serve as tools for the execution of development plans

2.2.2. Differences between program and project

Program	**Project**
Has got general objectives Is specific in objectives/purpose	
May not have specific area	Has specific area/geographic location
May not have specific target groups	Has specific target groups
May not have clear & detailed financial allocation	Has clearly determined and allocated fund
May not have specific time of ending	Has specific life

Module three
Aspects of project plan, preparation and analysis
Grant project proposal writing feasibility studies and measure of project worth

Introduction

3.1. Plans and Projects

Virtually every country has a systematically elaborated national plan to hasten economic growth and further a range of social objectives. Projects provide an important means by which investment and other development expenditures foreseen in plans can be clarified and realized. Sound development plans require good projects, just as good projects require sound planning. The two are interdependent.

Sound planning rests on the availability of a wide range of information about existing and potential investments and their likely effects on growth and other national objectives. It is project analysis that provides this information, and those projects selected for implementation then become the vehicle for using resources to create new income. Realistic planning involves knowing the amount that can be spent on development activities each year and the resources that will be required for particular kinds of investment.

Well planned and analyzed projects often become the vehicle for obtaining outside assistance when both the country and the external financing agency agree on a specific project activity and know the amount of resources involved the timing of loan disbursements, and the benefits likely to be realized. But project analysis should not be confined to only those investments for which external financing will be sought. The more investments there are that can be analyzed as projects, the more likely it is that the total use of resources for development will be efficient and effective. To concentrate a high proportion of available analytical skills on preparing projects for external assistance, and to leave investment of local resources basically unplanned, is a wasteful allocation of talent. If carefully designed and high-yielding projects are offset by essentially unplanned investments, then the net contribution to national objectives is substantially undermined.

Sound planning requires good projects, but effective project preparation and analysis must be set in the framework of a broader development plan. Projects are a part of an overall development strategy and a broader planning process; as such, they must fit appropriately.

We were thrash out how to prepare project in module one section two page six, but you have to be sure that your proposal is depend on need assessment , plan and analysis. Before we see project analysis we have to examine about need assessment.

Needs Assessment

***Needs assessment deals with the question: Who needs what as defined by whom. ** Need assessment follows the following steps.*

I. Needs Identification

Needs assessment is one of the critical stages in the project development process, reliable; accurate and usable information is needed that reflects the ideas articulated by representative groups of the target population and other stakeholders in the community. Women and men should be consulted throughout the process so that both perspectives can be taken into account. Women's needs often are different from the men's needs and if not taken into account project planning has a false start. Moreover, consulting the people will stimulate the sense of ownership when the project will be implemented.

II. Prioritizing Needs

No one can address all identified needs in one project. Therefore, priorities have to be set. This has to be done with all concerned stakeholders based on rationality and factual evidence.

III. Leveling of Needs

Stakeholders may have different priorities. Then a negotiating process should bring consensus on which priorities should first be addressed

IV. Decide on what need to be addressed and designed project proposal for further work

3.2. Aspects of Project Preparation and Analysis

To design and analyze effective projects, those responsible must consider many aspects that together determine how remunerative a proposed investment will be. All these aspects are related. Each touches on the others, and a *judgment about one aspect affects judgments about all the others*. All must be considered and reconsidered at every stage in the project planning and implementation cycle. A major responsibility of the project analyst is to keep questioning all the technical specialists who are contributing to a project plan to ensure that all relevant aspects have been explicitly considered and allowed for. For one project to be successful the following project analysis are conducted

1) Market Analysis
2) Technical Analysis
3) Organizational analysis
4) Financial analysis

5) Economic analysis
6) Social analysis
7) Environmental analysis

1. Market Analysis

Market analysis indicates the demand potential of the output of the project. Such potential is determined by examining a number of factors such as the demographic statistics of the areas or regions where the outputs will be sold, the income levels of the people in these regions and what is contained in the development plans of these regions.

It is important to establish whether or not there are competitors who are already producing similar outputs and how much share of the market they command. The gap in the market which competitors are unable to satisfy will form the basis of establishing the demanded potential.

Many projects, especially agricultural projects, were started in many African countries in the 1960s and 1970s with a focus on simply producing crops without paying attention to the markets for these crops. This discouraged production and many of the projects became unsustainable. For projects to be sustainable market analysis must be carried out.

2. Technical Analysis

Technical analysis is important for projects, especially those which are classified as industrial. The technical analysis will usually be concerned with such issues as:

i. Capacity of operation
ii. Quality of machinery and equipment
iii. Plant location and layout
iv. Maintenance provisions; and
v. Appropriateness of technology

Technology is examined at two levels. Firstly, the technology used must be suitable for the realization of the specific objectives of a given project. Very often, machinery is imported from developed countries to poor developing countries only to be found obsolete and inefficient. High costs of production and maintenance are incurred when this happens. Such mistakes are made where projects have failed to involve technically qualified people, right from the time of project initiation.

Secondly, technology must be examined for suitably according to the socio-economic environment. The term which is frequently used is, “appropriate”. Technology which is imported from developed countries may not necessarily be appropriate in the developing country environment. For example, due to the need to provide employment to people, government sponsored projects would usually prefer projects with technology which is labor intensive as opposed to those which encourage less human labor.

Technological analysis is done by generation technological alternatives which must then be analyzed with respect to such factors as size of plant, process and location. All the alternatives which are being analyzed must be examined for any negative effects.

All the alternatives which are found to have negative effects should be left out and only those with no or little negative effects should be considered for further analysis and recommendations.

3. Organizational Analysis

Technical analysis of a project must be followed by organizational analysis. When a technological alternative is found viable, then the issue of organization in relation to this alternative must be considered. Organizational analysis involves such issues as transportation of machinery, construction of buildings, maintenance and commissioning. Terms and conditions which are offered by the constructors must be carefully weighted to make sure they are in line with the project's objectives. Organizational analysis also involves issues of operation. Operation requires that training of manpower to operate the machines and design of production systems be considered. Organizational analysis must aim at making it possible for the technological alternative to be in line with the proposed marketing and financial plans in addition to meeting the societal criteria.

4. Financial Analysis

This is one of the important considerations in the feasibility (see on the next section about feasibility) of a project. The financial returns of a project must be determined and compared to the costs of the project. There must be clear evidence that the project will have a net gain if it has to be feasible. The initial project costs as well as the operating costs should also be carefully considered. Usually, some projects with lower initial and operating costs might produce greater benefits.

5. Economic Analysis

Economic analysis is basically concerned with the following:

i. How to identify effects of project on the society;
ii. Qualification of effects of the proposed project; and
iii. Pricing of costs and benefits to reflect their values to society.

For financial analysis of projects, market prices are used. However, in many developing countries, there is a big gap between market prices and the social values of all goods and services. This divergence between social and market prices makes it necessary to evaluate projects from the point of view of the society as opposed, for example, to the entrepreneur's point of view. In order to take into account this divergence, financial prices are adjusted to reflect the true value to society of the project's inputs and outputs. Shadow prices or the opportunity cost of factors are used instead of the prevailing financial prices. Recent studies indicate that shadow rates such as the wage rate for unskilled labor often exceed the opportunity cost of labor; the increase in incomes may generate a cost to society in excess of the opportunity cost.

The situation described above occurs if current consumption is less valuable to society than current savings, when savings and investment are sub-optimal. In a situation of surplus

labor, as in many developing countries, careful judgment on the use of shadow wage rates of unskilled workers may be required.

When intangible costs or benefits enter into project investment considerations, they raise problems of valuation. Intangible factors comprise a whole range of considerations such as income distribution, jobs created, regional development, national integration and security and environmental consideration.

Many development projects are usually undertaken to secure intangible benefits. Examples of such projects are education projects, domestic water projects and health projects. When considering projects with intangible cost and benefits, the least that an analysis should indicate is the number of people who will use the project. Such simple quantification is important for the process of project appraisal.

One method of dealing with a project which has wholly intangible benefits is the one referred to as the least-cost combination or cost effectiveness. In a recent debate on the value public universities to the country, the cost effectiveness method was used by assuming that if all the public universities were closed, then the present numbers of students will have to join private local universities or universities abroad. These two alternatives were costed and compared with the current cost of all public universities. It was shown that indeed public universities are a cost-effective approach to provision of university education in the country.

6. Social Analysis

It happens that project analysis gives more emphasis to technical and economic aspects but social aspects of the project are inadequately analyzed. It is the general feeling in most developing countries, that the more the technical and complex the presentation, the more use of shadow prices, trade off, engineering co-efficient, the better the chances of finding a bilateral or multilateral donor. Such 'cosmetics' are sometimes unrelated to the basic reality of the project and simply misled the decision-makers.

Some of the mistakes which lead to the exclusion of social realities includes the fact that foreign donors and international financing agencies turn out to be more committed to the project than the potential local beneficiaries. In this regard, participation should start at an early stage and active participation of a wide range of local stakeholders in the preparation and design of the project is essential. This is also a way of improving the feasibility of the project.

A classification which may be used to identify stakeholders in a given project as follows:

- Client groups
- User groups
- Agents
- Beneficiaries; and
- Victims.

Such a classification is useful in identifying stakeholders which may provide important information for feasibility analysis.

It should be realized that however, carefully a project has been analyzed, especially on aspects of the socio-economic factors; the reality in many developing countries may not reflect the analysis after project implementation. Many times, projects which are designed to benefit the unemployed and the poor in rural areas attract such people as the village shopkeeper, the bus owner, the local chief and other middle men so that their combined exploitation of the project negate or reduce the benefits to the targeted groups. In the end, 'good' project identification, preparation, and analysis will only be possible if wider issues of power structures, redistribution of income and transformation of institutions are first addressed.

7. Environmental Analysis.

Projects (especially the industrial projects) which are likely to emit pollutants to the environment are increasingly being required to show how pollutants with effects on human, animal and plant life can be minimized or eliminated. Developed countries have stringent criteria which projects must meet with respect to the environmental issue. Unfortunately in the past, many projects in developing countries were started without much consideration to the environment. For example, many industrial projects in Nakuru town greatly affected the plant and animal life of Lake Nakuru, which is one of the leading tourist attractions in Kenya. It is only recently that the town has started major water treatment and sewage treatment projects to minimize the level of pollution to the lake.

A lot of research work on environmental impact assessment has been carried out in many countries and findings and recommendations should be carefully considered in project planning, implementation and management. The findings have established that the environment may be affected physically as in excavations, or through pollution of rivers and lakes and also through the emission into the air. It is recognized that projects are important vehicles of development. However, people area at the centre of this development. Therefore, people, animal and plant life must not be affected in the name of development.

3.3. Grant proposal writing

3.3.1. Introduction

Grant seeking may be a multibillion-dollar-a-year business. Grant seekers usually enter the grants arena with many questions."How do I find grant money?" "What are my chances of getting grant?" "Is it easier to get public or private grants?" "Do I have to know the 'right people' in order to get a grant?" "How big a grant can I get?" "What can I do with my grant money?""How hard I s it to get my first grant?" "Should I talk to grant makers before submitting a proposal?" "What do grant makers look for in a proposal?" Questions like these-and many others-often translate into one fundamental question, "Is it all really worth it?"

3.3.2. Motivations of Grant Makers

Why do grant makers "give a way" money? Grant makers (sponsors) are vitally concerned about social problems, injustices, or inequities. They are so concerned, in fact, that they are willing to invest their money to address these problems. In essence, they see a gap between what is and what ought to be. Another name for the "gap" in grant parlance is the "need." The gap represents their view of the world. Grant makers exist because gaps exist; their goal is to close these gaps.

Successful grant writers understand the sponsor's view of the world and express that view in the Grant proposal. Successful grant writers are able to reflect the "priorities "of the sponsor. Too often, grant applicants focus on their own need for funds instead of matching their projects with the sponsor's priorities. You should select sponsors that share your values and tailor your proposals to them. Sponsors view grants as investments in an improved future. Proposals are funded when they express the same priorities shared by the sponsor. Projects are rejected when they do not precisely reflect the priorities of the sponsor.

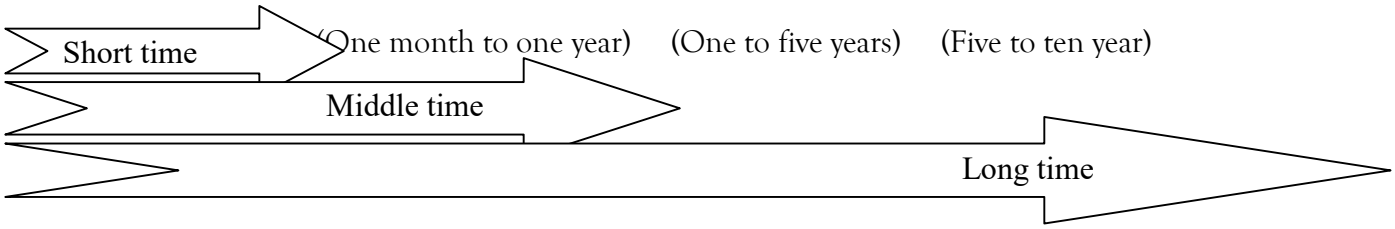
A. Getting Started

There are three main steps to follow in successful grant seeking.

First, you must identify potential grant makers who would be interested in supporting your project. You should use the entries in this Directory as a starting point to select those prospects with a high probability of financing your needs. You can use one of the four indexes-*Subject, Sponsoring Organizations, Grants by Program Type, or Geographic-to locate the appropriate grant opportunities* for you.

Second, after you have identified your list of potential prospects, you should contact key people who can help you plan your proposal before you start writing. In essence, you must do your home work if you are going to be successful. "*A sure way to fail in grant seeking is to write a proposal without talking to key people who can maximize your possibility of success*." The Systems and Procedures section below offers a few of the basic proposal-planning strategies.

Third, after you have qualified your prospect sand planned an effective approach, you must produce a carefully written, well-reasoned proposal. *Some grant proposals are rejected because they contain bad ideas; most grant proposals are rejected because they contain good ideas poorly written.* There are basically two types of grant proposals: (1) long proposals to government agencies, and (2) shorter letter proposals to private sponsors. And in terms of time the project proposal may be designed for short time, medium time and long term.



NB:-As you review your initial prospect list, sort then into two categories:

(1) Maybe: on the basis of the program description, it appears that this sponsor might be interested in my project; and **(2) No:** it seems unlikely, based on the program description ,that this sponsor would be interested in my project. Said differently, initial prospecting will not identify the final list of sponsors to whom you will submit proposals. Rather, it will identify the point from which you must gather additional prospect information before you can say "Yes, I definitely should submit a proposal."The gathering of additional information may be the most critical phase of proposal development. Successful grant seekers. Follow a four-step process in conducting pre proposal contacts so they can modify their proposal planning and gain a competitive funding edge.

Step One: Write to the Program Officer

Write the program officer who was identified from your initial prospect research and request a copy of the sponsor's application forms and guidelines. In addition, request a list of past grantees and reviewers, if appropriate. Some sponsor Websites list reviewer names. If you are unable to get specific names of past reviewers, asks the program officer for general information on the types of reviewers they use—their age, background, and training; how they are selected; how they are used in the review process; and how points are allocated to a proposal. This information will allow you to match your proposal writing style to the level of sophistication of your reviewers.

Step Two: Calla Past Grantee

From the information you gathered in step one, contact a past grant winner from this sponsor. Ask to speak with the project directors or the individuals who wrote the proposal. Indicate where you got their names and raise questions that will assist you in learning about the funding source.

Note that :- Questioning is the foundation of pre proposal contacts, getting essential background information To decide (1) if you should submit a proposal, and (2) if you submit, how best to frame the Proposal so it matches the "values glasses" of the sponsor. The list of questions that you could pose is theoretically endless. Nevertheless, if you want

to write a successful grant, you must PREP first, where PREP is an acronym to distinguish between four basic types of questions.

1. Position: what are the baseline situations, present circumstances, and basic facts?
2. Rationale: what are the problems, needs, and injustices that exist today?
3. Expectation: what are the implications for addressing these problems?
4. Priority: what approaches are most likely to lead to an improved situation now?

****Collectively, PREP questions span a continuum of time from past actions to future intentions.****

Beginning grant seekers often ask too many Position questions and too few Rationale Expectation-Priority questions. Here are some "starter questions" in each category, to which you will undoubtedly add your own.

A. Position Questions: Did you call or visit the sponsor before writing the proposal? (This will give you a clue about the extent to which the grantee engaged in pre proposal contact.) Who did you find most helpful on the funding source staff? (This query will help identify an "*In-house hero,*" an agency staff person who maybe the best source of inside information for you.) How close was your initial budget to the awarded amount?(The interest there is to identify the extent to which budget negotiations took place.)

B. Rationale Questions: You got funded because the sponsor was convinced you could solve some big problems they were concerned about. What were those big problems? (Look for "big picture" problems that really trouble the sponsor.)Are there problems or difficulties in this area that are particularly challenging now? (Take note of priorities among complex problems: what are the top issues?) Generally speaking, what are the disadvantages of the way these problems are being handled now? (*Pay attention to what's wrong to day and will be worse tomorrow.)*

C. **Expectation Questions:** Given the problems you identified, what are the implications of those difficulties? (Get the informants talking about the consequences of existing problems?) What's the desired impact on these problems, balancing project breadth, depth, and financial resources available? (The answer to this question helps you find a proper balance with in budgetary constraints.) What would you do differently next time?(Invariably, people learn from the positive experience of getting grant and have a number of suggestions about things they would do next time to strengthen a proposal.)

D. Priority Questions: Why did the sponsor think it important to solve the problem you identified? (This will give you insight to the sponsor's motivation for solving the problem.) What are the benefits you see of your approach?(Look for reasons why the sponsor found this solution so useful.) Would this approach be useful or cost reasons or something else? (Narrow the general benefits to that major motivator: money.)

Step Three: Calla Past Reviewer

Contact some past reviewer sand indicate that you understand they were reviewers for the grant program you intend to approach. Your goal is to learn about the actual process to be

followed as your proposal is reviewed. For example, if a reviewer has only three minutes to review your proposal, you will write differently than if the reviewer has three hours to review your proposal.

Ask

A. **Position Questions:** How did you get to be a reviewer?(Usually you just submit a resume And express an interest, showing how your background and expertise interconnect with agency interests. Consider becoming a reviewer yourself; it's an easy way to get "inside information" and improve your success rate.) How many proposals were you given to read and how much time did you have to read them?(This answer will give you an idea of what your immediate competition will be like and the conditions under which proposals will be evaluated.) Did you follow a particular point or scoring system?(Invariably, some portions of a proposal carry greater weight than other portions. This information will enable you to concentrate your greatest efforts on the highest-scoring portions.)

B. Rationale Questions: What were you told to look for? (Sometimes, reviewers are instructed To look for elements of proposals that are not requested in the application guidelines. Your proposal should respond to all items on the application guidelines and the reviewer's evaluation form.) What were the disadvantages of the way the targeted problem areas were being approached in the proposals you read?(This answer highlights reviewers' insights in to problems not being addressed in the proposals they reviewed, problems that you maybe able to incorporate in your proposals.) What difficulties linger that still are not being addressed?(This answer spot lights existing problems that are still being avoided.)

C. **Expectation Questions:** What were the most common mistakes you saw in the proposals you read?(The answers are errors that you want to be sure to avoid, such as failing to number the pages, omitting the resumes of project directors or consultants, or miscalculating budgets.) If there were no budget limits, what should have been proposed that wasn't? (Playing "what if" invite secretive solutions that are not normally considered.) How would you write a proposal differently now that you have been a reviewer? (People invariably learn from the positive experience of seeing the inside process of awarding grants and have a number of suggestions about things they would do if they were asked to write a proposal again.)

C. **Priority Questions:** What's not happening in this area that should?(This answer highlights areas that need attention.) What would be the key features of an ideal solution?(Among various options, this answer indicates the components of an ideal solution.) What might be the benefits of this approach? (The response compiles the benefits list for the intervention strategy.)

Step Four: Contact the Program Officer

Tell your program officer you have studied the program guidelines carefully and you have some additional questions. *Realize, however, that your credibility will decrease if you ask questions*

that are answered in their written guidelines. Use this contact as an opportunity to obtain "between the lines" information. Start by briefly describing your project, stressing its objectives and out comes, then

Ask

A. **Position Questions:** How much of the money distributed this year will be available for new awards as opposed to non competing continuation awards?(This answer will tell you how much money is actually available for new applicants like you.) How are proposals being evaluated?(This response will help you to identify the yard stick against which proposals are measured.) Would you review our draft proposal if we got it to you early?(A favorable response will help you better cast your proposal to meet the sponsor's expectations.)

B. **Rationale Questions:** Why have you targeted your program dollars toward this problem? (This answer explains why money will solve the problem.) What are the biggest hurdles in this area now?(The response points out the biggest challenges people in the field now face.) Which dimensions of this problem need to be addressed next? (This answer points to the "big impact "needs.)

C. **Expectation Questions:** Does my project fall within your current priorities?(If it does, Begin writing. If it doesn't, explore different activities that might yield a better fit or ask for suggestions of other grant programs that might be interested in your project.) What would you like to see addressed in a proposal that others may have overlooked? (This question provides program officers with an opportunity to articulate their preference ideas.) Can you provide me with a copy of the reviewer's evaluation form?(Use this form to organize your proposal, using the same headings and subheadings, even if they differ from those in the application guidelines.)

D. **Priority Questions:** Would this approach produce what is needed?(This answer helps map out a successful action plan.) What are the long-term benefits of this solution?(This answer describes the long-range implications of your solution.) What outcomes do you expect from grantees? (This answer clarifies what the program officer will expect from you.)

NB: _Successful grant seekers who follow this four-step proposal planning process can use that Information to write winning proposals.

3.4. HOW TO WRITE A GRANT PROPOSAL

Introduction

Proposal writing is time-consuming. You must first clearly describe a specific problem found in your community or area of interest, design a program that will address it, and then describe the program in detail for the grant maker (funding source). If this is your organization's first attempt at applying for a grant, the entire process will benefit your organization. Your goal is to end up with a well-conceived proposal that lays out a strategy to address the problem, as well the funding to pay for it.

Step 1: Agree on the Problem

For a proposal to receive funding, the grant maker must be convinced that funding your program will have a positive and measurable effect on your community.

Start by identifying a need. What problem or issue in your community can be improved or changed with the grant money and a good effort? You may feel that there is a need to clean up a polluted river. But unless there is general agreement in the community on the need for your project, it may be difficult to get a grant to fix it—and even more difficult to complete the project.

Involve All Stakeholders
To develop a successful proposal, it's important to involve all of the stakeholders. A stakeholder is anyone affected by, or with an interest in, the project. For example, stakeholders in a river clean-up project include citizens in your community affected by the pollution, the party or parties responsible for the problem, anyone that will be involved in the clean up, businesses, government, and other entities that will help pay for the clean up, and government agencies that regulate pollution and water quality.

Seek involvement from the organizations you already partner with, and consider forming new relationships with like-minded groups. A diverse group is good, since the levels of participation will vary among partners.

Plan a meeting of stakeholders at a convenient time and an acceptable place. Be prepared for disagreement among the stakeholders—remember that your goal is to try and achieve a consensus of opinion. Consider bringing in professional facilitation if your group is larger than a handful of people or if you are unsure of your ability to manage differences between groups.

Define the Problem or Situation
Involve stakeholders in developing a clear, concise description of the problem or situation. More than one meeting may be necessary to arrive at a consensus that satisfies most of the stakeholders. The effort will be worth it. Once people agree on the problem, the rest of the work flows more smoothly.

When describing the problem, avoid using subjective terms like "ugly" or "outrageous." Instead, using the most current information available and, giving credit to the source, describe the problem objectively. Avoid attributing blame.

Describe the Impact of the Problem
Use the same clear, objective language to describe the problem's impact, both in social and economic costs. It is a shame if pollution in a river harms wildlife, but it's more compelling to show that people can no longer fish or swim in the river because of pollution. Show how the situation has changed the way people live.

Investigate Possible Causes of the Problem
Even if the cause(s) of the problem appear obvious to you, seek formal agreement from as many stakeholders as possible on the cause(s). The amount of detailed evidence you will need to present to a grant-making agency will vary. If a formal investigation into the causes has not been conducted, consider forming a committee to conduct or oversee an investigation and a follow-up report. Bring in outside or neutral investigators or experts to bolster your credibility. And even if there is agreement on the cause of the problem, you may still need an investigation to formally document the cause and to quantify as many factors as you can, depending on the grant's requirements.

When describing the problem, avoid technical terms and jargon wherever possible. Instead, use layman's terms. All stakeholders should clearly understand what is being said.

Step 2: Describe What You Hope to Achieve

You've described a problem and identified the most likely causes. Now you need to focus on the solution or desired outcome of your proposed activity. What will occur as a result of your project? How will a situation improve? If the problem is a polluted river, will people be able to swim in the river again? Will they be able to eat the fish?

Measuring Success in Outputs and Outcomes
Be careful not to confuse these terms. Outputs are measures of a program's activities; outcomes are changes that result from the activities. Outputs matter because they lead to outcomes. Note that in our example, an output might be an increase in the size of a stream-side vegetative buffer. An outcome might be the resulting increase in the oyster harvest that occurs because the buffer stops pollutants from reaching the river. Also realize that a funder may specify a different way to measure success.

Identify the Key Outcomes
Some projects will have a long list of outcomes. Here are some possible outcomes resulting from a river clean up:
* People will be able to swim in the river.
* People will be able to fish and eat their catch.
* Boating on the river will be more popular.
* A clean river will create momentum for a riverfront revival.

Work with your stakeholders to develop a consensus on two or three primary outcomes.
Set Realistic and Achievable Outcomes
Your projected outcomes must be realistic. Some pollution will always exist within the river. Reducing the pollutants to an acceptable level in one year or even five years might be impossible. Consult with experts—local ones are fine—and determine what is realistic for your situation. If the river clean up will take ten years, say so. Failing to meet goals will make getting additional funding in the future more difficult. It ***is far better to promise less and exceed your goals than to over-promise and under-deliver.*** However, don't seriously underestimate what can be achieved. Promise too little, and the project may not appear

cost-effective.

Measure and Record the Result of Your Work

State what measurements you hope to achieve and when you hope to achieve them. If you are going to reduce pollutants in a river, to what level will they be reduced? Use specific numbers or a range. (For example, a pollutant will be decreased by 15 to 20 parts per million, or ppm).

If you cannot measure or count an output, do not include it. Perhaps your stakeholders agreed on the following key objective: People will be able to fish and eat their catch.

You can make this objective measurable and observable by stating it this way: "Pollutants in the river will decrease by 15-20 ppm. At this level, people will be able to eat from the river at least once a week."

Focus on End Results

Always keep in mind your goal(s). Every activity should be evaluated on how it helps to achieve the ultimate goal(s).

Step 3: Design Your Program

Now that you know where you are and where you want to go, your next step is determining the best path to get there. The best path is not always the shortest, quickest, easiest, or cheapest.

So, how do you decide the best path for your project?

Get Expert Opinions

Grant makers, both governmental and private, often have experts on staff who can help you. When contacting a funding source, explain that while you might be asking them for funds in the future, for now you're interested in their expertise.

Research What Others Have Done

There is no need to reinvent the wheel. Try to find organizations that have developed projects similar to yours. Look at the failures as closely as the successes. Knowing what does not work is often more valuable than knowing what does.

You may also get information from the popular press and from professional journals—one exists for just about every topic you can imagine. Search the Internet and contact professional associations. If you are near a college or university, find out if a faculty member or researcher has studied the problem. But don't just read about what others have done. Learn about projects firsthand by visiting the project site. If a visit isn't possible, contact those involved in similar projects by phone, email, or letter.

Get "Buy In" From Stakeholders

Whatever solution you choose, it's essential that all key stakeholders agree fully on the plan. This is often referred to as "buying in" and is often critical to your success. You may never get 100 percent agreement, but you want to prevent overwhelming opposition.

People are most likely to support a project they helped create.

Ask your stakeholders to show support through letters of support and commitment. Letters of support state that the person or organization agrees with what you want to do and will not oppose you. More valuable are letters of commitment that specify how the person or organization will assist you. The assistance may include contributions of time, money, labor, space, supplies, materials, and other necessities.

Clearly Describe Your Solution
With your key stakeholders' and experts' assistance, clearly describe your solution. What will be done, and by whom? If your project is technical, you may want two versions: one expressed in technical terms and the other in lay terms. It is important that both technical experts and the general public understand your plan.

A clear description of how you plan to achieve your desired outcomes, with a timeline and detailed work plan, can be a great help in obtaining funding and getting a broader range of stakeholder support.

Step 4: Locate Funding Sources
Now that you've agreed upon a solution and program design, you need to find the resources—the people, the equipment, and the money—to get your project done. Locating funding requires an investment of time and careful planning. Many funders have a lengthy process for reviewing proposals.

Start with Organizations or People You Know
As most funders, both government and private, provide money for rather specific purposes, your search can be targeted. Inquire with the most obvious choices first, like those that have funded similar projects in your geographic area. If your solution is outside the scope of their funding, they may be able to point you toward the right source. Can they introduce you to contacts at organizations with which they have a relationship? Then, meet with the individuals to whom you've been referred. An introduction from someone the funder trusts lends you credibility.

Use the Internet to Research Funders
Visit the federal government Web site the central source for locating and applying for grant. In addition, check individual federal agency Web sites, as not all programs are listed on federal web sites. Also check state and local government Web sites to see what grants they offer. State and local governments administer many federal and private grants and will list these as well.

Questions to Ask When Reviewing a Funding Source
Once you find a promising funding source, learn as much as you can about that organization and its particular funding program. Read the information on the organization's Web site thoroughly to find out:

* Do you want to work with this organization?
* Does it typically fund organizations and projects like yours?
* Do you qualify for a particular program?
* Can you meet all of the grant requirements?

Establish a Relationship with the Grant Program Officer
Grant announcements, often called "Request For Proposals" (RFPs), usually list a contact person—the program officer—who manages the process. Arrange to meet the program officer, preferably in person, or by phone. Program officers are usually experts in the application process and may be knowledgeable about your type of project. Let him/her know about your organization, its accomplishments, and your proposed project. Confirm that your project is eligible for funding. Ask any questions you have about the grant announcement and clarify anything you don't understand. You will not appear foolish by asking a question; however, it would be a real mistake to omit a main item from your grant application.

Involve Your Funder in Your Project
Your funders are key stakeholders in your project. Make every effort to fully involve them. Invite representatives to be on hand for key milestones. While some funders want little involvement beyond giving you the money and periodically receiving a report, others want to be very hands-on and share in your success.

Step 5: Write Your Proposal
Once you have a written description of your program, needs, outcomes, and activities, use this as the basis for numerous grant applications. Tailor each proposal to each funder. Use the style and format that the funder prefers. Most organizations make their winning proposals public. Study these proposals. Use them as guides for how to assemble yours, what information to include, and what style and terminology is preferred.

Each RFP usually specifies what information to include and in what format. Some specify page limits and even font size. Many request electronic or online (via the Internet) submission of applications. Carefully read through all of the directions and ask about any that seem unclear.

Follow the Instructions
If there is a ten-page limit, stick to ten pages. You may feel that running over by a page or for a sentence or two is no big deal. However, the grant maker may feel that if you cannot comply with a simple page-length restriction, you can't be trusted with funding.

If you think you need to take exception, get permission to do so from the program officer at the funding agency. Include a statement with your application explaining that you have permission to deviate and your reason for doing so.

Study the Criteria
Most grant programs are competitive, meaning only the proposals judged best by the grant maker get awards. The RFP may specify evaluation criteria and allocate a certain number of points to specific sections or components. Study all of the application criteria. Check with the program officer to see if there are other criteria or factors considered in making the funding decisions.

Use a Checklist to Make Sure Your Application is Complete
Make a list of all criteria with the point values, if applicable. Use this checklist to be sure that you have included everything that is required. Missing or incomplete items often result in outright rejection or at least a lower score, limiting your chance for funding. Use your checklist as a table of contents for your proposal, to make it easy for reviewers to find the required information. Pay particular attention to your budget, making sure all costs are eligible and fully explainable.

Consider Hiring a Professional Writer
While not essential, many organizations prefer to hire an outside consultant to write the proposal. The primary advantage is that the writer is able to devote time to the project, which you might not have. A consultant with expertise in a particular grant program can assure that you address all of the often complex regulatory requirements.

The disadvantage of hiring a professional writer is that the writer may lack the passion and project knowledge that you and other stakeholders bring to the project. The resulting proposal may be slick but may lack passion or urgency.

Edit Carefully
What you say and how you say it may be the only information the reviewer has about you, your community, and your project. So, be sure that your proposal is clear and easy to understand. Before you attach your signature to an application, be sure that the application is complete and accurate.

Thoroughly edit your text. Try to eliminate all spelling and other typographical errors. Follow standard grammatical usage and avoid jargon and local expressions. Electronic dictionaries, spell checkers, and grammar checkers will catch 80 percent of your errors. Have two or three people read your proposal to catch the remaining 20 percent.

Give Your Proposal to a "Cold Reader" to Review

Ask one or two people who have not been involved in the process or project—and can come to the proposal "cold"—to read the proposal. Give them a copy of the RFP and the review criteria, but little other information. Ask them to read the proposal quickly. (That is how reviewers will likely go through it, at least initially.) Do they understand it? Does it make sense to them?

Meet Deadlines

Most grant programs have deadlines that are specific and unyielding. Missing one will most likely eliminate your chance for funding during that cycle. Allow plenty of time for delays, because they invariably happen during the proposal writing process.

3.5. Opportunity Studies

Introduction

The identification of investment opportunities is the starting point in a series of investment-related activities .It may eventually even be the beginning of the mobilization of the investment funds. Potential investors, private or public from developing and developed countries are interested in obtaining information on newly identified viable investment opportunities. To generate this information, the sector and the enterprise approach to investment project identification will have to be taken. Both approaches have two dimensions. At the sector level, it will require an analysis of the overall investment potential in developing countries and the general interest of developed countries in investing abroad that is in developing countries. At the enterprise level, it will necessitate the identification of specific investment requirements of individual project promoters in both developing and developed countries.

The sector approach to the identification of investment potential in developing countries is often associated with the compilation of area, industrial sector and resource-based studies and the preparation of industrial master plans. Analyzing developed-country interest in investment in developing countries requires of the current economic situation in developing countries, including a study of the structural problems faced by their manufacturing sector. The micro-economic approach is mainly concerned with a review of the investment ideas of industrialists, investment promotion offices and financial institutions in both developing and developed countries.

The main instrument used to quantify the parameters information and data required to develop a project idea into proposal is the opportunity study, which should analyze the following:

- Natural resources with potential for processing and manufacture, such as timber for wood-based industries.
- The existing agricultural pattern that serves as a basis for agro-based industries.

- Future demand for certain consumer goods that have growth potential as a result of increased population or purchasing power or for newly developed goods such as synthetic fabrics or domestic electrical products.
- Imports, in order to identify areas for import substitution
- Environmental impact
- Manufacturing sectors successful in other countries with similar economic background and levels of development capital, labor and natural resources.
- Possible inter linkage with other industries, indigenous or transnational
- Possible extensions of existing lines of manufacture of background by backward or forward integration, linking for example a downstream petrochemical industry with a refinery or an electric-arc steel plant with a steel rolling-mill.
- Possibilities fir diversification, for example, from a petrochemical complex into the pharmaceutical industry.
- Possible expansion of existing industrial capacity to attain economies of scale.
- The general investment climate
- Industrial policies
- Availability and cost of production factors
- Export possibilities

Opportunities studies are rather sketchy in nature and rely more on aggregate estimates than on detailed analysis. Cost data are usually taken from comparable existing projects and not from quotation of sources such as equipment suppliers. Depending on the prevailing conditions under investigation, either general opportunity studies (sector approach) or specific project opportunity studies (enterprise approach) or both, have to be undertaken.

General opportunity studies may be divided into the following three categories:

- Area studies designed opportunities in a given area such as an administrative province, a backward region or the hinterland of a port
- Industry studies designed to identify opportunities in a delimited industrial branch such as building materials or food processing
- Resource-based studies designed to reveal opportunities based on the utilization of natural, agricultural or industrial products such as forest based industries, downstream petrochemical industries and metal-working industries.

Specific Opportunity Studies

Specific project opportunity studies should follow the initial identification of general investment opportunities in the form of products with potential for domestic manufacture, and an investment profile should be circulated to potential investors. Although in many developing countries a governmental investment promotion agency or a chamber of commerce and industry may perform such work, it is most often undertaken by the prospective investor or an entrepreneurial group.

A specific project opportunity study which is more common than a general opportunity study, may be defined is the transformation of a project idea into a broad investment proposition. As the objective is to stimulate investor response, a specific project opportunity study must include certain basic information; the mere listing of products that may have potential for domestic manufacture is not sufficient. While such a list – derived from general economic indicators such as past imports, growing consumer demand or from one of the general opportunity studies relating to areas, sectors, or resources – can serve as a starting –point, it is necessary, first, to be selective as to the products so identified and secondly to incorporate data relating to each produce so that a potential investor, either domestic or foreign, can consider whether the possibilities are attractive enough to proceed to the next stage of project preparation. Such data can be supplemented with information on basic policies and procedures that may be relevant to the production of the particular product. A broad investment profile would then emerge that would be adequate for the purpose of stimulating investor response.

The information conveyed in a project opportunity study should not involve any substantial costs in its preparation, as it is intended primarily to highlight the principal investment aspects of a possible industrial proposition. The purpose of such a study is to arrive at a quick and inexpensive determination of the salient facts of an investment possibility. Where a project opportunity study is undertaken by a national or international investment promotion or financing agency to develop entrepreneurial interest the pre-feasibility study has to be carried out as and when entrepreneurial response forth coming.

3.6. Feasibility Studies and measure of project worth

3.6.1. Pre-Feasibility Studies

The project idea must be elaborated in a more detailed study. However, formulation of a feasibility that enables a definite decision to be made on the project is costly and time-consuming task. Therefore, before assigning larger funds for such a study, a further assessment of the project idea might be made in a pre-feasibility study , the principal objectives of which are to determine whether:

- All possible project alternatives have been examined;
- The project concept justifies a detailed analysis by a feasibility study;
- Any aspects of the project are critical to its feasibility and necessitate in-depth investigation through functional or support studies such as market surveys, laboratory tests or pilot plants tests;
- The project idea, on the basis of the available information, should be considered either non-viable or attractive enough for a particular investor or investor groups;

- The environmental situation at the planned site and the potential impact of the projected production process are in line with national standards.

A pre-feasibility study should be viewed as an intermediate stage between a project opportunity study and detailed study, the difference being in the degree of detail of the information obtained and the intensity with which project alternatives are discussed. A detailed review of available alternatives must take place at the stage of the pre-feasibility study, since it would be too costly and time-consuming to have this done at the feasibility study stage. In particular, the review should cover the various alternatives identified in the following main fields (components) of the study:

- Project or corporate strategies and scope of project
- Market and marketing concept
- Raw materials and factory supplies
- Location, site and environment
- Engineering and technology
- Organization and overhead costs
- Human resources in particular managerial (entrepreneurial) staff, labor costs and training requirements and costs
- Project implementation schedule and budgeting

The financial and economic impact of each of the above-mentioned factors should be assessed. Occasionally a well prepared and comprehensive opportunity study may justify by passing the pre-feasibility study stage. Such cases should be confined to investors who have complete knowledge of the project conditions. A pre-feasibility study is however, conducted of the economics of the project are doubtful. Short cuts may be used to determine minor components of investment and production costs but not to determine major costs items. The latter must be computed on the basis of reliable primary sources.

3.6.2. Support Studies

Support or functional studies cover specific aspects of an investment project, and are required as prerequisites for or in support of pre-feasibility and feasibility studies, particularly large-scale investment proposals. Examples of such studies are as follows:

- Market studies of the products to be manufactured, including demand projection in the market to be served together with anticipated markets penetration;
- Raw materials and factory supply studies, covering current and projected availability of raw materials and inputs basic to the project and the current and projected price trends of such materials and inputs;
- Laboratory and pilot plant tests, which are carried out to the extent necessary to determine the suitability of particular raw materials or products;
- Location studies, particularly for potential projects where transport costs would constitute a major determinants;
- Environmental impact assessment which covers current environmental conditions in the area surrounding the envisaged site (current emissions and potential long –

range transport protection technologies, alternative sites, the use of alternative raw materials and auxiliary materials. An environmental impact analysis will have to be carried out particularly for projects involving, for example, chemical plants, paper and cellulose mills, petroleum refineries, the iron and steel industry and nuclear thermal plants;

- Economies of scale studies, which are generally, conducted as a part of technology selection studies. These are separately commissioned where several technologies and market sizes are involved but the problems are confined to economies of scale and do not extend to the intricacies of technology. The principal task of such studies is to assess the size of plant that would be most economic and considering alternative technologies "investment costs, production costs and prices. Several plant capacities are analyzed and the broad characteristics of the project developed, including a computation of results for each capacity;
- Equipment selection studies, which are required when large plants with numerous divisions are involved and the sources of supplies and the costs are widely divergent. The ordering of equipment including preparation of and invitations for bids their evaluation contracting and deliveries are usually carried out during the investment or implementation phase. When very large investments are involved, the structure and economies of the project depend heavily on the type of equipment its price and production costs; even the operational efficiency of the project is a direct function of the selected equipment.

The contents of the support study vary depending on its type and the nature of the projects. However, as it related to a vital aspect of the project, the conclusions should be clear enough to give direction to the subsequent stage of project preparation. In most cases, the results of the support study when undertaken either before or together with a feasibility study form an integral part of the latter and lessen its burden and cost.

When a basic input may be a decisive factor in determining the viability of a project, then a support study is carried out before commissioning a pre-feasibility or a feasibility study. A support study is undertaken after completion of a feasibility study when it is discovered in the course of the study that it would be safer to identify a particular aspect of the project in much greater detail although the preliminary evaluation as part of the decision making process may commence earlier.

3.6.3. Feasibility Study

A feasibility study is part of the process of project identification, preparation and selection. This process involves the appraising of projects or groups of projects and then choosing to implement some of them. This process is very important for projects that are implemented by governments and big organizations.

In developing countries, it is not uncommon to find a situation where only a few projects are sufficiently prepared and carefully selected. This happens because of several reasons. Some of the reasons could be: (1) there aren't enough skilled people to perform this task; (2) there is some unwillingness to spend money on this process. It is believed that this process is wasteful if many projects are appraised but eventually abandoned. With a lot of care exercised, especially at the feasibility stage, this abandonment should seldom happen. Proper feasibility studies of projects imply choice of investment projects. Thus, proper choice of projects is crucial to the long run economic development of a country. If a firm implements projects, then proper choice is also crucial to the long run survival of the firm.

It is true that many projects are implemented without any extensive feasibility studies. This happens because of several reasons, among them being the use of non-numeric project selection models. However, the application of these models to project selection may be limited to projects, which do not involve huge investment resources. For those projects which involve huge resources especially those involving governments and other institutions such as that of the World Bank and IMF, feasibility studies must be usually carried out before a project is selected for implementation.

A feasibility study should provide all data necessary for an investment decision. The commercial, technical, financial, economic and environmental prerequisites for an investment project should therefore be defined and critically examined on the basis of alternative solutions already reviewed in the pre-feasibility study. The result of these efforts is then a project whose background conditions and aims have been clearly defined in terms of its central objective and possible marketing strategies, the possible market shares that can be achieved, the corresponding production capacities, the plant location, existing raw materials, appropriate technology and mechanical equipment and if required an environmental impact assessment. The financial part of the study covers the scope of the investment, including the net working capital the production and marketing costs sales revenues and the return on capital invested.

Final estimates on investment and production costs and the subsequent calculations of financial and economic profitability are only meaningful if the scope of the project is defined unequivocally in order not to omit any essential part and its related cost. The scope should be defined in drawings and schedules that should then serve as a supporting structure during further project work.

Although feasibility studies are similar in content to pre-feasibility studies the industrial investment project must be worked out with the greatest accuracy in an iterative optimization process, with feedback and inter linkages including the identification of all commercial, technical and entrepreneurial risks. Should weak points be revealed initially and the profitability of the project prove inadequate then sensitive parameters such as the size of the market, the production programme or the mechanical equipment selected should be examined more closely, and better alternatives should be looked for, in order to

improve the feasibility of the project. All of the assumptions made, data used and solutions selected in a feasibility study should be described and justified in order to make the project more comprehensible to the promoter or investor in his evaluation of the study. If a project is not viable despite a review of all alternatives, that fact should be stated and the reasons given. In other words even a feasibility study that does not lead to an investment recommendation is of great value as it prevents the misallocation of scarce capital.
The term "feasibility study" is often misunderstood and deliberately misused by suppliers of equipment or technology. Frequently an outline of a project primarily oriented to the supply of equipment or the choice of a particular technology is called feasibility study, although it is rather a technical or support study not covering all feasibility aspects as required for an unbiased project appraisal. Sometimes production or sales estimates are based on conditions observed in a developed country and bear little relation to those developing countries. As these studies are unrelated or ill-adapted to the local business environment they can be misleading and result in the misallocation of resources as has often occurred in developing countries. A feasibility study must be related to available production factors and local market and production conditions and this requires an analysis that has to be translated into costs, income and net gains.

A feasibility study should be carried out only if the necessary financing facilities, as determined by the studies, can be identified with a fair degree of accuracy. There would be little sense in a feasibility study without the reliable assurance that in the event of positive study findings, funds could be made available. For that reason, possible project financing must be considered as early as the feasibility study stage, because financing conditions have a direct effect on total costs and thus on the financial feasibility of the project.

3.6.3.1. Preparation of Feasibility Report

Actual Feasibility Studies

A feasibility report of a project provides information which will be required by the decision-makers for project appraisal. Project appraisal usually builds on the project plan, but it may also involve new information if data or assumptions in the feasibility study are questionable. The appraisal done is meant to show whether or not the project plan as contained in the feasibility study, is sound and it is worth investing in. If has to be useful for project appraisal a feasibility report should contain the following:(see their detail on the first section project analysis)

8) Market Analysis
9) Technical Analysis
10) Organizational analysis
11) Financial analysis
12) Economic analysis
13) Social analysis

14) Environmental analysis
    8. Market Analysis

When the various analyses have been carried out, the results must be put together in the form of a report. It is important that the above components of a feasibility report are organized logically before being presented to financial institutions for funding or to donors for assistance. The sections of a feasibility report are summarized as follows:

a. General Information
   - Analysis of industry or sector to which the project belongs
   - The gap existing between supply and demand in the industry or sector; and
   - Past performance of proposal owners

b. Preliminary analysis of alternatives
   - Other alternatives which were considered besides the proposed project should be stated;
   - All the relevant options analysis should be explained; and
   - The rationale for the project i.e, how it addresses the existing gap should be given.

c. Project description
   - Location of the project
   - Technology to be used
   - Machinery and equipment needed; and requirements, utilities, labor, products.

d. Marketing plan
   - Demand of products
   - Prices and price sensitivity
   - Distribution arrangements; and
   - Warehousing and storage arrangements

e. Capital requirements
   - Preliminary expenditure;
   - Land acquisition and development;
   - Plant and equipment;
   - Construction; and
   - Engineering and project management.

f. Operating requirements and costs:
   - Raw materials
   - Fuel
   - Utilities
   - Labor
   - Repair and maintenance costs;
   - Selling expenses; and
   - Other expenses depending on the project.

g. Financial analysis
   - This section provides information on costs of production and working results and cash flows during the economic life of the project; and
   - Financial performance may be done using any of the following tools: pay back period, Net Present Value, Internal rate of return on investment and return on capital employed.

h. Economic and social analysis
   - Impacts on income distribution
   - Development of ancillaries
   - Assured prices to farmers and supplies of inputs.

i. Environmental impact assessment
   - Impact or damage on the environment
   - Measures required to prevent damage
   - Costs involved in restoration of acceptable measures and
   - Mechanisms for monitoring the efficiency and effectiveness of the measures.

Project worth highly depend on feasibility study and project analysis plan

Reasons Given Not to Do a Feasibility Study

Project leaders may find themselves under pressure to skip the "feasibility analysis" step and go directly to building a business. Individuals from within and outside of the project may push to skip this step. Reasons given for not doing feasibility analyses include:

- We know it's feasible. An existing business is already doing it.
- Why do another feasibility study when one was done just a few years ago?
- Feasibility studies are just a way for consultants to make money.
- The market analysis has already been done by the business that is going to sell us the equipment.
- Why not just hire a general manager who can do the study?
- Feasibility studies are a waste of time. We need to buy the building, tie up the site and bid on the equipment.

The reasons given above should not dissuade you from conducting a meaningful and accurate feasibility study. Once decisions have been made about proceeding with a proposed business, they are often very difficult to change. You may need to live with these decisions for a long time.

Reasons to Do a Feasibility Study

Conducting a feasibility study is a good business practice. If you examine successful businesses, you will find that they did not go into a new business venture without first thoroughly examining all of the issues and assessing the probability of business success.

Below are other reasons to conduct a feasibility study.

- Gives focus to the project and outline alternatives.
- Narrows business alternatives
- Identifies new opportunities through the investigative process.
- Identifies reasons not to proceed.
- Enhances the probability of success by addressing and mitigating factors early on that could affect the project.
- Provides quality information for decision making.
- Provides documentation that the business venture was thoroughly investigated.
- Helps in securing funding from lending institutions and other monetary sources.
- Helps to attract equity investment.

The feasibility study is a critical step in the business assessment process. If properly conducted, it may be the best investment you ever made.

Proposed Outline for a Feasibility Study

One should follow to conduct feasibility study
1. Executive Summary
2. Background Information
3. Proposed Centralized service System
a. Description of the System
b. Advantages and Disadvantages of the Proposed System
c. Staffing
d. Space Requirements
e. Basic Layout for the Central place and location
f. Equipment Needs and Costs
g. Computer Software Requirements
h. Site Possibilities
4. Comparison of Current and Proposed Systems
5. Project Schedule
6. Final Recommendation

Module Four
Aspects of Project Cycle Management
Approaches to Project Planning and Project Management

4.1. PROJECT LIFE CYCLE

INTRODUCTION

A project life cycle is a sequence of events which a project follows. These events, stages or phases can be divided into several equally valid ways, depending on the executing agency or parties involved. In practice this division is less distinct than that discussed here, with elements of one activity spilling over into one or more of the others. In fact comprehensive project planning should be an iterative process whereby results in one stage of the project influence decisions in the other stages. There are two approaches of the project cycle.

4.1. 1. Traditional (Blueprint) Approach

The first & well known model of the policy cycle is the traditional approach of the World Bank. It was developed in 1970s with four main stages & in 1978 it was developed into five main stages to close the cycle. The stages are *identification: Preparation: Appraisal: Implementation & evaluation*. The general concept of the project taken up within the notion of the cycle has sometimes been known as the **Blueprint approach**. This uses the imaginary of blue prints of engineering drawings to suggest that projects need to be systematically & carefully planned in advance & implanted strictly according to the defined plan. It has, in general, proved itself to be useful approach to investment in **capital intensive projects.** These are projects in which relatively large amounts of resources are expended in the implantation stage & which normally result in major physical assets. In

these projects the completion of the construction generally marks a clear end to the implementation phase.

Stage 1: Project Conception

At this stage, an idea regarding a required intervention in a specific area to address an identified problem is formed or developed. This idea is usually hatched through discussion by specialists and local leaders in a community as **a *need-based issue*** and crystallized into a proposal. The project can therefore be conceived on the basis of:

- *Needs* – to make available to all people in an area minimum amount of certain basic material requirements or services. A needs assessment survey establishes the urgency for intervention;
- *Market demand* –domestic or overseas;
- *Resource availability* –opportunity to make profitable use of available resource.
- *Technology* – to make use of available technology
- *Natural calamity* –hedging against the adverse effects of natural events as drought or floods;
- *Political consideration*

Stage 2: Project Identification

Potential projects arising from the ideas crystallized in the first stage above are determined. The information in the proposal from project conception may be submitted by an individual or community representative to an agent or agency capable of identifying an institution to provide the necessary support to realize the expectation. The type of information provided at this stage is usually general and descriptive. The information is basically provided to justify an intervention through an expression of a felt need in the area. Usually some objective judgment is applied to assess the proposal or set of proposals to establish if the proposal can proceed to the next stage in the cycle. In many ways, stages 1 and 2 are so interlinked that some prefer to consider both as forming ***the "identification phase".***

Stage 3: Project Preparation/Formulation

This stage involves a more thorough exercise of collection of data and information on the proposed project. The exercise is conducted by personnel with ***technical and analytical skills in consultation with the target and beneficiary community.*** At this stage of the cycle, the objective of the project is defined and alternative solution is described covering such aspects as the scope, location, site and size, technical details, markets and institutional arrangements. The project preparation contains the design of a set of operational proposals that are technically, financially and economically feasible. ***The feasibility studies provide an opportunity to shape the project to fit its physical and social environment and exclude preparation relatively poor alternative ways of achieving the project goal***. A careful preparation may cost up to 10 percent of the total project investment but this is absolutely necessary to ensure the project's effectively.

Stage 4: Project Appraisal

Project appraisal involves a further analysis of the proposed project. At this stage, a ***critical review of the proposal is undertaken.*** The systematic and comprehensive review is usually undertaken by an **independent team of experts** in consultation with the stakeholders of the project. This provides an opportunity to re-examine every aspect of the project plan to assess whether the proposal is justified before large sums of capital are committed. The appraisal process ***builds on the project plan but may involve new information if the appraisal team feels that some of the data used at preparation or some assumptions are faulty***. The **implications** of the project on the **society** and the **environment** are also more thoroughly investigated and documented. Similarly, the **technical** design, **financial** measures, commercial aspects, incentives, economic parameters are thoroughly scrutinized. On the basis of an appraisal report, **decisions** are made about whether to go **ahead** with the project or not.

NB:-The appraisal may also change the project plan or develop a new plan.

Stage 5: Project Selection

After appraisal, the visible project proposals are chosen for implementation on the basis of the priorities of the stakeholders and the available resources. For instance,

treasury/capital may impose a ceiling/upper limit on the ministries with a big portfolio/selection of investments, calling for prioritization of the core and lower priority projects.

Stage 6: Negotiation and Financing

Once the project to be implemented is agreed on for donor funded projects, discussions are held on funding and associated aspects of funding such as conditionals for grants, repayment period and interest rates of loans, flow of funds, contributions from stakeholders and if there is co-financing or not. This culminates into an Agreement Document for the project which binds all the parties involved during implementation of the project.

Stage 7: Planning for Implementation

This is the stage either before actual implementation begins or before the ***start of a new implementation phase of the project***. The exercise is conducted at the level of the project and involves the implementers, the beneficiaries and the funding agency or all stakeholders. The exercise involves enabling the practicality of project objectives, scope, financial arrangements and implementation schedule given the overall resource structure of the project and the working environment. The likelihood of further changes occurring either in design or physical and policy environment to affect the project are also discussed. During the exercise, the team should define, as clearly as possible, the objectives and hierarchy of objectives. One technique for defining and analyzing the objectives is the Logical Framework /for more detail refer on the last section of this chapter/ Approach or Goal Oriented Project Planning . It allows definition of activities, or inputs, outputs and objectives with corresponding verifiable indicators and assumptions to attain the goals of the project. A plan of operation for a specified period is usually desirable to form a basis for activities to be undertaken during the plan period.

Stage 8: Implementation

This is the crucial stage of any project since the objective of the earlier effort in the stages above was to have projects to be undertaken. At this stage, activities of the project are actually carried out and funds are disbursed to facilitate the activities. The management should ensure that the project is carried out according to the design. However, depending on the physical and policy environment, there may be need for flexibility in response to the reality on the ground. Monitoring of progress and reporting, therefore, becomes crucial for implementation which is a process of refinement or learning from experience and actually be considered as a ***"mini cycle***" within the larger project cycle.

Stage 9: Monitoring and Reporting

This should be an on-going activity during implementation. Monitoring can be carried out by the beneficiaries, the managing staff, supervisory staff and the project management staff. The aim should be to ensure that the activities of the project are being undertaken on schedule to facilitate implementation as specified in the project design. Any constraints in operationalising the design can quickly be detected and corrective action taken. This would enable the management to be proactive rather than being reactive in correcting mistakes during implementation. The channels of communication should also be clear and easy to allow transparency and accountability for all staff involved. Thus relevant actions, results and barriers to implementation should be monitored for smooth implementation.

Stage 10: Evaluation

This stage involves a systematic review or examination of the elements of success and failure in the project experience during the project life to learn how better to plan for the future. This implies that evaluation is a continuous exercise during the project life and is much related to project monitoring. Monitoring provides the data on which the evaluation is based. However, formalized evaluation is undertaken at specified periods. There is usually a mid-term and a terminal evaluation. Evaluation can also be undertaken when the project is in trouble as the first step in a re-planning effort. Careful evaluation is also undertaken before any follow-up project.

Evaluation can be done internally or by external reviewers. Some organizations have monitoring and evaluation units. Such a unit can provide project management with useful information to ensure efficient implementation of projects, especially if it operates independently and objectively, because what the unit needs is to judge projects on the basis of objectives, original project design and the reality on the ground (the operating physical and policy environment). With no free hand, the feedback mechanism will be stifled and information be "held-back" instead of being "fed-back". Some projects may be subjected to external evaluation. The aim of evaluation is largely to determine the extent to which the objectives are being realized.

The critiques of the traditional approach can be summarized as:

- Has a limitation of earlier stages feed back
- Limited rooms to listen to potential stakeholders
- Lacks flexibility in project design
- Lacks of termination/hand over plan
- It is too rigid & inflexible, that it placed too much reliance on prior comprehensive data gathering, planning & control.
- It didn't give sufficient importance to the acceptability of the proposed intervention to the intended beneficiaries.

4.1. 2. The Process (Adaptive) Approach

This approach is **People–based** occurring mainly in the agricultural, rural & social sectors. These involve little in the way of financial investment, but emphasize human or institutional development such as development of health care training of medical extension workers. Another distinction is between physical projects which equate to the concept of capital intensive & human oriented projects, which are similar to people based projects. New ideas & experience gained from practical application of traditional approach, process approach of the

World Bank was developed in 1994. The process approach model required adapting changes in the project planning process. It reflects more of a process as opposed to a

traditional (blueprint) approach. It is of particular relevance to projects for which beneficiary participation is important.

An adaptive approach has the following successive stages;

1. Experimentation: is the stage at which development problems or objectives are defined & possible solutions, methods of analysis & implementation are identified. These are then subject to pilot trials for their appropriateness, adaptability, acceptability, transferability to local conditions. Making the project idea or concept originates from local communities & other project beneficiaries as well as on the needs & priorities of the community.

2. Piloting: is starting small scale projects with trials of different techniques in a holistic approach to incorporating social, cultural, physical, intuitional, & ecological actors.

3. Demonstrating: is conducting trials on representative scale village, kebele with established mechanism though joint participation.

4. Mainstreaming: is process of extending the project to a large scale woreda, district region based on the results of demonstration. As particular methods are found to be successful on an experimental scale, they are taken successively through wider & more comprehensive coverage in order to reach a larger public, each stage growing out of the results & methods of the previous one. Intrinsic to this approach is the idea that while a general objective & direction for project intervention can be defined, specific actions & services may change as a result of review & evaluation of individual phases. There is a flexible two way interaction between project agents & consumer or beneficiaries for whom the project is intended. It might result, for instance, in redesign of systems of delivering primary health care or relocation of health centers, following earlier design & experimentation. It does not change the basic concept of a project as a time bounded investment must still be prepared & implemented (perhaps wit successive stages of experimentation & modification if process approach is followed) & then the systems or facilities operated to create benefits.

The general desirability of an adaptive, flexible approach to project development is clear. It has found a more ready application in the rural & social sectors than the industrial & infrastructural sectors, partly because rural & social development is intimately affected by the reaction of people, as project agents & beneficiaries) & therefore less easy to plan &

define in advance. By contrast the blueprint approach remains important for capital intensive projects where there is paramount need to plan & account carefully for expenditure incurred in the public sector.

A further, more recent development has been to combine elements of both approaches, by

- breaking the project idea down into discrete & distinctive stages
- defining a clear set of objectives for each stage, &
- allowing changes in approach & techniques between stages.

We need to keep in mind the necessity of managing & implementing the project as planned, while at the same time retaining as much flexibility as possible in order to make changes to the overall design where necessary. The point is whether the blueprint or process approach is followed, is see beyond the project & to ensure that the efforts of their project team lead to the creation of lasting & beneficial assets.

4.2. Analysis for Project Identification and Selection

Participatory planning approach consists of analysis around four sequential areas.

A. **Participation Analysis/ stake holder analysis**

1. Introduction:

Participation or stakeholder analysis seeks to identify the major **interest groups involved (all those affected by or involved) in the project.** The conditions and characteristics of local community groups and organizations likely to be affected are identified and analyzed to establish whose problems merit priority solution. The idea is to involve **at least a representative of each interest group**, if possible, in the subsequent analysis of problems. If not possible, the workshop should try to perceive problems from each of their perspectives.

It should be noted that even if people come from a particular area their interests and problems may differ, depending on the organization and on social classes to which they belong. Even within a group, men and women can have different problems. Moreover,

several groups with conflicting interests may exist within a community and in extreme cases; some groups may even be anti-development. Therefore, it is desirable at the outset to identify to clarify different social, political, economic, cultural and religious background of potential target group members.

2.Group categorization and detailed group analysis

The following is an example of how the stakeholders can be categorized into groups before subjecting them into a detailed analysis.

i. Target Group Identification

A target group is the main group for which ***positive change is desired and intended by implementing the project.*** Usually, it is selected from among the groups identified in the group categorization stage of participation analysis. Selection is through a process of considering which groups' *interests should be given the highest priority or which group is the most deserving.*

Once a target group is identified, their unique **or core problems**, the causes of the core problem and impact of the core problem can be identified and easily analyzed. In cases where a consensus is hard to reach out on the deserving target group, a ***tentative group can be selected for the purpose of initial analysis and be changed later if an alternative group is found to deserve a higher priority.***

ii. Group Categorization

Group categorization can be done in many ways but the following is the generally accepted one:

Beneficiaries: Groups likely to benefit from the expected project;

Negatively affected groups: Groups likely to be adversely affected by the expected project.

Decision makers: Groups with decision-making authority

Funding agencies: Groups which can bear expenses.

Implementing agencies: Groups which can implement the expected project.

Community leaders: Groups representing the community

Potential opponents: Groups which may oppose or obstruct a project because of its design; and

Supporting groups: Groups likely to co-operate with the expected project.

iii. Detailed Group Analysis

Detailed group analysis is done using several factors. Characterize the community members to be affected by the project by considering the following major issues:

- Interests;
- Potential or actual conflicts
- Inter-dependencies
- Social relationships (social capital).

Structure, organization, size, and leadership are important aspects in a group. Social, religious and cultural backgrounds and gender issues as well as economic, political, and institutional aspects should be given consideration.

Problems, needs and demands of the group should be identified and be related to the group. Also to be identified are: potentials, strengths, weaknesses, constraints and opportunities.

- Strengths of the group, and abilities and potentials that can be developed;
- Constraints and weaknesses of the group that may hinder development of such potential.
- Implications for project planning should also be established.
- Roles and positions of groups within the expected project should be carefully examined;
- Benefits and adverse effects of the expected project should be spelt out; and factors that could possibly impede implementation of the expected project, glaring or hidden opportunities should be anticipated.

B. **Problem Analysis**

Planners use a problem tree analysis technique to identify all the problems surrounding a given problem condition and displaying this information as a series of cause and effect relationship. A problem tree approach can also be used for a general diagnosis of a problem in some situation or organization. In this case no specific problem needs to be taken as the starting point. Instead all existing problems are identified and then interrelated in the cause and effect linkages for the situation as a whole.

The problem analysis begins with identifying a core problem (the trunk). The tree is then expanded upwards and downwards as the causes and effects of the problem are identified.

a. Procedure of a Problem Analysis

Begin with the specific problem or need to be solved. List all other interdependent conditions and problems. Brain storming or other group's idea generating techniques can be used, or simply ask the following questions for each problem as it is identified:

- What is this problem caused by?
- What does this problem cause?

To ensure a more complete diagnosis, include as many relevant perspectives as possible as discussed in the participation analysis earlier.

b. The clientele – those affected by the problem

- Top decision-makers
- Ordinary people within the organization or setting
- Appropriate experts
- National or regional planning organization
- The view of unbiased outsiders
- Others involved.

Using separate sheets of paper for each, arrange identified problems and interdependent conditions in their logical, cause and effect relationship, in the form of a "tree". Make sure all elements are correctly connected by arrows indicating the directions of causal linkage. The resulting diagram represents a rough but effective causal "model" of the complete problem environment from the root cause of the problem to the impact of the problem. For easy reference, the main procedural elements are stated below as a sequence of analytical steps.

c. Problem Tree steps

i. Identify major interest groups involved (all those affected by or involved in the project)
ii. Involve a representative of each, if at all possible, in your analysis of problems. If not possible, try to perceive from each of their perspectives as described in the participation analysis section.
iii. List as many problems as possible from each of the above perspectives, remembering that a problem is not the absence of a solution but the difference between what is desired and what the current state of affairs is;

iv. For each of the problems you have listed above ask yourselves what are (could be) the major causes. Add any new problems that you have discovered to the list;
v. For each of the problems on the list ask: what are the most important problems to your list;
vi. Structure the above problems in cause-effect relationships, checking to see that you have not overlooked linkages or other important causes or effects.
vii. Review your logic to see if your cause-effect relationships are correct and to see if you have omitted any linkages or major causes or effects. (It may help to show it to someone who has not been involved in its development for an objective critique); and
viii. Change as needed.

C. Objective Analysis

1.1.1 An objective tree is a technique for identifying the objectives that will be achieved as a result of solving the problems cited in the problem tree. The objectives are also displayed as a series of cause and effect relationships.

a. Procedure

Examine the problem tree to determine which problems can be simply reversed into objectives by restating negative conditions as positive conditions.

Recognize that not all casual relationships are simply reversible, so that solving one problem automatically solves those it caused.

For example, although flooding destroys crops, pumping out the water does not thereby restore the crops to health.

For such problem relationships, other types of objectives must be formulated to represent solutions. Recognize that some problems in the problem tree may actually be symptoms of other deeper problems. Add new objectives if these appear relevant. Determine the cause-and –effect relationships among the objectives and draw the objective tree.

The level of detail required is a judgment that must be made by those developing the problem tree. In general it is the amount of detail that permits a clear understanding of the problem and its environment. If the analysis is too superficial, the solution chosen could itself cause a whole series of additional problems because the cause-and-effect relationships of the first analysis were not well-defined.

D. Alternative Tree Analysis or Project Selection

An alternative tree analysis is a technique for identifying alternative solutions or course of action that can be used to achieve the same or alternative objectives and the display of this information in a simple format.

b. Procedure

Examine the objective tree to determine which objectives are perhaps unrealistic due to resource limitations. Using feasibility analysis tools, examine each branch of the objective tree to determine which alternatives might represent the optimal project strategy in terms of probability of success, cost/benefit and most effective approach.

Sometimes the branches of an objective tree are already a single project-sized solution sufficient for attaining the next higher objective. A strengths, weaknesses, opportunities and threats (SWOT) analysis can be undertaken to establish the priority options of projects to be subjected to further detailed quantitative analysis for implementation.

4.3. Project Planning Matrix

1. Logical Framework

A logical framework is a four by four matrix, which enables the decision-maker to identify project purposes and goals and plan for project outputs and inputs. The log frame is useful in planning a project and to provide measures of evaluating the project. Important assumptions about the casual linkages in the project are stated on the log frame, and these are useful when it comes to project implementation. It is important to understand the meaning of various terms which are used in a log frame.

A. Concepts used in Logical Framework

a) The **goal** of a project is a value judgment which satisfies one or more human needs. A programme or sector goal is the broader objective to which a project contributes.
b) The **purpose or immediate objectives** of a project its primary intention or aim; it is the reason why a project is designed
c) The **inputs** are defined as financial, human and material resources available to implement the project as planned

d) The **outputs** are the services or products that a project delivers to a target population to produce the expected impacts.

e) The **sector** is the largest system of which a project a part e.g., building a dam is a project in the agricultural sector, if the main purpose is irrigation or in the energy sector if the main purpose is the generation of hydro-electric power.

f) **Objectively verifiable indicators** (OVI) demonstrate that certain desired results have been accomplished.

g) **Means of verification** are the specific mechanisms by which quantitative indicators of the accomplishments of a project may be observed.

h) The **Logic**: The decision-maker uses two types of logic to arrive at explicit statements which serve to help in planning or in evaluating a project in progress. A vertical and horizontal logic.

i) A **vertical logic** clarifies why a project is being undertaken. It specifies the programme or sector goal, and project purposes, outputs and inputs.

j) A **horizontal logic** identifies what is to be produced and the evidence that will signal success. It lists objectively verifiable indicators, means of verification and important assumptions.

B. How to prepare Logical Framework

The logical framework has four columns namely narrative summary, objectively verifiable indicators, means of verification and important assumptions. A project is transferred into the first vertical column of the planning matrix. This is done as follows:

- Start at the top of the column and work downwards
- Decide on one overall goal and one project purpose or immediate objective; and
- Where necessary, review the wording in the objective tree and make it move appropriate

Project title~~~~~~~~~~~~~~~~~~~~~~ Total Funding ~~~~~~~~~~~~ Life of project~~~~~~from ~~ to~~~ Date Prepared~~~~~~~~~~~~			
NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS

The results / outputs are expressed as objectives which the project manager must achieve the results / outputs, noting that to ensure clarity:

- We do no list too many detailed activities, but rather indicate the basic structure and strategy of the project, and

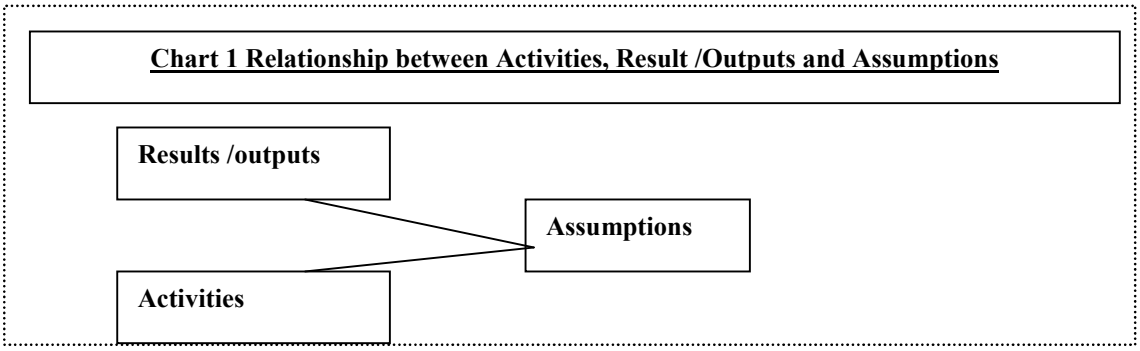
- In contrast to the objectives, we express the activities as an action, e.g., (activity) train counter-parts (objective) extension service in operation.

The column entitled summary of objectives and activities must describe the operational means-ends relationships in the project structure

- The activities are implemented in order to obtain the results / outputs.
- The results / outputs are necessary and (together with the assumptions) sufficient basic requirements to achieve the project purpose; and
- The project purpose is a prerequisite to obtaining the overall goal.

C. Identifying Important Assumptions

We examine whether activities in the log frame will directly generate the desired results / outputs or whether additional events must also take place outside the project for the results to be achieved. The outside events are the ones referred to as project assumptions.



We have to ensure that important assumptions are expressed in the same way as the objectives i.e., as positive conditions:

- The important assumptions are described in such operational detail (with indicators of possible) that we can exactly see whether these external conditions have occurred or not; and
- Only important assumption are stated, which are logically necessary, additional conditions.

Assumptions which are important but improbable are "killer assumptions" and cannot be planned if killer assumptions exist, planning must be changed or the project may be abandoned.

I. Objectively Verifiable Indicators

The objectively verifiable indicators define the contents of the objectives. Either the objects or the indicator must also contain.

i. The time period
ii. The region
iii. The target group and
iv. The partner institution

Indicators allow us *to exactly measure how far the objectives have been achieved at different periods in time.* We must also *quantify facts as far as possible*. To do this, several direct indicators are usually required, plus, if necessary additional proxy indicators, substitute indicators, etc. the proxy indicators are used if the direct ones will take time to notice or are difficult to measure.

When the contents of the objectives have been fully in-corporated, we must state how to measure them and set the quantities required. *The prescribed measuring process must be accurate enough to make the indicator objectively verifiable*. An indicator is *objectively verifiable* when different persons *using the same measuring process obtain the same measurements, quite independently of one another.*

A good indicator should have the following attributes:

i. *Substantial* i.e., reflects the essential content of an objective in precise terms,
ii. *Objective-oriented* i.e., the means-ends relationships quality and time to achieve the next highest level;
iii. *Plausible*, i.e., the changes recorded can be directly ascribed to the project; and
iv. *Independent*, i.e., it differs in content to that on the level in the PPM immediately below it, so that the degree to which the objective has been achieved can be measured directly, and quite independently of the inputs made.

At an early stage of planning, indicators are just guiding values which serve to quantitatively analyze the project concept. We examine what inputs should be used to achieve quantifiable results / outputs or impacts. These guiding values must be reviewed again on location, and where necessary replaced by project-specific indicators.

II. Means of Verification

The third column of the matrix is to give an exact description of what information is to be made available, in what form and if necessary, by whom. The sources of verification should be allocated numbers corresponding to those of the indicators.

Sources of verification external to the project are reviewed with respect to:

i. How much information they contain on the region and on the target groups?
ii. How reliable, up-to-date and accessible they are?
iii. Their composition and how they were obtained?

When suitable sources of verification outside the project cannot be identified, the information necessary to verify the indicators must be collected processed and stored internally by the project itself. The collection, preparation and storage of information in the project itself and the individual activities are to be incorporated as an activity in the activities column and calculated in the specifications of inputs and costs.

Indicators for which we cannot identify suitable sources of verification must be replaced by other, verifiable indicators. Some others after consideration of costs and benefits, are too expensive must be replaced by simpler, cheaper controls.

The assumptions must be reviewed as to whether they are appropriate for the quantities and dimensions to be analyzed by the indicators, and they must be more exactly defined, quantified and supplemented where necessary. Exactly define the assumptions for the feasibility of each individual activity (basic preconditions). Those assumptions which are essential prerequisites for the next level are made, for example with an exclamation mark (!). All assumptions are re-examined as to their probability, when it is questionable or improbable that they will occur, they are marked, for example, with the question mark (?). *Assumptions which are important for the project success (!) but which are questionable or improbable (?) are killer assumptions force us to abandon the project if they cannot be eliminated by lower –risk concept.*

Activities, results /outputs and objectives must be altered as often as necessary until the "killer assumptions" disappear.

The overall risk of the project comprises the risk for achieving the objectives and potential unintended negative impacts. An additional risk analysis may be necessary to assess the overall risk involved.

After analyzing the risk entitled in the assumptions and making a quantitative analysis using the indicators, we enquire again into the factors that can be managed by the project management and the latter's responsibility for the results/outputs. The manageable factors are identified on the basis of:

i. Situation at the outset;
ii. The objectives and
iii. The risks.

The project management must be willing and able to guarantee the results /outputs, so that the project purpose can be achieved. It can only enter into a legal obligation to do something that actually appears possible.

The project management can be formed by one project partner alone or jointly by the project partners. Management responsibility must be stipulated in the government agreement and in the project implementation agreement and also in the employment contracts for project staff.

The planning must delimit duties, powers and responsibility at different project levels, in accordance with the actual possibilities and necessities.

C. Structure of Logical Framework

Structure of a Logical Framework

Project title~~~~~~~~~~~~~~~~~~~~~~~~ **Total Funding ~~~~~~~~~~~~~** **Life of project~~~~~~from ~~ to~~~~** **Date Prepared~~~~~~~~~~~~~**			
NARRATIVE SUMMARY	**OBJECTIVELY VERIFIABLE INDICATORS**	**MEANS OF VERIFICATION**	**IMPORTANT ASSUMPTIONS**
Programme or sector goal: The broader objective to which the project contributes	Measures of goal achievement:	Source of information for goal indicators	Assumptions for achieving goal target
Project purpose: Immediate objective of the project	Measures of purpose achievement: (conditions that will indicate purpose has been achieved)	Source of information for indicators of project objective	Assumptions for achieving purpose (objective)
Outputs: Desired results	Magnitude of outputs:	Source of information for indicators of outputs	Assumptions for providing outputs

Inputs: The people information and physical items which enter the system.	Implementation target: (type and quantity)	Source of information for indicators of inputs	Assumptions for providing inputs

Example of Logical Framework

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Goal: Agricultural productivity increased in the region	Crop yield / hectare increased	Field observation Periodic reports from agriculture office	Field community participation Commitment from both GO & NGOs.
Purpose: Promote soil and water conservation practices through reducing deforestation	Soil and water conservation systems put in place	Field observation Periodic repots of district administrators	Community will take care of the system established
Output: Afforestation Deforestation of degraded land Pop pressure reduced on farm land	50 hectare of land covered with vegetation Agricultural density reduced Birth rate reduced	Field observation Sample survey Field observation Community participation record	Reliability of rainfall No immigration.
Inputs: Plantation site identified Labor organized Nursery established Family planning and awareness creation introduced			Funds available on time DA assigned Community Commitment & participation

4.4. APPROCHES TO PROJECT PLANNING AND PROJECT MANAGEMENT

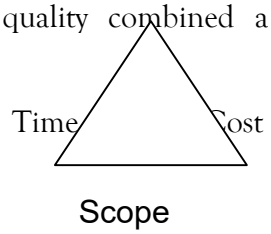
4.4.1. Definition of project management

Projects are implemented through project management. Project management is defined as application of knowledge, skills, tools and techniques to activities of the project for achievement the project objectives/requirements.

Project management should assure that the project outcome:

- Will be reached at a time,
- Will be reached with the resources of the project,
- Will have a predefined quality level.

Using for outcome and quality combined a generalized term *scope* we can build the Project Management Triangle



Project Management Triangle visualizes the fact that time, cost and scope of a project are interdependent; changing one of them causes changes in other two.

Project management can be considered as solving certain optimisation task: achieving in a certain time frame the best possible outcome with limited amount of resources.

As a general project management methodology structural approach is most widely used. Structural approach means that project activities are not based on concrete instructions but on certain structures allowing finding optimal solutions that take into account individual characteristics and conditions of the project.

There are four main sets of structures that are considered in relation to project management:

- Project management knowledge areas,
- Project management process groups,
- Project management activities,
- Project management artifacts.

A. Project management knowledge areas

The basic document that defines knowledge areas and process groups is *A Guide to the Project Management Body of Knowledge* ([*PMBOK Guide*]). The guide became almost as a standard in project management and determines in a great extent the content of courses and certificates in project management. The guide defines and describes the following knowledge areas of project management:

1. Project *integration management* includes activities (called *processes* in the guide) that ensure co-ordination of various elements of the project.
2. Project *scope management* includes activities that ensure completing all tasks (and only these!) necessary for completing the project successfully.
3. Project ***time management*** includes activities that ensure timely completion of the project.
4. Project ***cost management*** includes activities that ensure completion of the project within the approved budget.
5. Project ***quality management*** includes activities that ensure satisfaction of the needs for which the project was undertaken.
6. Project *human resource management* includes activities that ensure the most effective usage of people involved with the project.
7. Project *communications management* includes activities that ensure timely generation and handling of adequate project information.
8. Project *risk management* includes activities that ensure adequate identification, analysis and response to project risks.

9. Project *procurement management* includes activities that ensure acquiring necessary goods and services from outside the performing organization.

These knowledge areas are applicable to all stages of the project, in fact during the whole life cycle of the project. We will discuss knowledge areas in more detail later in this course. A systematic approach how to develop competences of project managers in the knowledge areas (as well as personal competences) is presented in *Project Manager Competency Development Framework* (*PMCD Framework*, see [PMCD]).

B. Project management process groups

Project management is an integrative undertaking that deals with different type of activities. All activities have certain common features: they should be initiated, planned, executed, controlled and closed. These features are applicable for different levels starting from a single action up to the whole project.

Initiating processes are processes that start the project, its each phase, activity or action. Even project closing needs to be initiated: the activities should be started for convincing that the outcome satisfies the needs of the customers, the necessary project documentation is present etc.

Planning processes are processes that are necessary for performing executing processes. Planning processes include scope planning, activity definition and sequencing, schedule composition, resource planning, cost estimation, budgeting etc.

Executing processes are processes that coordinate people and other resources to carry out the plan.

Controlling processes are monitoring and measuring processes ensuring that project objectives are met and corrective actions are taken when necessary.

Closing processes are processes that lead a project or its phase to an orderly end.
The processes related to an undertaking can have in the time-scale smaller or bigger overlapping. In general initiating processes are performed before planning processes, planning processes before executing processes and executing processes before closing processes. Controlling processes usually cover the whole time-scale of the undertaking.

C. Project management activities

Project management activities are activities that are in the responsibility of project manager and that usually are performed (if not delegated) by the project manager. There is no fixed list or taxonomy of project management activities. In the following we will list some of them:

1. Planning, organizing and coordinating the work of the project team.
2. Acquiring and allocation of human and other resources.
3. Controlling project execution, tracking and reporting progress.
4. Solving problems/conflicts both inside the project team as well with other parties.
5. Assessing and controlling risk.

6. Informing the project team and other parties involved about the state of the art of the project, as well as about success and problems.
7. Create necessary work environment.
8. Encourage devotion, excitement and creativity inside the project team.

Probably the most systematic approach to project management activities is presented in *Project Management Maturity Model* (*PMMM*).

D. Project management artefacts

Project managers should additionally to managerial competences be able to use and develop a number of instruments and possess necessary techniques (including computing skills). Project management artifacts are documents that regulate the project execution. Depending on the project size and type, the list of necessary artifacts can vary, but most often the following artifacts are present:

1. Needs analysis and/or feasibility study.
2. Project charter.
3. Terms of reference/scope statement.
4. Work breakdown structure and/or project schedule.
5. Project management plan and/or responsibilities assignment document.
6. Communications plan.
7. Resource management plan.
8. Change control plan.
9. Risk management plan and/or table/database of risks.
10. Lessons learned document/database.

Taking into account that project management covers a broad range of competences and activities the skills and knowledge necessary for project management are needed for everybody who should:

- Perform a task during a certain period of time;
- Deal with complex problems requiring solutions by activities that will run partly in parallel;
- Accomplish the tasks with limited resources;
- Co-operate in performing tasks with other people;
- Take into account the changing needs of the beneficiaries etc.

4.4.2. Major Steps in Project management

a) Planning

Planning is making decisions about which courses of action to follow. It includes the following activities:

- ✓ Establishing objectives to determine the end result;

- ✓ Developing strategies to determine how to reach objectives, by when, and by whom;
- ✓ Preparing budgets to determine the cost of using resources
- ✓ Establishing policies to have standing decisions on recurring situations;
- ✓ Establishing standards to ensure continued quality of services and products.

b) Organizing

Organizing is developing relationships and allocating responsibilities within the organization. It includes the following activities: Developing organizational structure to establish accountability within the

- ✓ Organization through clear reporting and supervising relationships
- ✓ Establishing teams that work together to reach objectives;
- ✓ Establishing job descriptions to ensure that roles and responsibilities are clear;
- ✓ Determining staff activities to carryout work plans.

c) Staffing

Staffing is filling positions within the organizational structure. It includes the following activities:

- ✓ Recruiting people with appropriate qualifications for positions in the organization;
- ✓ Orienting new people to their positions to help them learn about their responsibilities, the
- ✓ Relationships within the organization, the organization 's goals and objectives, and the culture of the organization;
- ✓ Providing training when necessary to upgrade people's skills.

d) Controlling

Controlling means managing activities to ensure progress toward the program objectives. It includes the following:

- ✓ Measuring progress of project by comparing the current situation with established goals and objectives;
- ✓ Submitting reports to account for project activities and finances;
- ✓ Monitoring performance to document the way people carry out their responsibilities;
- ✓ Providing feedback to people on a regular, informal basis, including positive feedback and
- ✓ constructive criticism;
- ✓ If the project employs staff regular performance appraisals should be organized to formally assess the way people work and extent to which they produce results, and to give them feedback about their work;
- ✓ Adjusting plans to respond to changes in the internal and external organizational environment.

4.4.3. Differing Approaches to Project Management

Project management approaches enable organizations to accomplish projects efficiently, addressing both internal constraints and dynamic external situations in the interim. Project management enables organizations to prevent or remove internal project constraints and also adapt to unforeseen changes in project scope or goals. An organization can, depending on its requirements, either adopt a standard project management approach or combine multiple approaches. Additionally, an organization has the advantage of project management software applications which facilitates intelligent planning, constraint removal and monitoring of projects.

Here is a list of standard project management approaches.

1. Traditional approach

The traditional approach assumes that the project scope and goals will remain constant till project completion. Obviously, a project manager plans and identifies project resources based on this assumption. The traditional approach lays down the following project phases:

- Project initiation
- Project planning and design
- Project monitoring and control
- Project execution
- Project completion

Since the approach is inherently rigid, many organizations may choose a hybrid project management approach.

2. Critical chain approach

The approach assumes that at least one constraint (behavioral or process-related) is likely to hinder projects which utilize complex processes and a large number of cross-functional teams. The approach recommends the use of behavioral and mathematical sciences to first predict, and then analyze and remove constraints. The project team can use data to remove the constraints. For example, if productivity is a foreseen concern, then a project manager could track the actual time spent by team members on the job. This approach is useful in sending quality deliverables on time by proactively removing constraints.

3. Extreme project approach

This approach is suitable for projects which handle dynamic situations, such as, changing customer requirements. Often, it may not be possible to obtain a full clarity of requirements and a project may purely be guided by market changes. The mobile phone industry, which experiences rapid changes, is a case in point. The project team, hence, plans purely on the basis of the currently available data and depending on requirement changes, modifies plans.

4. Event chain project approach
According to this approach, a single constraint can create a chain of constraints and severely impede a project. For example, in a project, if several departments depend on one another, then constraints in any one department can negatively impact the productivity of downstream departments. A project team can use past data to foresee a negative event and identify preventive measures. Reliable data, collected over time, can even help track event chains. The Gantt chart is a popular event chain tracking tool. The event chain approach, hence, could be an excellent problem solving approach for critical projects.

Project management software
Project management software capabilities have expanded notably and it gives more than just scheduling

meetings and activities. A project management tool can estimate the effort, monitor project progress and highlight risks. It can also preserve historical data on past projects, which can be extremely useful in foreseeing constraints. Project management tools are available as desktop, web-based and collaborative applications and they are compatible for every type of project management approach. Many organizations have begun to adopt a hybrid project management approach, by combining the best features of standard project management approaches.

Module five

Aspects of Monitoring and evaluation

5.1. Introduction

Confusion between monitoring and evaluation is common. There is a simple distinction between monitoring and evaluation that may be helpful. Monitoring is the routine, daily assessment of ongoing activities and progress. In contrast, evaluation is the episodic assessment of overall achievements. Monitoring looks at what is being done, whereas evaluation examines what has been achieved or what impact has been made.

5.1.1. Definitions of Monitoring and Evaluation

Monitoring can be defined as a continuing function that aims primarily to provide the management and main stakeholders of an ***ongoing intervention with early indications of progress, or*** lack thereof, in the achievement of results. An ongoing intervention might be a project, programme or other kind of support.

E v a l u a t i o n is a selective exercise that attempts to systematically and objectively assess progress towards and the achievement of an outcome. Evaluation is not a one-time event, but an exercise involving assessments of differing scope and depth carried out at several points in time in response to evolving needs for evaluative knowledge and learning during the effort to achieve an outcome. All evaluations—even project evaluations that assess relevance, performance and other criteria—need to be linked to outcomes as opposed to only implementation or immediate outputs.

Evaluation is the systematic assessment of the ***worth or merit of some object***. Evaluation is the comparison of actual project ***impacts against the agreed strategic plans***. It looks at what you set out to do, at what you have accomplished, and how you accomplished it.

R e p o r t i n g is an integral part of monitoring and evaluation. Reporting is the systematic and timely provision of essential information at periodic intervals.

Monitoring and evaluation take place at two distinct but closely connected levels: ***One level focuses on the outputs***, which are the specific products and services that emerge from processing inputs through programme, project and other activities such as through ad hoc soft assistance delivered outside of

projects and programmes. ***The other level focuses on the outcomes*** efforts, which are the changes in development conditions that aims to achieve through the projects and programmes. Outcomes incorporate the production of outputs and the contributions of partners. Evaluations involve identifying and reflecting upon the effects of what has been done, and judging their worth. Their findings allow project/programme managers, beneficiaries, partners, donors and other project/programme stakeholders to learn from the experience and improve future interventions.

5.2. Similarities and difference between monitoring and evaluation

Similarities

What monitoring and evaluation have in common is that they are geared towards learning from what you are doing and how you are doing it, by focusing on:

- Efficiency
- Effectiveness
- Impact

Efficiency tells you that the **input** into the work is appropriate in terms of the **output**. This could be input in terms of money, time, staff, equipment and so on. When you run a project and are concerned about going to scale, then it is very important to get the efficiency element right.

Effectiveness is a measure of the extent to which a development programme or project achieves the ***specific objectives*** it set. If, for example, we set out to improve the qualifications of all the high school teachers in a particular area, did we succeed?

Impact tells you whether or not what you did made a difference to the problem situation you were trying to address. In other words, was your strategy useful? Did ensuring that teachers were better qualified improve the pass rate in the final year of school? Before you decide to get bigger, or to replicate the project elsewhere, you need to be sure that what you are doing makes sense in terms of the impact you want to achieve.

From this it should be clear that monitoring and evaluation are best done when there has been proper planning against which to assess progress and achievements. There are three toolkits in this set that deal with planning – the ***overview of planning, strategic planning and action planning.***

The difference between monitoring, evaluation and auditing

The main difference between monitoring and evaluation is their timing and focus of assessment. ***Monitoring is ongoing and tends to focus on what is happening. On the other hand, evaluations are conducted at specific points in time to assess how well it happened and what difference it made.*** Monitoring data is typically used by managers for ongoing project/programme implementation, tracking outputs, budgets, compliance with procedures, etc. Evaluations may also inform implementation (e.g. a midterm evaluation), but they are less frequent and examine larger changes (outcomes) that require more methodological rigor in analysis, such as the impact and relevance of an intervention.

Recognizing their differences, it is also important to remember that both monitoring and evaluation are integrally linked; monitoring typically provides data for evaluation, and elements of evaluation (assessment) occur when monitoring. There is also anther related concepts/ review and audit/ which have some in common with monitoring and evaluation.

A review is a structured opportunity for reflection to identify key issues and concerns, and make informed decisions for effective project/programme implementation. While monitoring is ongoing, reviews are less frequent but not as involved as evaluations. Also, reviews as an internal exercise, based on monitoring data and reports. They are useful to share information and collectively involve stakeholders in decision-making. They may be conducted at different levels within the project/programme structure (e.g. at the community level and at headquarters) and at different times and frequencies. Reviews can also be conducted across projects or sectors. It is best to plan and structure regular reviews throughout the project/programme implementation.

An audit is an assessment to verify compliance with established rules, regulations, procedures or mandates. Audits can be distinguished from an evaluation in that emphasis is on assurance and compliance with requirements, rather than a judgment of worth. Financial audits provide assurance on financial records and practices, whereas performance audits focus on the three E's – efficiency, economy and effectiveness of project/programme activities. Audits can be internal or external.

Comparing key features of monitoring/review, evaluation and audit			
	Monitoring & Reviews	Evaluation	Audits
Why	Check progress, inform decisions and remedial action, update project plans, support accountability	Assess progress and worth, identify lessons and recommendations for longer-term planning and organizational learning; provide accountability	Ensure compliance and provide assurance and accountability
When	Ongoing during project/ programme	Periodic and after project/ Programme	According to (donor) requirement
Who	Internal, involving project/ programme implementers	Can be internal or external to organization	Typically external to project/programme, but internal or external to organization
Link to logical Hierarchy	Focus on inputs, activities, outputs and shorter-term outcomes	Focus on outcomes and overall goal	Focus on inputs, activities and outputs

MONITORING & EVALUATION – COMPARATIVE CHARACTERISTICS

Characteristics	Evaluation	Monitoring
Subject:	usually focused on strategic aspects	addresses operational management issues
Character:	incidental, flexible subject & methods	continuous, regular, systematic
Primary client:	stakeholders and external audience	program management
Approach:	objectivity, transparency	utility
Methodology:	rigorous research methodologies, sophisticated tools	rapid appraisal methods
Primary focus:	focus on relevancy, outcomes, impact and sustainability	focus on operational efficiency and effectiveness
Objectives:	to check outcomes / impact, verify developmental hypothesis	to identify and resolve implementation problems
	to document successes and lessons learned	to assess progress towards objectives

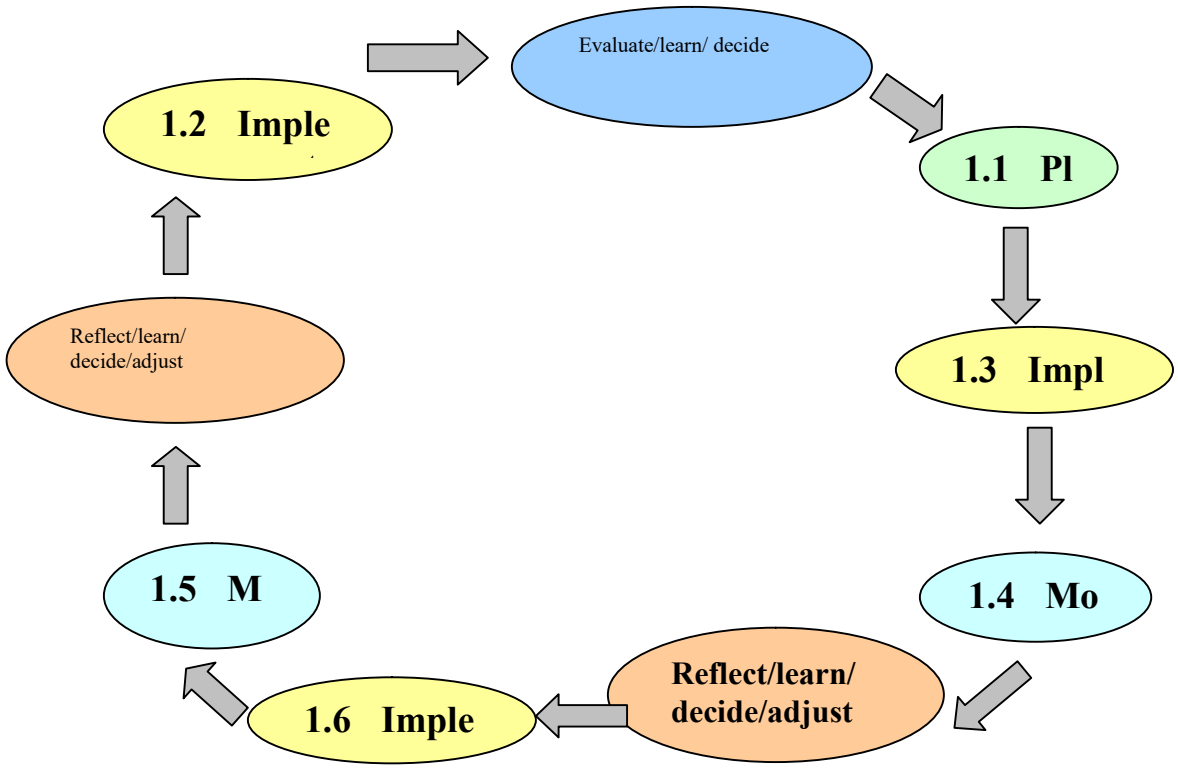
5.3. WHY DO MONITORING AND EVALUATION?

Monitoring and evaluation enable you to check the "bottom line" of development work: Not "are we making a profit?" but "are we making a difference?" Through monitoring and evaluation, you can:

- Review progress;
- Identify problems in planning and/or implementation;
- Make adjustments so that you are more likely to "make a difference".

In many organizations, "monitoring and evaluation" is something that that is seen as a donor requirement rather than a management tool. Donors are certainly entitled to know whether their money is being properly spent, and whether it is being well spent. But the primary (most important) use of monitoring and evaluation should be for the organization or project itself to see how it is doing against objectives, whether it is having an impact, whether it is working efficiently, and to learn how to do it better.

The effect of monitoring and evaluation can be seen in the following cycle. Note that you will monitor and adjust several times before you are ready to evaluate and re-plan.



It is important to recognize that monitoring and evaluation are not magic wands that can be waved to make problems disappear, or to cure them, or to miraculously make changes without a lot of hard work being put in by the project or organization. In themselves, they are not a solution, but they are valuable tools. Monitoring and evaluation can:

- Help you identify problems and their causes;
- Suggest possible solutions to problems;
- Raise questions about assumptions and strategy;
- Push you to reflect on where you are going and how you are getting there;
- Provide you with information and insight;
- Encourage you to act on the information and insight;
- Increase the likelihood that you will make a positive development difference.

5.4. MORE ABOUT MONITORING AND EVALUATION

Monitoring involves:

- Establishing indicators of efficiency, effectiveness and impact;
- Setting up systems to collect information relating to these indicators;
- Collecting and recording the information;
- Analyzing the information;
- Using the information to inform day-to-day management.

Monitoring is an internal function in any project or organization.

5.4.1. Objectives of monitoring

- to improve efficiency, effectiveness, and increases the probability of reaching project goals
- To keep the work on track, and can let management know when things are going wrong.
- To determine if resources and capacity available are sufficient and are being well used, monitoring cont.
- Whether the capacity you have is sufficient and appropriate, and whether you are doing what you planned to do.
- It is based on targets set and activities planned during the planning phases of work.
- It is a part of evaluation and occurs during implementation of a project as mid-term and terminal evaluations.
- If done properly, Monitoring is an invaluable tool for good management, and it provides a useful base for evaluation.

5.4.2. Indicators for monitoring

Indicators are an essential part of a monitoring and evaluation system because they are what you measure and/or monitor. Through the indicators you can ask and answer questions such as:

- ✓ Who?
- ✓ How many?
- ✓ How often?
- ✓ How much?
- ✓ But you need to decide early on what your indicators are going to be so that you can begin collecting the information immediately

Types of Indicators

- ➢ Input Indicators –Resources
- ➢ Process Indicators – Activities
- ➢ Output Indicators -Immediate results
- ➢ Outcome Indicators -Medium Term
- ➢ Impact Indicators -Long Term

Results

Evaluation involves:

- Looking at what the project or organization intended to achieve – what difference did it want to make? What impact did it want to make?
- Assessing its progress towards what it wanted to achieve, its impact targets.
- Looking at the strategy of the project or organization. Did it have a strategy? Was it effective in following its strategy? Did the strategy work? If not, why not?
- Looking at how it worked. Was there an efficient use of resources? What were the opportunity costs of the way it chose to work? How sustainable is the way in which the project or organization works? What are the implications for the various stakeholders in the way the organization works?

5.5. Models of Monitoring and Evaluation

Monitoring and evaluation are geared towards learning from what is being done and how it is done by focusing on: _ Efficiency _ Effectiveness _ Impact.

There are various models used in M&E including the following

a) Program based M&E (Result Based Monitoring and Evaluation (Logical Framework)

b) Outcome based M&E

a) Program based M&E (Result Based Monitoring and Evaluation (Logical Framework)

This focuses on the process of implementation, how resources are used, progress of activities, ongoing activities, depends on the nature of the work , Indicates the information to be collected, sources and uses of information, Project inputs, results, progress, wider impact

b) Result Based Monitoring and Evaluation (RBM) for Programm M&E

RBM), focuses on:

Achieving results, implementing performance measurement, using the feedback to learn and change. RBM integrates: strategy, people, resources, processes and measurements to improve decision-making, transparency and accountability. RBM uses Logical framework

Why measure results?

If you do not measure results, you cannot tell success from failure. If you cannot see success, you cannot reward it. If you cannot reward success, you are probably rewarding failure. If you cannot see success, you cannot learn from it. If you cannot recognize failure, you cannot correct it. If you can demonstrate results, you can win public support and donor interest.

5.6. Logical framework analysis/LFA/

Logical frameworks or logic models provide a linear, "logical" interpretation of the relationship between inputs, activities, outputs, outcomes and impacts with respect to objectives and goals. They show the causal relationship between inputs, activities, outputs, outcomes and impact vis-à-vis the goals and objectives. Logical frameworks outline the specific inputs to produce specific outputs which will result in specific outcomes and impacts. Logical frameworks do form the basis for monitoring and evaluation activities for all stages of the programme. Logic framework focuses on the programme's inputs, activities, and results.

Logic models are valuable tools for: Programme Planning and Development, helps think through your programme**,** Programme Management: it "connects resources, activities, and outcomes, can be a basis

for developing a more detailed management plan and Communication. It can show stakeholders at a glance what a programme is doing **(activities)** and what it is achieving **(outcomes), emphasizing** the link between the two.

The questions the logical framework answers

- ✓ Why: a project is carried out –(objective)
- ✓ Who will benefit (relevance)
- ✓ What: the project is expected to achieve (?)
- ✓ How: the project is going to achieve it (?)
- ✓ Which: external factors are necessary for the projects success (assumptions)
- ✓ How: we can assess the success (M&E)
- ✓ Where: will we find the data to assess the success of the project (indicators)
- ✓ What: the project will cost (cost/budget)
- ✓ When: the project will be undertaken (time)
- ✓ Project elements and intervention logic (vertical)
- ✓ Goals (overall) objectives- Long term objectives to which the project should contribute by means of achieved
- ✓ Outcomes (project purpose)- Specific objectives of the projects which should bring sustainable outputs to the target group and which should be me by combination of produced
- ✓ Outputs (results) -Products of undertaken
- ✓ Activities –The things or actions that must be done to achieve the results (outputs)

5.6.1. General evaluation issues and their relation to the logical framework

Definition of issues to be addressed is essential in all evaluation work. The following are the basic groups of questions to be asked:

Relevance

Does the project make sense within the context of its environment? Relevance concerns whether the results, purpose and overall objectives of the project are in line with the needs and aspirations of the beneficiaries, and with the policy environment of the project.

Impact

What has happened (or is likely to happen) as a consequence of the project? Impact concerns whether there has been a change towards the achievement of the overall objective(s) as a consequence of the achievement of the project purpose. Both intended and unintended impacts are reviewed.

Effectiveness

To what extent has (or is likely to be) the project purpose been achieved, and to what extent is the achievement a result of the project? Effectiveness describes how well the results achieved have furthered the achievement of the project purpose.

Efficiency

Does the quantity and quality of the results of the project justify the quantity and quality of the means used for achieving them? Efficiency concerns the relation between the results and means i.e. whether the process of transforming the means into results has been cost-effective. Efficiency assessments are normally part of the planning and monitoring process. They may be included also in evaluations, especially if the evaluations cover management performance.

Sustainability

What has happened (or is likely to happen) to the positive effects of the project after the external **assistance** has (or will) come to an end? In terms of a single project, sustainability can be described as the degree to which the benefits produced by the project continue after the external assistance has come to an end. It is a central theme in all evaluation work and relates to all elements of the logical framework for a specific project. *The foregoing evaluation issues have a direct relation to a specific level or levels of the intervention logic.*

C. Program monitoring

D. Outcome monitoring

E. Network Models

5.7. Purposes of Monitoring and Evaluation

Monitoring and evaluation help improve performance and achieve results. More precisely, the overall purpose of monitoring and evaluation is the measurement and assessment of performance in order to more effectively manage the outcomes and outputs known as development results. Performance is defined as progress towards and achievement of results.

Traditionally, monitoring and evaluation focused on assessing inputs and implementation processes. Today the focus is on assessing the contributions of various factors to a given development outcome, with such factors including outputs, partnerships, policy advice and dialogue, advocacy and brokering/coordination.

The main objectives of today's results-oriented monitoring and evaluation are to:

- ✓ Enhance organizational and development learning
- ✓ Ensure informed decision-making
- ✓ Support substantive accountability and UNDP repositioning
- ✓ Build country capacity in each of these areas and in monitoring and evaluating functions in general.

Monitoring best practice

- ➢ Monitoring data should be well-focused to specific audiences and uses (only what is necessary and sufficient).
- ➢ Monitoring should be systematic, based upon predetermined indicators and assumptions.
- ➢ Monitoring should also look for unanticipated changes with the project/ programme and its context, including any changes in project/programme assumptions/risks; this information should be used to adjust project/programme implementation plans.
- ➢ Monitoring needs to be timely, so information can be readily used to inform project/programme implementation.
- ➢ Whenever possible, monitoring should be participatory, involving key stakeholders – this can not only reduce costs but can build understanding and ownership.
- ➢ Monitoring information is not only for project/programme management but should be shared when possible with beneficiaries, donors and any other relevant stakeholders.

5.8. TYPES OF EVALUATION

According to evaluation timing	According to who conducts the evaluation	According to evaluation technicality or methodology
Formative evaluations occur During project/programme Implementation to improve performance and assess compliance.	**Internal or self-evaluations** are conducted by those responsible for implementing a project/programme. They can be less expensive than external evaluations and help build	**Real-time evaluations (RTEs)** are undertaken during project/ programme implementation to provide immediate feedback for modifications to improve ongoing

	staff capacity and ownership. However, they may lack credibility with certain stakeholders, such as donors, as they are perceived as more subjective (biased or one-sided). These tend to be focused on learning lessons rather than demonstrating accountability	implementation. Emphasis is on immediate lesson learning over impact evaluation or accountability. RTEs are particularly useful during emergency operations, and are required in the first three months of secretariat emergency operations that meet any of the
Summative evaluations occur at the end of project/programme implementation to assess effectiveness and impact	**External or independent Evaluations** are conducted by evaluator(s) outside of the implementing team, lending it a degree of objectivity and often technical expertise. These tend to focus on accountability.	**Meta-evaluationsare** used to assess the evaluation Process itself. Some key uses of meta-evaluations include: take inventory of evaluations to inform the selection of future evaluations; combine evaluation results; check compliance with evaluation policy and good practices; assess how well evaluations are disseminated and utilized for organizational learning and change, etc.
Midterm evaluations are **Formative** in purpose and occur midway through implementation. For secretariat-funded projects/ programmes that run for longer than 24 months, some type of midterm assessment, Evaluation or review is required. Typically, this does not need to be independent or external, but may be according to specific assessment needs.	**Participatory evaluations** are Conducted with the beneficiaries and other key stakeholders, and can be empowering, building their capacity, ownership and support.	**Thematic evaluations** focus on one theme, such as gender or environment, typically across a number of projects, programmes or the whole organization.
Final evaluations are summative in purpose and are conducted (often externally) at the completion of project/ programme implementation to assess how well the project/ programme achieved its intended objectives. All secretariat funded projects/programmes should have some form of final assessment, whether it is internal or external.	**joint evaluations** are conducted collaboratively by more than one implementing partner, and can help build consensus at different levels, credibility and joint support	**Cluster/sector evaluations** focus on a set of related activities, projects or programmes, typically across sites and implemented by multiple organizations (e.g. National Societies, the United Nations and NGOs).

Ex-post evaluations are conducted some time after implementation to assess long term impact and sustainability.		**Impact evaluations** focus on the effect of a project/ programme, rather than on its management and delivery. Therefore, they typically occur after project/ programme completion during a final evaluation or an ex-post evaluation. However, impact may be measured during project/ programme implementation during longer projects/ programmes and when feasible.

5.9. Process and propose Evaluation

Process evaluation can be defined as "the assessment of policies, materials, personnel, performance, quality of practice or services, and other inputs and implementation experiences.".

- Process evaluation takes place during the implementation of a program.
- Process evaluation may occur with or without outcome evaluation.
- However, if resources, time and feasibility are a road block to conducting a full evaluation study, it is highly recommended that a good process evaluation study be incorporated.

Typical questions in process evaluation

Typical questions asked include, but are not limited to:

1. What intervention activities are taking place?
2. Who is conducting the intervention activities?
3. Who is being reached through the intervention activities?
4. What inputs or resources have been allocated or mobilized for programme implementation?
5. What are possible programme strengths, weaknesses, and areas that need improvement

Purpose of evaluation

Evaluation generally performs two functions: ***i) it is a learning tool to improve future aid policy and interventions, and ii) provides a basis for accountability.*** Although both functions are usually covered by the same exercise, it is important to determine, in advance, the main users of an evaluation. Donor agencies, partner countries, consultants, technical advisers and administrators are interested to improve aid policy, programmes and projects through evaluations. Their emphasis is on lessons to be learned for future - rather than on whether projects succeeded or failed. Accountability is wanted by the Parliament, politicians, media, pressure groups etc. Emphasis is on success or failure in light of

originally-defined objectives, and the reasons behind the successes or failures. The most important aspect, however, is to realize and remember that all evaluation efforts are wasted if there is no change in organizational behavior as a result. The propose of evaluation includes:-

- ✓ Demonstrate program effectiveness to funders
- ✓ Improve the implementation and effectiveness of programs
- ✓ Better manage limited resources
- ✓ Document program accomplishments
- ✓ Justify current program funding
- ✓ Support the need for increased levels of funding
- ✓ Document program development and activitiesto help ensure successful replication
- ✓ Satisfy ethical responsibility to clients to demonstrate positive and negative effects of program participation (Short, Hennessy, & Campbell, 1996).

5.10. FACTORS, WHICH DETERMINE EVALUATION CAPACITY

As per the World Bank definition level of evaluation capacity could be described in relation to three aspects: (1) strength of the demand for evaluation, (2) market ability to supply it, and (3) appropriate institutional framework to guaranty that evaluation findings are utilized. These general conditions could be further disaggregated to help us identify and categorize factors influencing evaluation capacity.

Examples of successful evaluations

Generally speaking modern result-oriented management is not a prevailing model in Polish public administration yet. Very often external assessment of our activities isn't perceived as a learning opportunity and a chance to improve our approach, but as a threat - risk factor, which should be closely controlled. There are many reasons for this situation: bad experience of previous "centralistic" system, low organizational culture in public institutions, psychological tendency to avoid problems and difficult questions, etc. In our opinion the best approach to overcome this problem would be to show some real and positive cases of evaluations that led to actual improvements of public administration services. In order to fight negative stereotypes connected with evaluation it would be advisable to publicly appreciate authors and implementers of the most successful programs. People should see that external assessment is not only a way to identify problems but also a mechanism to recognize successes.

1.2 Evaluation Capacity Factors		
1. Demand for / Interest in evaluation	**2. Supply of quality evaluation**	**3. Organization's ability to learn from evaluation findings**
1.1 Formal provisions for conducting evaluations	2.1 Availability of professional evaluators	3.1 Institutional system conducive to using / learning from evaluations
1.2 Civil society development – Public interest in public sector performance	2.2. Access to proper data sources	3.2 Skills to apply evaluation findings in managing, programming and reporting
1.3 Knowledge & understanding of evaluation among stakeholders	2.3 Knowledge of evaluation methods and tools	

5.11. Monitoring and evaluation steps and format

Even though there are different formats for evaluation and monitoring the following are more popular.

A. monitoring format /steps

1. Summary
2. Proposals for changes in the project, if any, and their justification
3.1 Correspondence of the project with the present priority needs of the beneficiaries i.e. relevance
3.2 To the extent possible, assessment of impact of the project towards its long-term development goal
3.3 Extent of achievement of the project purpose as a consequence of the project results, i.e. effectiveness
3.4 Extent of achievement of results
3.5 Carrying out of activities (and delivery of means, if needed)
4. Possible changes in the project environment, including materialization of assumptions and risks, and their effects on the project
5. Factors ensuring compatibility and sustainability
5.1 Compatibility with the strategic goals for Finnish development cooperation: reduction of poverty, promotion of equality, democracy and human rights, etc.
5.2 Policy environment
5.3 Economic and financial feasibility
5.4 Institutional capacity
5.5 Socio-cultural aspects
5.6 Participation and ownership
5.7 Gender
5.8 Environment
5.9 Appropriate technology
6. Assessment of the efficiency of the implementation

Financial monitoring include

1. Executive summary, highlighting any major over expenditure or under utilization of funds, reasons for them and action required from the financiers, if any.

2.1 Comparison of the planned budget for the quarter with the actual expenditure during it,by component and, if necessary, by budget line.
2.2 Explanation for the differences between the budget and the actual expenditure, by component and, if necessary, by budget line.
2.3 Cumulative expenditure from the beginning of the fiscal year, by component and, if necessary, by budget line.
Annexes:
The original annual and quarterly budgets

B. Evaluation format /steps

1. Subject of the evaluation. Brief history of the intervention, changes in the project
2. Environment and their effects on the intervention, materialization of risks and assumptions, etc.
3. Background of the evaluation. Purpose of the evaluation, methodology used, limitations of the evaluation, etc.
4. Evaluation issues
4.1 General evaluation issues:
4.1.1 Correspondence of the project with the priority needs of the beneficiaries i.e. relevance.
4.1.2 Assessment of impact of the project towards its long-term objectives.
4.1.3 Extent of achievement of the project purpose as a consequence of the project, i.e. effectiveness.
4.1.4 Assessment of the efficiency of the implementation.
4.2 Specific evaluation issues
5. Factors ensuring sustainability and compatibility
5.1 Compatibility with the strategic goals for Finnish development cooperation: reduction of poverty, promotion of equality, democracy and human rights, etc.
5.2 Policy environment
5.3 Economic and financial feasibility
5.4 Institutional capacity
5.5 Socio-cultural aspects
5.6 Participation and ownership
5.7 Gender and other issue which needs attention
5.8 Environment
5.9 Appropriate technology
6. Conclusions and recommendations. Suggestions for operational improvements and developmental lessons learnt