

# Diploma in Financial Management & Accountability

*- a joint initiative of TISS & FMSF*

## Course Material



Budgeting & Monitoring  
Paper - IV  
Unit -6  
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## **UNIT- 6**

### **PROPOSAL WRITING**

Writing of the proposal is an extension of planning and budgeting being the next logical step and this also addresses the need for assessment of the proposal by the concerned funding agency.

#### **6.1. IDENTIFICATION PHASE**

Project proposals are assessed in the Identification Phase.

Assistance may also be provided in improving a project identification document through the organization of a participatory planning workshop with stakeholders, and conducted by an independent moderator. Participatory planning workshops are encouraged in identifying and formulating projects, especially complex projects. This is a very useful means of identifying and verifying the problem and issues to be addressed and to suggest possible solutions. Such workshops have the additional benefit of stimulating the commitment of implementing agencies and the beneficiaries through their involvement in the planning. In addition, they generate the basic information needed for feasibility studies and ultimately the drafting of a Financing Proposal.

#### **6.2. FORMULATION PHASE**

In the formulation phase of a project. a feasibility study may have to be carried out which will include a draft Financing Proposal prepared in the standardised format for project documents. The intervention proposed will be based on an assessment of alternatives and detailed design studies. The project purpose and the results will be adequately specified in terms of objectively verifiable indicators and assumptions properly identified and quantified.

The standardised format for project documents as part of the PCM method ensures ,that the essential information justifying the proposed project is presented. It is also becoming common practice to include a Logical Framework matrix, which facilitates rapid assessment of the project design.

The guide for assessing financing proposals offers elements for critical assessment of the quality of the document. Inconsistencies in the logic and unrealistic perceptions of the assumptions and pre-conditions often justify further information gathering or study. A proposal should give sufficient information and justification on the following points.

1. **Relevance:** Is the project sufficiently justified within the context of its environment (problems identified versus objectives proposed)?
2. **Focus:** Has the project selected the right offer compared to alternatives?
3. **Design:** Are the services offered by the project (results) and corresponding assumptions sufficient to achieve the project purpose (comprehensiveness)? Are the proposed activities sufficient and appropriate to achieve the results?
4. **Ownership:** Are the implementing agencies and beneficiaries sufficiently committed to the project?
5. **Sustainability:** Has the project a reasonable chance of being sustainable?

### **6.3. FINANCING PHASE**

Financial planning is an integral part of total planning. Any mission or objective however noble it might be, will suffer if financial resources are inadequate or lacking. While the focus in a corporate enterprise is to maximize the economic gains by earning the highest profits, in a NPO economic resources are merely a means. The focus in a Non-Profit Organisation is service and hence the financial resources, however limited,

have to be put to best use in order to channelise maximum benefits to the target beneficiaries. Hence it is imperative that the economic policy and financial management system in a NPO are well connected with the objectives and activities.

#### **6.4. IMPLEMENTATION PHASE**

The preparation of a Plan of Operations at the start of the project implementation will need to be institutionalized. A participatory start-up workshop may assist- in determining the detailed activities and responsibilities of the implementing agencies. Such a workshop will generate the ownership feeling and thus a stronger commitment of the parties involved to successful implementation of the project.

In principle, monitoring and particular evaluation becomes a matter of assessing the achievements according to the objectively verifiable indicators defined on the basis of the project purpose and results

#### **6.5. EVALUATION PHASE**

This step involves a review of the work already done and of how the internal system of the project or organisation is functioning

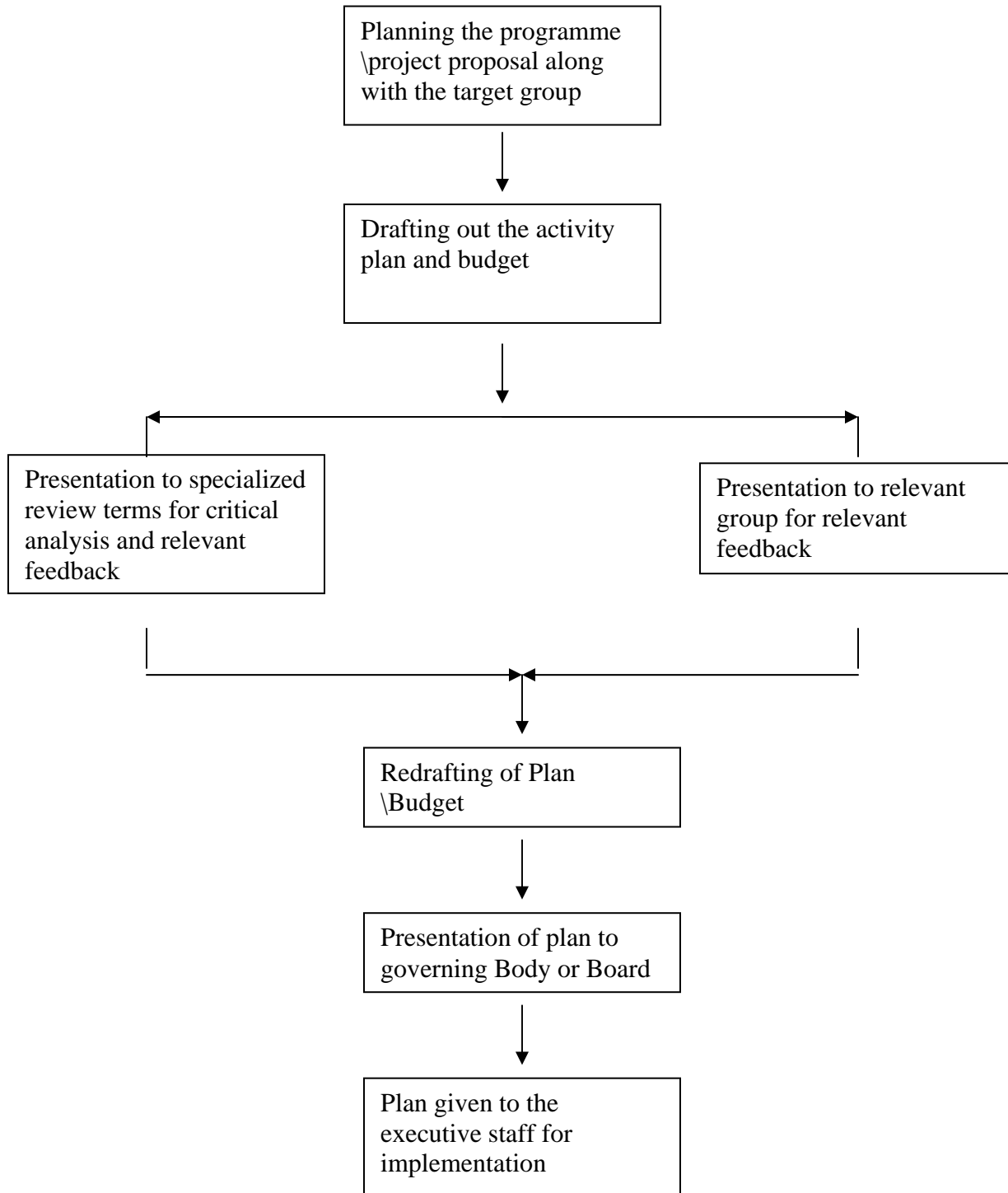
When a programme or a project is evaluated, one looks at the impact and effectiveness of the work one is doing. Is it making a difference?

Also when the evaluation of the organisation, ones looks at the efficiency of the way in which the work is done. Questions like “Do we do our work in a way that is cost-effective and that produces maximum results with the least possible input? can be asked.

Problems are sometimes encountered in evaluating projects which have not been formulated according to the PCM method. Very often these projects do not have clearly formulated objectives with objectively verifiable indicators against which to evaluate the project. In such cases, consultants get together with the project

implementers are required to work out the project objectives and their indicators.

The process of planning the programme \project



### **6.6. SUMMARY**

- Identification Phase
- Formulation Phase
- Financing Phase
- Implementation Phase
- Evaluation Phase