**AFRICAN INSTITUTE FOR PROJECT MANAGEMENT STUDIES (AIPMS)**

**Certificate in Grants Management**

**Final Exams**

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**Answer to Question One**

**Grant Seeking Tips**

The following are the tips in grant seeking:

1. **Reason for Applying for the Grant:** Before applying for a grant, the prospective grantee should ask themselves what they really want to do with the grant money. They should be sure they have a ready plan on how to use the money.
2. **Source of Funding:** The source of funding depends on the type of project the organization wants to implement. Prospective grantees should be sure to search for donors that give funds for the type of project they intend to implement. This is also necessary because proposal writing differs from source to source.
3. **Find Out More about Possible Funders:** The prospective grantee should always learn as much as they can about the prospective funders. The main essence of this is to enable the organization to know the requirements of the funders. This can be done by simply browsing the funders’ website.
4. **Understand the Funders’ Guidelines:** All donor organization have a unique procedure for grant seeking. It is necessary for the prospective grantee to have a full understanding of the donor guidelines. Donor guidelines may include; application formats, submission deadlines, number of pages for proposal writing, inclusion of cover letter and other donor requirements.
5. **Make Adequate Enquiries:** Prospective grantees should make as much enquiries as possible about donor requirements. This will ensure the prospective grantee has adequate information about the donor and the funding requirement.
6. **Build Community Support:** For an organization to get easy access to funds, it is best to align with the community. This is so because most donors are community oriented and they tend to support endeavours that are geared towards enriching the community.
7. **Seek Professional Advice:** Here, a professional is someone knowledgeable about the organizations’ activities or knowledgeable about the donor requirement. This goes a long way in guiding the prospective grantees in the grant seeking process.
8. **Use a Successful Template:** Prospective grantees should always endeavour to use a template that has won a grant award previously from a prospective donor. This can be gotten from other organizations that have won awards in the past.
9. **Learn from Past Mistakes:** Sometimes, an organizations’ grant proposal could be rejected. When this happens, organizations should politely reach out to donors and ask what they could have done better and what to improve upon for subsequent application. Most donors will gladly reply these requests to explain where the organizations went wrong.

**Answer to Question Two**

**Major Components of Grants Proposal**

1. **Cover letter, Title Page and Abstract:** Requirements for cover letter, title page and abstract are usually contained in the request for proposal. Some of these requirements include; organizations’ capacity to implement a project, project title, name and address of the prospective grantee, beginning and end project dates, total grant amount requested, project summary, project objective, methods to be used in project implementation.
2. **Statement of the Problem:** This is usually one of the most important components of the grant proposal as it is an opportunity to capture the interest of the donor by qualitatively analyzing the identified problem to be implemented. The problem statement usually contains the following;
3. Description of the problem to be implemented, (with the use of text, graph & charts)
4. Description of the causes of the problem,
5. Description of approaches to be used in tackling the identified problem
6. **Project Description:** This is a step by step guide on how to achieve the goals and objectives of the project. Project description is divided into three categories:
7. Goals and objectives
8. Methods of addressing the problem
9. Project completion timeline
10. **Evaluation Plan:** An evaluation plan shows how a prospective grantee will measure the implementation success of a project. It gives detail on how data will be analyzed and how such information will be communicated to the donor.
11. **Budget Request and Budget Justification:** This is the assigning of monetary values to the proposed project activity and justifying the monetary values. This include assigning money values to the following: staff salaries, rent, office supplies, communication etc.
12. **Applicant Qualifications:** This is the point in which the prospective grantee convinces the prospective donor why the organization is best suited for the funding. Here, the prospecting grantee highlights the mission of the organization, the strengths and current accomplishments of the organization.

1. **Future Funding Plans / Plans for Sustainability**: Most funding agencies require a long-term funding plan from the prospective organization with regards to the project. This is because donor funds are usually for a few years and they will want to know the organizations’ sustainability plan after these funds have been exhausted.
2. **Appendices:** These are items that do not belong in the grant proposal but are important to the project. Appendices may include; letters of support, timeline of proposed activities, activity plans (not specified by the donor), monitoring/evaluation instruments, and profile of key project personnel.

**ANSWER TO QUESTION THREE**

**DIFFERNCE BETWEEN GRANT AND CREDIT**

**TWO CATEGORIES OF GRANTS GIVEN BY CO-OPERATIONS AND AGENCIES**

**3.1 Difference between Grant and Credit**

Grant is usually awarded by government, trust or corporation to non-profit organizations or individual(s) to carry out a project and does not require repayment while a credit is usually given by banks or financial institutions to organizations or individual(s) to carry out a business and it requires repayment. The following are some specific differences:

1. **Definition:** Grant is awarded by government or corporation to educational organizations, non-profits or individual(s) to carry out a specific objective while a credit is usually given by banks or financial institutions to organizations and individual(s) to carry out a business.
2. **Category:** Grant are categorized as either financial grants or in-kind grants while credit are all financial credit.
3. **Purpose:** The purpose of grant is for a specific purpose or specific project while the purpose of credit could be for personal or business purposes.
4. **Repayment:** Grant does not require repayment, but credit must be repaid after a stipulated future date.
5. **Interest:** Grant does not require payment of interest, but credit/loans requires the repayment on interest at an agreed interest rate.
6. **Source and Availability:** Grant funds are not easily available in comparison with credit or loan. This is because they are designated organizations that give grants while credit could be given by banks, financial institutions and even individuals.

**3.2 The Two Main Categories of Grants Given by Co-operations and Agencies**

There are two main categories of grants and these are financial grants and in-kind grants

1. **Financial Grants:** As the name implies, these are money grants given by agencies to non-profit organization to implement project(s). Examples are cash given for project implementation.
2. **In-Kind Grants**: These are assistance given to organization(s) to implement project(s) that are not financial related. Examples include: services (volunteer services), food items, computer, furniture, equipment, clothing items

**ANSWERS TO QUESTION FOUR**

**THE ROLE OF GOVERNMENT IN GRANT MOBILIZATION**

Government of any country plays a vital role in grant mobilization, below are some roles:

1. **Government Foreign Relation with Other Nations**: Nations that have good relationship with other nations will tend to attract foreign aid when the need arises. Nations with such relationships are regarded as international friendly nations that will most likely get support from other nations if the need should ever arise.
2. **Government Foreign Policies**: Nations that have favourable foreign policies are most likely going to get foreign aid if the need ever arises. Example of such policies include: policy on migration, policy on VISA application, policies on international trade and any other foreign related policy.
3. **Political and Social Stability:** Governments that maintain a stable political atmosphere will give room for foreign assistance, if the need should ever arise. This is because government of other nations will perceive the affected nation as a stable environment to have access to and support.
4. **Provision of Basic Infrastructure**: Countries that have the necessary infrastructure in place will be more likely to get foreign aid when the need arises. This is because such infrastructures will serve as a foundation for further development. Basic infrastructures include; good roads, electricity, clean water supply, and relatively stable economic environment.
5. **Providing Support to Existing NGOs:** Government could as well support the existing NGOs in its countries by providing financial aid, in-kind benefits, formulating policies to promote NGO implementation, donations and any other kind of support. These kinds of support will go a long way in affecting lives of communities which will in the long run attract both local and foreign donors.

**ANSWERS TO QUESTION FIVE**

**BUDGET CYCLE**

Budget cycle covers the entire life of a budget, from preparation to budget evaluation. Budget cycle starts from the budget proposal stage to the budget implementation stage. There are numerous stages of a budget cycle, however, the main four budget cycle are:

1. **Budget Preparation Phase:** This is usually a time-consuming phase that could take up to three to six months. This is because all units and all departments in an organization prepares their individual budget which is then, scrutinized, analyzed, consolidated and forwarded for approval. This stage is usually done in the prior year before the budget year.
2. **Budget Approval Phase:** After the budget preparation stage, the next stage is the budget approval stage. Budget approval depends on the type and size of the organization. However, it entails; hierarchical/departmental reviews, budget committee review and final board approval. In real scenarios, this is usually a long and tedious process with lots of discussions, meetings, and budget adjustments.
3. **Budget Execution Phase:** This is usually the longest phase in the budget cycle. This is the stage in which money is being spent for the running of the organization according to budget plans. This stage also entails the regular monitoring of the budget lines to ensure they are not being overspent. Variance analysis are also done in this stage.
4. **Budget Evaluation and Audit Phase:** This final stage in budgeting looks at the overall fiscal year spending to ensure that it is in-line with the budget. At the stage, management and auditors ensure that adequate approvals are gotten for all budget line over spending. At this stage also, an overview of the entire budget implementation is reviewed and then recommendation for the next budget year will be made.

**Figure 1: Budget Cycle**

**ANSWERS TO QUESTION SIX**

**TYPE OF COSTS INCURRED IN BUDFETING OF GRANTS**

When budgeting for grant, the following are the categories of the cost/expenses to be budgeted for:

1. **Administration Expenses:**
2. Audit & accountancy
3. Bank charges
4. Board meetings (Room hire, refreshments, AGM expenses)
5. Stationery (Office consumables)
6. Publicity (Posters, leaflets, advertising training courses)
7. Office rent & utilities
8. Repairs & renewals
9. Communications
10. Loan repayments
11. **Personnel Expenditure:**
12. Staff training (Course fees, meals & accommodation)
13. Recruitment (Recruitment advertising, interview expenses)
14. Salaries & benefits (Gross salaries, medical aid, pension)
15. Travel & subsistence (Per diem, meal/overnight allowances, bus fares)
16. **Vehicle Running Expenses:**
17. Fuel
18. Vehicle registration and license
19. Vehicle maintenance
20. **Project Expenses:**
21. Program office supplies
22. Program office equipment
23. Consultants fees
24. Food & accommodation
25. Room hire, food for trainees
26. Training materials
27. **Capital Expenses:**
28. Office Equipment (Computers, printers, desks, chairs, air conditioners, etc.)
29. Vehicles

**ANSWERS TO QUESTION SEVEN**

**IMPORTANCE OF INVOLVING A FINANCIAL SUSTAINABILITY COMMITTEE**

A financial sustainability committee is a sub-group of the board or a stand-alone group of an organization that is made up of seasoned professionals in finance, law and fund raising with the main goal of raising money or obtaining goods for project implementation and the survival of an organization.

Below, is the importance of a financial sustainability committee:

1. **Resource Mobilization:** The main aim of a financial sustainability committee is to make resources available for the survival of an organization. These committees are usually composed of professionals and well-connected individuals who can help mobilize such resources.
2. **Compliance to Donor Guidelines:** Some donors require the existence of a financial sustainability committee as a condition for granting funds. By having such a committee, the organization is already a step ahead.
3. **Increased Focus on Real Work:** The existence of financial sustainability committee gives other staff members time and energy to focus on the jobs they were hired to do. This is so because they will no longer be worried about the survival of their organization as the committee will already handle such matters.
4. **Ease of Transition:** Usually when funding ends, the financial sustainability committee helps to ease in the transition from one funding to another.
5. **Becoming more Competitive:** The existence of a financial sustainability committee ensures that there is more funding to run the organization, this in turn will lead to the hiring of better staff which finally would make the organization to achieve more and be more competitive.

**ANSWERS TO QUESTION EIGHT**

**IMPORTANCE OF INTERNAL CONTROL TO AN ORGANIZATION**

Internal control is a mechanism put in place by management to ensure efficient and effective running of the organization, safeguard the organizations’ assets, detect errors, detect fraud, detect theft, ensure accurate financial reporting, adherence to policies and timely reporting of management information to board and donors.

The following are the importance of internal control to an organization:

1. **Improves Operational Efficiency:** Internal control ensures that there are laid down procedures and policies regarding organizational operations and it also ensures that such procedures are being abided by at all instances.
2. **Segregation of Duties:** Internal control also improves efficiency by ensuring that all duties are properly segregated, and that one staff does not complete an entire process. This is done to ensure the organization perform smoothly and effectively.
3. **Error, Theft and Fraud Prevention:** Internal control entails continuous reviews, continuous checks and reconciliations to prevent instances of error, theft and fraud. The existence of internal control minimizes the risk of the occurrence of such activities.
4. **Risk Assessment:** Internal control ensures that risk is being identified, assessed and evaluated. Risk assessment generally is to ensure that all possible avenues that could lead to loss of resources are identified and managed efficiently.
5. **Compliance with Regulations**: Internal control ensures that an organization complies with all relevant policies, statutes and regulations that are applicable to the organization. This in-turn will avoid the organization in paying for any fines that may arise due to non-compliance of regulations.

**ANSWERS TO QUESTION NINE**

**FACTORS THAT LEAD TO DISQUALIFICATION OF GRANT APPLICATION**

The following are some factors that could disqualify a grant application:

1. **Not Abiding by Donor Guidelines**: All donors have guidelines that must be followed for an application to be considered. Not abiding by such requirements implies an automatic disqualification. These guidelines include: application dead-lines, writing formats, text spacing format, margin requirements, bound versus stapled, etc.
2. **Grammatical and Spelling Errors**: Grammatical errors must always be checked over and over before sending out any official written document especially documents like grant application. Occurrence of grammatical and spelling error is an automatic disqualification of grant application.
3. **Lack of Skilled Professionals**: Some donors require set of skilled professionals like doctors, nurses or chartered accountants to handle certain projects. Prospective grantee organizations without these set of professionals will have their grant applications disqualified.
4. **Inexperience in Previous Experience:** Applications of prospective grantees without previous experience in the area of implementation will not be considered. Most donor would rather prefer organizations with previous experience in implementing the project.
5. **Unrealistic Budget Plan**: Prospective grantees with budget plans that are not realistic and detailed enough in analyzing how grant will be spent will not be considered.
6. **Inappropriate Project Strategy:** Grant applications that does not have a well spelt out strategy will not be accepted. Project strategy include project focus, timelines, evaluation plans, implementation deadlines etc.
7. **Non-Existence of Financial Sustainability Plans**: Most donors require prospective grantees to have an existing financial sustainability plan before consideration of their applications. This is to ensure that the project continues long after funding.

**ANSWERS TO QUESTION TEN**

**THE IMPORTANCE OF MONEY MANAGEMENT PLANS**

For an organization to run efficiently, it must have an adequate money management plan. The following are some importance of money management plans:

1. **Control of Finances:** Organizations with a sound money management plan will have a better control of their finances and cashflows and this will ensure that they never run short of funds.
2. **Efficient Use of Funds**: The existence of a money management plan ensures that an organization makes the most out of their funds and even have savings at the end of a fiscal year. An organization with money management plan will run effectively and efficiently.
3. **Focus on the Main Purpose of the Organization:** The benefits of money management mean that there will be extra money to expand operations and focus better in attaining the organizations’ purpose.
4. **Improve Credibility**: Organization that have a good money management plan will have a good reputation among stakeholders that they make payments to such as beneficiaries, vendors, staff and consultants. The organization will be seen by the community as a reliable entity that meets its financial obligation.
5. **Meet Financial Obligations:** Money management plans ensures that organizations are never indebted and that they foresee possible cash shortage long before it happens to plan properly.