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**1**

**INTROCUTION**

For an organization to function properly, it must have a good financial management strategy in place. Good financial management is the key to the success of an organization. The same can be said about non-profit organizations or implementing organizations whose survival is basically on the existence of grants provided by donors. Without an efficient grant management strategy, no implementing organization would survive. The heart of all activities in an implementing organization is centered on an efficient grant management process. For an implementing organization to operate efficiently, all units and departments (programs, finance, logistics, monitoring/evaluation and human resources) must work in unison with the grant management team.

The continued success of an implementing organization is directly tied to the efficiency of the grants management system in place. Having good project implementing strategy without having good grants management system in place will eventually have a negative effect on the organization, this is because in additional to good implementation, the organization is expected to manage donor resources efficiently and properly account for the use of these resources.

This research paper is simply a review of related literature and published journals covering topics on the importance of grant management. This paper extensively covered grants management, grants management information system, measures to ensure effective grants management and red flags of grant management.

**2**

**LITERATURE REVIEW**

**2.1 Overview of Grants Management**

To have a complete understanding of the importance on grants management, it is important to fully understand the role of a non-government organization (NGO) to the community. There is no doubt that non-government organization have become very important in the sustainable development of a community. According to Roy, Al Raquib & Sarker (2017) apart from partnering with international organizations, non-government organizations in most developing countries are responsible for the nations’ social, economic and political development. The authors added that non-government organizations are devoted to issues bordering on health issues, climate change and poverty reduction.

Donors usually require specific guidelines to be followed before giving out grants. Even after these funds have been granted, the donor still expects more stringent compliance on the part of the implementing organizations on how these funds will be expensed and reported, how program activities will be reported and the general administration of the fund (Preuss, 2015).

According to Browning (2014), the continued efforts of these NGOs can be sustained when there is a proper system of grants management. This is so because grants management cuts across all aspects of an implementing organization. Grants management is all encompassing and it ensures maximum efficiency from all units in the organization. Grants management is simply a mechanism put in place to ensure that all divisions on an implementing organization work together towards a common purpose (Browning, 2014).

Grants management in its broad term entails all administrative activities to be carried out in the support of the execution of a project (Browning, 2014). The author added that grants management process starts when an implementing agency signs a contract with the donor and ends when all grants funds have been spent and accounted for at the end of the project time frame. Grants management also covers all activities carried out within the project timeframe. According to Preuss (2015), grants management process encompasses the following; (i) abiding by the grant terms and condition, (ii) grant reporting throughout award period, (iii) appropriate financial reporting throughout award period, (iv) proper accounting of grant income and expenditure, (v) timely request for any change during award period, (vi) timely submission of final grant reports, and (vii) proper grant closeout procedure.

**2.2 Importance of Grants Management**

Scipione (2004) defines grant management as all the administrative functions tied to the completion of a project within the stipulated timeframe. The author added that grant management ensures compliance with the terms and conditions of the donor.

Muller (2009) noted that efficient grant management goes beyond ensuring compliance with donor terms and conditions, it entails a management system that is in place long before signing a grant agreement. The author said that grant management entails effective grant management process, effective program design and development, strategic plans, and an effective monitoring system to ensure that all funds received all well accounted for. According to Browning (2014), the following are the importance of grants management to an organization:

1. **To Meet Donor Requirements:** Donors usually require certain reports to be given at certain intervals. These reports could be program update reports or monthly financial reports. Grant management helps an implementing organization to properly monitor program progress, organize reports and submit reports as and when due.
2. **To Save Money for the Organization:** Inadequate grant management could cost the implementing organization a lot of money. Poor grant management may result in losing future funding, refunding ineligible cost back to the donor, payment of fines and time wastage in tracking grant progress. However, a good grant management would help overcome these inefficiencies and save the organization money in the process.
3. **To Improve Overall Organizational Efficiency:** Good grant management ensures well defined roles and responsibilities, cost reduction, time management, efficient use of resources and timely reporting which in turn will lead to pursuit of organizations’ goals and attract more funding from donors.
4. **To Align Project Activities with Organizations’ Goals:** It is bad practice to pursue funding opportunities without checking to ensure that such opportunities are in line with organization’s goals and objectives. An efficient grants management helps to ensure that all opportunities soughed after, are in line with organizations’ missions and objectives.
5. **To Monitor and Track Project Implementation:** Grant management is designed to easily track project progress, financial reports and other administrative duties tied to project implementation. It is a system that ensures that an implementing organization function effectively.
6. **To Interpret Donor Guideline**s**:** Grants management entails thorough understanding of relevant donor guidelines. For a grant proposal to be accepted, such proposal must have passed the initial guideline requirements. And for such funding to continue, the implementing organization must abide by subsequent guidelines.
7. **To Ensure Transparent Operations:** Grants management ensures that all activities, from support to program, are done in a transparent manner and are reported in a standardized format. Organizations that have a good grants process are perceived to be transparent organizations.
8. **To Ensure Effective Budgetary Controls:** Effective budget management cannot be attained without a good grants management process. Depending on the size of the organization, the budget holders in smaller organizations also doubles as grants manager. Hence, good budget management goes together with grants management.

**2.3 Importance of Grants Management Information System**

Grant management information system is simply the technique, or the kind of procedure adopted in grants management in a computerized environment. Shiferaw, Mohammed, Mohammed & Teferi (2018) defines grant management information system as a software grant process that helps an organization identify prospective donors, review donor requirements and ensure regular compliance to donor requirements.

Shiferaw et al., (2018) discussed on the areas of organization that would be greatly improved when there is efficient grant management information system in place. The authors said that grants management information system would help to develop standardized project plans, develop effective project outputs measuring tools, maintain accurate reliable financial system and generally facilitate fund raising process of an organization.

Muller (2009) further describes grant management information system as a procedure adopted by organizations to efficiently and effectively have access to more grants, execute more project, saves time and saves money. Shiferaw et al., (2018) explained that a good grants management information system does the following:

1. **To Manage Donor Database:** A good grant management information system ensures the maintenance of a good donor data base that is accessible to all who need it. This database usually contains names of donors, the type of funding they give, the donor requirements, donor contact details, amount the donor gives and any other relevant donor information.
2. **To Manage Project Personnel:** Grant management information system ensures that there is an efficient system of human resource in place. It ensures that there is adequate manpower required for the implementation of a project, and in cases where immediate manpower is need, there can be gotten easily and efficiently.
3. **To Manage Grant Proposals:** In addition to managing donors, grant management information system should ensure that all pending proposals sent to donors are monitored and all proposal statuses are followed up at any given time. This helps to focus resources on proposals that might succeed and not having to waste resources on proposals that may not be successful.
4. **To Meet Reporting Deadlines:** Most large NGOs operate multi-funded programs with various grant requirement procedures, all having varying compliance requirement and reporting deadlines. Monitoring this might be cumbersome and time consuming. However, with an efficient grant management information system in place, all reports and deadlines will be easily monitored.
5. **To Manage Grant Database:** The importance of having a good database of grants in an organization has numerous benefits. This data base will include all successful proposals, all necessary support documentations and donor requirements. This will serve as a good recall system whenever there is need to access this information in the future.
6. **To Track Roles and Responsibilities:** Grants management information system ensures that roles and responsibilities are designated to various personnel within the organization. It also ensures an efficient tracking of individual roles so that personnel that are not meeting up with required deadlines are easily identified and precautionary actions will be taken.
7. **To Efficiently Use Project Resources:** A comprehensive grants management information system will help an organization make the best use of donor resources and assets by efficiently allocating resources to areas that need them the most
8. **To Ensure Standardization of Project and Administrative Processes:** Grants management information system ensures that processes such as monitoring, evaluation, progress report and financial reporting are done in the most accurate, reliable and standard method. This in turn will lead to transparency and efficiency in grants management process.
9. **To Stay Updated with Changes in Grants Information:** Grants requirements are likely to change at any time, and organization that don’t stay abreast with these changes are most likely going to be left out. However, with a good information system of grants management, an organization can easily stay abreast with all relevant changes regarding grant requirements.

**2.4 Red Flags of Grants Management**

Grants management is no doubt, a very essential element of an implementation process. Grants management process usually starts when a potential donor has been identified and ends at the grant end date (Browning, 2014). Within this period, there may arise some challenges or red flags which should serve as warning signs for organizations to address appropriately when they come up. The warning signs may include:

1. **Difficulty in Understanding and Complying with Grants Requirements:** If at any instance the grants team, project team or finance team finds it difficult to comply or understand the donor requirement, then something drastic must be done to address it. Not understanding donor requirements could lead to non-compliance which might lead to refunds to donor or donor refusal to fund subsequent projects.
2. **Communication Challenges:** Communication is key in project implementation. While implementing in the field, there could arise lots of challenges or unforeseen circumstances. Communicating such situations to other team members could go a long way in proffering solutions and to address such challenges immediately.
3. **Lots of Bottle Necks in Operations:** Sometimes, grant management amounts to lots of processes and checks. These processes and checks may eventually lead to bureaucratic delays in implementation. Implementing organizations should endeavor to minimize any bureaucratic process that would delay project implementation.
4. **Difficulty in Reporting**: In project implementation, there could arise situations of no internet access in the fields or security challenges. Management of such implementing organizations should find a way around such situations. Sometimes, discussing such challenges with the donor may be a good idea as they could advise on what can be done.
5. **Poor Documentation**: Poor documentation is completely frowned at by donors. Donors always expect enough evidence of all transactions to give a third party a clear view of what transpired.
6. **Poor Accountability of In-Kind Donations:** Most organizations find it difficult in accounting for in-kind donations this is because these donations usually do not have any monetary value attached to them. Implementing organizations should figure out an appropriate way to account for such donations to assure donors of good sense of accountability.

According to Muller (2009), when these warning signs are not promptly addressed, they could amount to huge revenue losses to the organization. According to the author, the downsides of not addressing these issues on time may amount to: cost being declared ineligible, inaccurate project reporting, poor financial reporting, additional cost incurred, mismatching of funds, incomplete support documentation, poor oversight function, donor refusal to fund future projects, and loss of funds through refunds to donors.

**2.5 Measures to Ensure Effective Grants Management**

Having discussed extensively on the benefits of grants management to an implementing organization, it is only necessary to discuss tips that an organization should follow to ensure an effective grants management strategy. The following are some measure that ensure efficient grants management process:

1. **Communication:** There must be active communication between all members of the project to ensure that all challenges are promptly resolved, and everyone meets up with their respective deadlines (Shiferaw et al., 2018).
2. **Coordination:** For a project implementation to be successful, there must be good coordination among every member of the team. This helps to ensure that every member is carried along every process of the project and to prevent chaos (Shiferaw et al., 2018).
3. **Cooperation:** As earlier stated, grants management is all encompassing and requires contributions from every member of the project. The whole essence of grants management is to ensure that every units plays their part in the successful completion of the project (Shiferaw et al., 2018).
4. **Consistency:** Doing the right thing regularly is the key to good grants management. Having identified the standard approach to handling issues, it is only necessary to continue such act to achieve reliable outputs (Shiferaw et al., 2018).
5. **Respect Project End and Start Dates:** One major tip of effective grant management is to ensure that all expenses and activities occur in the period of the grant implementation. It is important that no activity takes place out the grant period as this would be considered ineligible by the donor (Barned, 2012).
6. **Ensure Project Activities Corresponds with the Budget:** It is very important to ensure that activities stated in grant proposals are carried out within the implementation timeframe. Example, if it is stated that there would be five trainings in the proposal plan, the implementing organization should ensure that five trainings take place within the stipulated timeframe (Barned, 2012).
7. **Monitor Spending:** This is a very important aspect of grant management. Implementing organizations should ensure they don’t overspend or underspend donor funds as this could cost the organization future funding from donors. If for any reason the organization would overspend or underspend by a large margin, this should promptly be communicated to the donor (Barned, 2012).
8. **Timely Donor Reporting**: The importance of sending timely donor reports cannot be overemphasized. Implementing organizations should include this aspect when designing their grant management information system. Reports should be gotten from field offices and consolidated in the head office then sent to donor in a timely manner (Barned, 2012).
9. **Timing of Capital Expenditure:** For an efficient grant management system, the implementing organization should always ensure that assets are purchased at the early stage of the project, this is to ensure that the asset achieves its purpose before project ends and to avoid no-cost extensions (Barned, 2012).
10. **Build Trust**: For there to be an efficient grant management system, there must be trust among every member of the project. Trust can be instigated by delegating responsibilities and having an effective communication system (Barned, 2012).
11. **Avoid Surprises:** Another effective way to manage grant is to communicate with donors any change(s) experienced in project implementation. Most times, when these changes are communicated, donors will gladly advice implementing organizations on the best course of action. Example, where there is a drastic change in the prices of items that would affect the budget (Barned, 2012).
12. **Accurate Reporting**: It is not just enough to send timely reports; these reports must always be accurate and reliable. Donors tend to frown at organizations that don’t produce accurate financial and program reports, and this could discourage future funding plans (Barned, 2012).
13. **Continuous Review of Donor Guidelines:** It is not enough to review guidelines only during the early stages of the project. Implementing organizations should ensure they regularly reviewing donor guidelines to ensure complete and total compliance in all aspects (Harney & Pardee, 2015).
14. **Evaluate Project Progress:** Project progress should always be properly broken down at every stage and all relevant stakeholders should be carried along the whole process. Project progress entails; project accomplishments, project work done, budget burn rates, project evaluation and overall project status (Harney & Pardee, 2015).
15. **Consistent Processes:** Organizational policies and procedures used to carry out specific responsibilities should as much as possible be consistent. Most professional bodies always insist on procedural consistency as the required international standards of doing things (Harney & Pardee, 2015).
16. **Competent Fiscal Responsibilities:** Fiscal responsibilities are usually carried out by management staff, grants staff, finance and support personnel. Organizations with competent staff that have a good understanding of fiscal responsibility will not have problems in managing grants (Harney & Pardee, 2015).
17. **Conducting Regular Meetings:** As much as possible, implementing organizations should always hold budget and grant meetings to keep everyone up to speed on project progress, this helps to keep everyone informed and everyone knows exactly what is required of them (Harney & Pardee, 2015).

**2.6 Empirical Reviews**

Recent studies have tried to highlight the importance of grants management to an organization. Ndumbu & Moronge, (2014) carried out a study on the Influence of Grant Management on the Performance of International Non-Governmental Organizations Operating in Kenya. Using the SPSS statistical package, their study revealed that grants management has a high positive correlation with Budgeting, Accountability, Grant Regulation and Governance.

Studies have also shown the various strategies that an implementing organization could adopt to improve their grants management process. These strategies according to Muller (2009), in his study “Transforming Grants Management”, includes: assessing performance and results, better communication between donor and organization, identifying opportunities for improvement, effective oversight and better risk management strategies.

On the contrary, grants management may still have some downsides to an organization. Frumkin & Kim (2002) in their study on the empirical test on the effect of government funding on non-profit administrative efficiency, revealed that grants management with regards to government funding has a high positive correlation with increase in administrative and overhead cost.

**3**

**CONCLUSION**

This paper was a study on the importance of grants management to an organization. The approach to this study was the review of published papers relating to the benefits of grants management. The paper covered areas pertaining to grants management and measures to ensure an effective grant management system.

In summary, grant management entails working with all relevant stakeholders of a project to design project strategies, identify project opportunities, monitor project activities and plan for the sustainability of future projects. This implies that grant managers would have to work closely with the project teams, as well as the support team before the grant award and possible after grant closeout. Grants management information system on the other hand is a technological process that serves as a means of centralizing all grants information for effective tracking of activities, effective risk management, effective financial management and to improve the overall implementation of the project.

This paper reviewed a total of two (2) books and seven (7) journals, all journals and books bordered on the importance of grants management to an organization. The following are the summary of the importance of grant management according to all publications reviewed;

1. To meet donor requirements
2. To save money for the organization
3. To improve overall organizational efficiency
4. To align project activities with organizations’ goals
5. To monitor and track project implementation
6. To interpret donor guidelines
7. To ensure transparent operations
8. To ensure effective budgetary controls
9. To manage donor database
10. To manage project personnel
11. To manage grant proposals
12. To meet reporting deadlines
13. To manage grant database
14. To track roles and responsibilities
15. To efficiently use project resources
16. To ensure standardization of project and administrative processes
17. To stay updated with changes in grants information

Finally, three published journal articles were used for the empirical review of this research paper and it was ascertained that grants management has a positive impact on budgeting, accountability and good governance. It was also ascertained that grants management, especially government grants, would lead to an increase in administrative and overhead cost. The empirical review further suggested ways of improving the grants process of an organization which includes; assessing performance and results, better communication between donor and organization, identifying opportunities for improvement, effective oversight and better risk management strategies.

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