Planning
for
Implementation

The Operational and Financial Planning Handbook

PLANNING FOR IMPLEMENTATION:
The Operational and Financial Planning Handbook

First edition - March 2001. Reprint - December 2002

WRITTEN BY: **Michael Randel**

EDITED BY: **Desiré Pelser, Warren Banks**

PRODUCTION
CO-ORDINATION: **Desiré Pelser**

PUBLISHED BY: **Olive Publications**

To order further copies of this handbook and other handbooks in this series please contact:
Olive (Organisational Development and Training)
21 Sycamore Road
Glenwood
Durban 4001
South Africa

Telephone: (031) 206-1534
Fax: (031) 205-2114
Email: olive@oliveodt.co.za
Web site: www.oliveodt.co.za

DTP: Perfect Directions   Printing: Atlas Printers

Planning
for
Implementation

This handbook is the second in a planned series dealing
with project planning in a development context.

Acknowledgements

This handbook was conceptualised as the second in a series dealing with project planning in a development context. The need for the handbook became apparent as readers of the first handbook, **Project Planning for Development**, began asking for further resources to help them implement their plans. We discovered that there were relatively few resources available, especially addressing the context of non-governmental organisations and development agencies.

It has been almost two years since we first discussed the need for the handbook. The journey of developing it has followed a number of roads, and many people have become involved in the conversation that has informed the handbook you now hold in your hands.

At Olive, the following people were involved in supporting the development process: Desre Stead, Olive's very able Resource Centre Co-ordinator, who helped find many of the resources used in the handbook; Loretta van Schalkwyk, who commented on an earlier draft; Warren Banks, who provided editorial support; Davine Thaw, who helped shape the book and commented on the drafts; Carol-Ann Foulis, whose comments on the draft have brought clarity to the handbook; and Desiré Pelser who finally got to put it all together.

Outside Olive, I value the discussions and ideas from Sophie Sakalis, at that time with the Transitional National Development Trust; and Peter Marinus Jensen, of International Development Partners in Denmark – his comments on a long journey in Thailand helped shape *Chapter 2* in important ways. A great debt is also owed to the many people who have participated in courses on project planning and implementation, and whose questions and observations have informed my own thinking on this topic. I have also learned a great deal from the various projects in South Africa and Thailand which I supported in planning and addressing operational details.

I hope you find this handbook to be a useful resource in your work.

Michael Randel
Washington D.C.
December 2000

Contents

Planning for Implementation

I

Introduction

© Olive Publications

Why this handbook?

The world of development organisations continues to change. In recent years, development organisations such as NGOs (non-governmental organisations) and CBOs (community-based organisations), have been coming under increasing pressure to show the results of their work.

The pressure has been coming from different sources:

➤ *Beneficiary communities* want to know whether the organisations that offer them support are making any difference to their communities.

➤ *Peer organisations* are interested in developing links and collaborating with other organisations that can be relied on to deliver their part of the work.

➤ *Government departments* are looking for reliable organisations that can be contracted to support communities and to provide services.

➤ *Donors* asking organisations to show how they are making effective use of scarce resources (donor funds) in a competitive environment.

One of the consequences of this is that development organisations are being asked to become more professional in how they prepare and approach their work. For this reason, much more attention is being given to planning. The benefits of having a plan are that:

● plans enable clearer communication between all parties about what needs to be done in order to achieve the results that are sought;
● they improve the organisation's ability to raise funds, based on a clear strategy; and
● they provide a basis for managing the work contained in the plan.

Many organisations now structure their work into projects. They feel that this can help them in planning and managing the different pieces of work they are doing. Further, many donors prefer that requests for support be submitted as project plans.

This handbook is the second in a series that addresses different aspects of planning for projects. The first book, **Project Planning for Development**, looks at project planning and explores the ideas behind development projects. It introduces one method for project planning – the Logical Framework Approach (LFA/Logframe).

The most well-known version of the LFA consists of seven steps. **Project Planning for Development** covers each of these steps in turn. Each step

addresses one part of the project planning process. The result of an LFA project planning process is a Project Plan, setting out the objectives and results of the proposed project.

This book, **Planning for Implementation**, looks more closely at how to plan the operational details of the project. While the contents of this book are not set out in sequential steps, as they are in the first book, they do provide you with a range of ideas and tools to help in planning your work and the use of your financial resources.

We hope that this handbook will enable you to develop more user-friendly and manageable operational and financial plans.

The purpose of the handbook

We have developed this handbook to provide you with a simple and accessible introduction to the **formats**, **language** and **tools** necessary for a practical approach to operational and financial planning.

We have written this handbook as a resource for people working in NGOs and CBOs, although people working in government departments and private companies will also find it helpful.

In writing, we have been guided by certain assumptions about you, the reader:

➤ You are responsible for making things happen. This might simply involve running an event, or it may involve running a whole organisation.

➤ You already have a good idea about what you want to achieve.

➤ You are interested in finding resources that will help you identify a strategy to achieve your objectives.

➤ You have experience – of life and of work – that you bring into your reading of this handbook.

➤ You bring questions about how the resources offered here can best be adapted to meet your particular needs.

We hope that you will find the resources and ideas in this handbook useful and interesting.

Introducing the Operational Context

There are different kinds of planning that exist to meet the needs of different situations. We can make a simple distinction between three common types of planning that are used by many organisations:

➤ **Strategic thinking/planning** focuses on broad, strategic issues.

  This form of planning aims to help an organisation consider what its purpose and objectives should be, taking its interests and environment into account. Strategic planning normally takes a *long-term* view – what should this organisation be doing over the next five years?

➤ **Project planning** can help assess problems and opportunities, to identify how best to intervene in order to improve a given situation.

  The project plan sets out what will be done by the project team to achieve the desired objective. Project planning typically looks at *medium-term* objectives – what do we want to accomplish three years from now?

➤ **Operational planning** deals with the action, or operational details of the project.

  It seeks to clarify and detail how, who, by when, and with what resources the project will be carried out. Because of the level of detail, operational planning has a *short-term* view – how will we carry out our work over the next 12-24 months?

Operational planning is not very useful for identifying what you want to do. It assumes that you already know what you want to achieve – in other words, you are clear about your objectives. In selecting your strategic or project objectives, you normally choose between a number of possible options. Your choice of objectives will be influenced by the issues that you identify as organisational priorities.

Once you have selected your objectives, operational planning can help you work out how you will achieve them.

The project cycle

It is helpful to look at operational planning in the context of the project cycle. The project cycle shows us how assessment leads to decision-making and then on to the operational details.
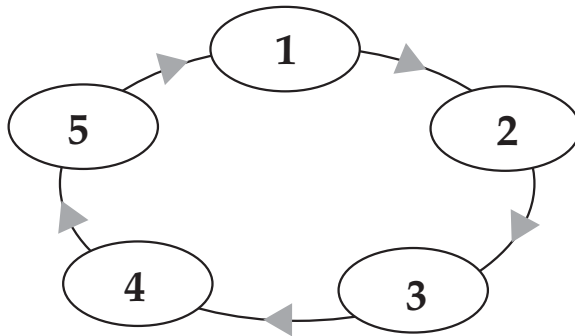
1. **Analyse the context**
2. **Design the project**
3. **Prepare to implement**
4. **Implement the plan**
5. **Evaluate the work**

1.   Analyse the context

This first stage of planning involves asking a number of questions to better understand the context and the issues being faced. Planners will want to learn about:
- problems and opportunities,
- stakeholders and participants; and
- possible solutions.

Finally, the various solutions, or options, can be compared with one another to find the one which best addresses the situation. The result of this stage is normally agreement on which possible solution will be developed into a project.

2.   Design the project

There are a number of elements to address in preparing a project plan. This second stage is called the "design" stage because the various parts of the plan are consciously shaped to fit with what is desired. The result will be a plan that contains information about:
- the objectives and results of the plan;
- assumptions being made about factors that might influence the project; and
- how the plan will be monitored and evaluated.

3.   Prepare to implement

Once the project plan has been accepted, there are a number of tasks that should be addressed before the project can start its work. An important element is the formation of the team that will be carrying out the work. Staff may need to be recruited and then oriented/briefed about the project's objectives and its context.

Another important area, which is the focus of this handbook, is the detailed planning of the work. Attention should be given to the *activities* that need to be carried out, and to the *financial resources* that will support the work.

4. Implement

The project team carries out the work. In doing so, it is focused on the objectives contained in the project plan. The details in the operational plan inform them about how to go about their tasks in order to achieve the objectives.

Along the way, the team will review their progress. If necessary, they will update the operational plan to reflect their experience and any changes in the context in which they are operating.

5. Evaluate

The final task is to assess whether the project's objectives have been achieved. This can involve studying whether the project made any difference to the problems and opportunities that existed at the beginning of the planning process.

A quick view of the Logical Framework Approach (LFA)

The Logical Framework Approach consists, at its simplest, of seven steps. Each step is structured to address one of the key components of the Analysis and Design stages of the project cycle outlined on the previous page.

Analyse the context	1. Participant Analysis 2. Problem Analysis 3. Objectives Analysis 4. Alternatives Analysis
Design the project	1. Project Elements 2. Assumptions 3. Indicators

The key document in the project plan is called the **Project Planning Matrix** (PPM). This contains the essential information about the plan.

Project Elements	Indicators	Means of Verification	Assumptions
Development Goal *Describes the long-term benefit to which the project will contribute.*	*Each project element has an indicator, which sets a target for the project to achieve.*	*This provides a way to independently verify, or prove, that the indicator has been achieved.*	*The assumptions is a listing of important factors which can influence the Project's chances of success.*
Project Purpose *Describes the specific changes (in people or the context) which can be achieved by the end of the project.*	*This indicator will play a key role in the monitoring of the project's progress and success.*		*By including them in the PPM, they can be monitored at regular intervals, and responded to if necessary.*
Results *Are the specific services and/or products the project will provide to bring about these changes.*			
Activities *Provide a summary of the main steps to achieve each result.*			

Project Planning for Development (available from Olive Publications) provides a more detailed explanation of how to go about developing your own project plans.

Planning for Implementation

What kinds of projects?

A project can often be distinguished from other kinds of work in an organisation. One definition of projects (see **Project Planning for Development** page 6) notes that they are:

> ❝… interventions which address developmental problems by:
> - offering particular forms of support,
> - to a defined target group,
> - in a specified geographic location,
> - within a set time-frame,
> with the aim of bringing about an ongoing improvement in the
> living conditions of people. ❞

While many organisations organise their work into projects (because their donors require it, or simply because they find it a useful way to work), not everything can be turned into a project. Indeed, sometimes it is unhelpful to view certain kinds of work in project terms!

However, there are some useful ideas that we can take from the project cycle and apply to much of our work. It is helpful to:

- have a clear objective;
- set time-frames within which to reach certain goals;
- distinguish what you are working on from tasks relating to other objectives; and
- focus on the actions that will help you reach your objective.

So, what kind of work might you be doing that could benefit from a project-based approach to operational planning?

➤ **Events**: One-off events, such as organising a conference, leading a campaign, or producing a new publication – pieces of work that have clear objectives and often a time limit.

➤ **Projects**: Projects can be either formal or informal. Formal projects might be funded by a donor, and a number of staff may be working together over a year or longer to accomplish certain objectives. Informal projects might be set up on an ad-hoc basis to address an organisational need, such as developing a new policy position or recruiting someone to fill a vacancy.

➤ **Organisational work**: Not all routine tasks in the organisation can be structured into projects. However, it may be possible to group certain tasks together, and to use the operational planning tools to organise how the work will be done. Examples of this might include financial tasks and staff performance reviews, identifying the members of staff who will be responsible for the various elements of the task.

To keep things simple, we refer to *projects* throughout this handbook – but whatever we say can be applied to the context of your own work.

How is this handbook structured?

This handbook is divided into three main parts.

1. **Operational Planning**

    The first part introduces a format for operational planning. The structure will help remind you of different operational issues that need to be addressed:
    - What tasks need to be done?
    - How will we know if they have been done successfully?
    - Who will do this work?
    - What time will be required to make this happen?

    The details of your plan can then be summarised in a simple format, allowing all the relevant information to be captured in one document.

2. **Financial Planning**

    By taking the time to detail the financial aspects of the operational plan, it will be much easier to manage the finances once the work gets started. The second section will assist you in preparing three important financial planning tools:
    - Cost Estimates
    - Budgets
    - Cash Flow Forecasts

3. **Monitoring and Evaluation**

    The final section of the handbook looks ahead in the project cycle and gives a brief overview and introduction to Monitoring and Evaluation (M and E). This section considers the need for some form of system to review the work and looks at some questions that can be used in establishing or adapting an M and E system for the project.

Things to look out for

Tools

In each part of this handbook you will find a number of tools and ideas to help you with the practical "how-to" aspects of planning.

Our Example

In order to illustrate the application of various ideas and tools, we have used an example throughout the handbook. The example, built step by step, illustrates ways of using the tools we introduce.

*The example is modelled on a fictitious project that was introduced in **Project Planning for Development**, the first handbook in this series (available from Olive Publications).*

*The **Vingo project** is introduced in **Appendix 1** – page 99.*

*A complete **Project Planning Matrix** for the Vingo project is included as **Appendix 2** – page 101. **NOTE**: We have used **Result 2** of the Project Planning Matrix as **Our Example** throughout the handbook.*

*A complete **Operational Plan** for the Vingo project is included as **Appendix 3** – page 103.*

2

The Operational Plan

What is the Operational Plan?

The Operational Plan is a tool for preparing to implement the agreed objectives of a project. It gets this name because it looks closely at the steps you will take to achieve your main project or organisational plan – it sets out how you intend to operationalise your objectives.

This plan can be a very useful tool for the people responsible for implementing these steps.

Taking time to develop an Operational Plan helps you to:
- become aware of all the different steps you must take to reach your objective;
- be clear on the sequence, or order, in which these steps must take place; and
- identify how much time is available or will be needed for each step.

This points to the value of the Operational Plan as a tool for **planning**, for looking ahead at what you need to do.

The Operational Plan is also a valuable tool for **managing** work. It helps you to:
- set the standards and quality levels you need to meet;
- identify which people will be involved in the different parts of the plan; and
- communicate to all the interested stakeholders what will be happening and their role in it.

So, the Operational Plan is very practical. It focuses on helping you clarify what has to be done, by when and by whom, for your objectives to be successfully achieved.

What comprises an Operational Plan?

People have many different ways of planning and identifying how they will go about their work. There is no one way that Operational Plans are developed or set out for presentation and communication purposes.

However, a "good" or useful Operational Plan should comprise at least five elements. It starts with the objective the plan intends to achieve (also called results or outputs in the LFA), and from there:

1. It sets out the various **steps** that have to be followed to reach this objective, in the order in which they will take place (*Activities* – see page 23);

2. It identifies a **target** for each step to reach, as a way of checking that each step has been successfully completed (*Indicators* – see page 36);

3. It clarifies who will be **responsible** for each step, so that responsibility for the work can be delegated and shared in a team (*Responsible Person* – see page 39);

4. It establishes how much **time** will be needed for each step to take place (*Time Frames* – see page 47); and

5. It spells out the **costs** of achieving each activity and summarises these in a budget (this is dealt with in some detail in *Chapter 3* – see page 55).

In order to avoid the confusion and misunderstandings that could easily arise from such a mass of information, it is useful to set out an Operational Plan in a clear and written format. The table or matrix illustrated below shows one way of doing this. The value of such a format is that it shows, in one place, the various elements of your operational plan.

Result/objective: _____

Activity	Progress Indicator	Responsible Person	Time-frame

In the next four sections in this chapter we will look at each of these elements in turn. Each section explains what the element is and offers a few ideas and tools for developing each element.

As we move through the sections we will build an example to illustrate what each completed step might look like.

Activities

What are Activities?

▶ Activities are the steps you will take to reach the project's objective.

▶ They are written in the sequence or order in which they will be implemented. Each Activity you complete will bring you a step closer to achieving your objective.

▶ Activities therefore set out the major steps of the plan, and provide you with some details of how each step will be accomplished. (However, the Activities should not be so detailed that they limit your flexibility to respond to changing conditions.)

How?

You start with the objective you wish to achieve, and from there:

1. **Identify the different ways in which you could achieve the objective (your possible strategies).**

   It is important to be aware of the options you have in how you carry out the work. If appropriate, you should develop new and creative approaches.

2. **Select the approach or strategy you will follow in your plan.**

   How do you select which will be the most appropriate strategy? Two approaches to selecting the strategy will be introduced in the following pages.

3. **Identify the steps and list them in sequence.**

   There are a number of different ways of doing this, and we will look at some practical issues in developing the activities and sub-activities.

How do you identify different strategies?

There are often a number of different paths that can be followed to reach the same objective. An important part of the planning process is to identify these different paths, and to decide which will be the most appropriate one for you to follow.

One reason why many of us struggle to think of new ideas is that we get blocked by our experiences of what has and hasn't worked in the past. While past experience is invaluable, it can make it difficult to be creative. Sometimes we need a way of thinking about issues that changes our current patterns of thinking, our ways of seeing things, so that we can work with a new perspective.

Let's look at some more structured techniques for generating ideas. You can use these techniques to help you become aware of different paths you could follow to achieve your objective.

Brain storming

Brain storming is a technique that allows people, in a group, to express various ideas on a topic. Critical judgement on the ideas is held back until later.

There are two key principles in brain storming:

➤ **Quantity breeds quality** – the more ideas you come up with, the greater the chances of finding a new or better solution.

➤ **Don't judge** – listen to ideas before being critical.

The ideas that are brainstormed are listed and can then be combined, improved and changed into yet other ideas. Finally, the group will assess all the ideas, and make a decision as to which one best suits the result they seek.

Our Example…

One of the Outputs of the **Vingo project** is that Agroserv, which is an agricultural advisory service, should provide improved service and advice to small farmers. The project planning process identified that the advisors have limited skills to support small farmers, as they have focused more on supporting large, commercial farmers in the past.

What are the different strategies you can follow to achieve the objective of an improved service? Spend a couple of moments thinking about possible ways to develop the skills of the agricultural advisors.

If you spent a little time on the exercise, you were probably able to identify a number of

different routes that can be used to develop skills. Did you consider using public training courses, in-house customised training, distance learning, study tours, individual coaching, computer-based learning and video-based learning? All these approaches and others are regularly used in different places all over the world.

Once you have identified possible approaches, you can then assess them and see which one will be the most appropriate for your context. But you don't have any choices unless you first identify a range of possible approaches!

SCAMPER

Most new ideas are simply additions to or modifications of something that already exists. SCAMPER is a collection of techniques to transform existing things into something new. The new things that arise from this process can in turn be changed into other new things.

Several things can happen when you start searching for new and alternative ideas:

● one of the ideas may solve the problem;
● a new idea may help to rearrange the components of the problem, and thus deal with it indirectly;
● the new idea may turn out to be a better starting point;
● a new idea may be a breakthrough on something which has nothing to do with the problem at hand; and
● you may generate a number of alternatives, and then return to your first idea.

SCAMPER is a checklist of idea-stimulating questions:

S	–	Substitute?
C	–	Combine?
A	–	Adapt?
M	–	Modify? Magnify?
P	–	Put to other uses?
E	–	Eliminate?
R	–	Reverse? Rearrange?

Our Example...

1. **Identify the issue around which you want to generate ideas.**

In our example, the issue is:
   "What are new ways in which Agroserv staff can be helped to provide an improved service to small farmers?"

2. **Ask SCAMPER questions about each step of the issue to see what new ideas emerge.**

If we are looking for ways to develop the capability of the advisors, we can ask SCAMPER questions to generate new ideas:

- *What procedure can we **substitute** for the current one?*
  We could "grow" people rather than "train" them.

- *How can we **combine** this with some other procedure?*
  We could combine a training course and ongoing support.

- *What can we **adapt** or copy from someone else's approach?*
  We could take ideas from Action Learning Sets.

- *How can we **modify** or alter the way we develop people?*
  Instead of one-off events, we could develop ongoing processes.

- *What can we **magnify** or add to the way we develop people?*
  Rather than one event, we could have a number of related events.

- *What **other uses** can we find for traditional training courses?*
  We can use them as opportunities to bring people together, such as seminars.

- *What can we **eliminate** from the way we develop people?*
  Short-term thinking.

- *What is the **reverse** of developing people?*
  Stunting them, allowing them to get smaller.

- *What **rearrangement** of the training procedure might be better?*
  Start with evaluations? End with analysis of needs – to see what happens in the next step?

Using the brainstorming and SCAMPER tools, it has been possible to think of a number of different paths for developing people, rather than relying on more traditional training events.

The next step will be to look more closely at the options, and to choose which ones we will use in our work.

The Brainstorming and SCAMPER tools are drawn from Michael Michalko, (1991) **Thinkertoys: a handbook of business creativity for the ´90s** Berkeley: Ten Speed Press

More information about Action Learning can be found in James Taylor; Dirk Marais and Allan Kaplan (1997) **Action Learning for Development: use your experience to improve your effectiveness** Cape Town: Juta/CDRA

Selecting your strategy

Brainstorming and SCAMPER are two tools you can use to generate ideas and ask new questions about your current way of thinking. Consequently, they can help you identify different ways to reach your objective. The next step is to critically compare the choices for the project strategy, and to select the one that will be most appropriate for you.

Here we offer two ways of comparing, or assessing, the different strategies you have identified:

- **Assess the advantages and disadvantages of each option.**

- **Compare the options against appropriate criteria**.

Each of these assessment tools allows you to explore the strengths and weaknesses of each idea. You can look at the merits of each option and compare them to each other.

Once you have made the assessments, you can always decide to address a weak point of an otherwise strong idea by adding some strong features from different ideas.

Assessing the advantages and disadvantages

Create a simple table and list the optional strategies down the left-hand column. Next, you can look at the advantages and disadvantages as well as the implications of each idea in turn.

This asessment tool makes it easy for a group to discuss the advantages (positive merits) and disadvantages (risks) of each of the strategies/options. This can, in turn, make it much easier to decide which strategy is the most appropriate to follow to achieve your objective.

This simple assessment can reveal the negative and positive consequences that might arise if a particular idea is implemented. If the negative consequences heavily outweigh the positive consequences, you may decide to drop this option from any further consideration.

This tool is illustrated in the example on page 28.

Our Example…

	Advantages	*Disadvantages*
Training Course	• *Easy to develop.* • *Easy to recruit trainers.*	• *"Just another course" syndrome.* • *Learning is soon forgotten if not supported by post-course support.*
Distance Learning	• *Staff can access at any time.* • *Easy for new staff to join the learning at later stage.*	• *"One size fits all" generic courses may not cover all the areas required by learners.*
Individual Coaching	• *Support is adapted to each member of staff.*	• *Not suitable for skills development.* • *Staff may resist this individualised support.*

Assessing with appropriate criteria

The advantage/disadvantage matrix above can be developed further. By using a set of selected criteria, you can more easily compare the various options against one another. Further, you will be comparing all the ideas against the same set of factors.

1. **Identify appropriate criteria.**
    The criteria that you select might include:

    ● **Alignment** with the organisation's approach (to what extent the strategy matches your philosophy, your approach to the world, your values, etc.)

    ● **Staffing** (whether staff have the capabilities this approach will require; the possibilities of recruiting additional skilled staff; whether contract staff and consultants could deal with the tasks; etc.)

    ● **Cost** (the likelihood of raising the needed financial resources; the cost of implementing the strategy; etc.)

    ● **Timing** (the time required to carry out the strategy, etc.)

    You may identify **other criteria** that apply to the situation.

2. **Decide how you will rate, or score, each idea against the criteria.**
    There are two ways you can do this:

Planning for Implementation

© Olive Publications

➤ **Qualitative assessment**
You can make comments on the extent to which the option satisfies the criteria. This can help you identify the options that match most closely with the criteria.

➤ **Quantitative assessment**
Instead of making comments, you score each option on an agreed scale (1-5, 1-10, etc.). The higher the score, the more closely you believe the strategy meets the criteria.

You can add up the scores from all the criteria for each option. This will allow you to see which option best matches the criteria by receiving the highest overall score.

A further benefit of this tool is that you can prioritise certain criteria over others by giving them a higher value. If you decide to do this, you will multiply any score the idea receives by an agreed factor.

If you have one criteria that you feel is more important than the others, you might decide to multiply whatever score a strategy receives by 2. So an initial score of 3 out of 5 becomes 6 out of 10.

This scoring process will inform the decision-making processes by identifying the strategy that appears to be most appropriate for implementation.

Our Example...

▶ Qualitative Assessment

	Development Time Required	Aligned with the Organisation's Approach	Cost per participant
Public Training Course	None. However, course dates may not suit project's needs.	No, as the course will be offered to a varied public.	Depends on training provider and venue.
Customised training course	A few weeks to research, design and develop a course.	Close alignment, as course will be written to our specifications.	High, as all costs must be covered by the project.
Distance Learning	None, as it is assumed a suitable course already exists.	No, as the course will be offered to a varied public.	Depends on training institution, and whether course is linked to any formal qualifications.
Individual Coaching	Almost none – time just to find and brief coach(es).	Yes, as the coach can be briefed to offer support in line with this approach.	Low, as there is no development time required.

▶ Quantitative Assessment

Rate each criteria on a scale of 1-10, according to the relevant scale related to each question:

1	=	More time needed	Low Alignment	High Cost
10	=	Ready on time	Close Alignment	Low Cost

	Can this be offered within two months?	Will it be aligned with the organisation's approach? *(Priority Criteria: double the score)*	Cost per participant	Total *(maximum of 40)*
Public Training Course	10	3 (6)	5	21
Customised Training Course	8	10 (20)	3	31
Distance Learning	10	3 (6)	5	21
Individual Coaching	10	10 (20)	8	38

Planning for Implementation

The Qualitative assessment reveals that individual coaching most closely matches the three criteria. It is followed by the strategy for the customised training course. However, coaching is better suited to professional performance than it is to developing new knowledge and skills. So the planning team has decided to combine the strengths of each strategy. It will plan a way to support Agroserv by developing a customised training course, supported by some form of individual follow-up after the training.

The Work Breakdown Structure

The tool for identifying all the tasks that need to be carried out is the Work Breakdown Structure. As its name suggests, it "breaks" the work that has to be done into its constituent parts.

The value of the Work Breakdown Structure (WBS) is that it can identify the work to be carried out at various levels of detail. A description of the major steps of an objective may not be sufficient for scheduling and budgeting purposes. You may need to look at more than one level, by identifying the tasks needed to achieve each of the major steps.

Using the Work Breakdown Structure

There are two formats for presenting the identified tasks using the Work Breakdown Structure – a tabular format and a chart.

1. Tabular

The tasks are set out in a simple hierarchy, with each level separate from the level above it.

- The first level of the WBS will be the objective of the plan.
  Agroserv provides an appropriate extension service to farmers on communal lands by advising them on crop production.

- The second level will identify the main steps, or phases, of the plan.
  Agroserv provides an appropriate extension service to farmers on communal lands by advising them on crop production.
  1.   Develop performance standards for extension service and farmer advice.
  2.   Provide a skills development programme for extension advisors.
  3.   Develop supervisory skills of Agroserv managers.
  4.   Revise the performance management system.

- If necessary, you can add a third level to the plan. This third level will add detail to each phase.
  Agroserv provides an appropriate extension service to farmers on communal lands by advising them on crop production.

1. **Develop performance standards for extension service and farmer advice.**

1.1 Hold participative workshops with advisors.

1.2 Carry out research in similar organisations.

1.3 Develop a draft set of performance standards.

1.4 Finalise the performance standards.

2. **Provide a skills development programme for extension advisors**

2.1 Conduct a Training Needs Analysis among the advisors.

2.2 Develop the curriculum and materials for the programme.

2.3 Carry out the skills development programme.

2.4 Provide ongoing support to the advisors.

3. **Develop supervisory skills of Agroserv managers**

3.1 Identify learning needs of managers.

3.2 Facilitate supervisory skills development meetings.

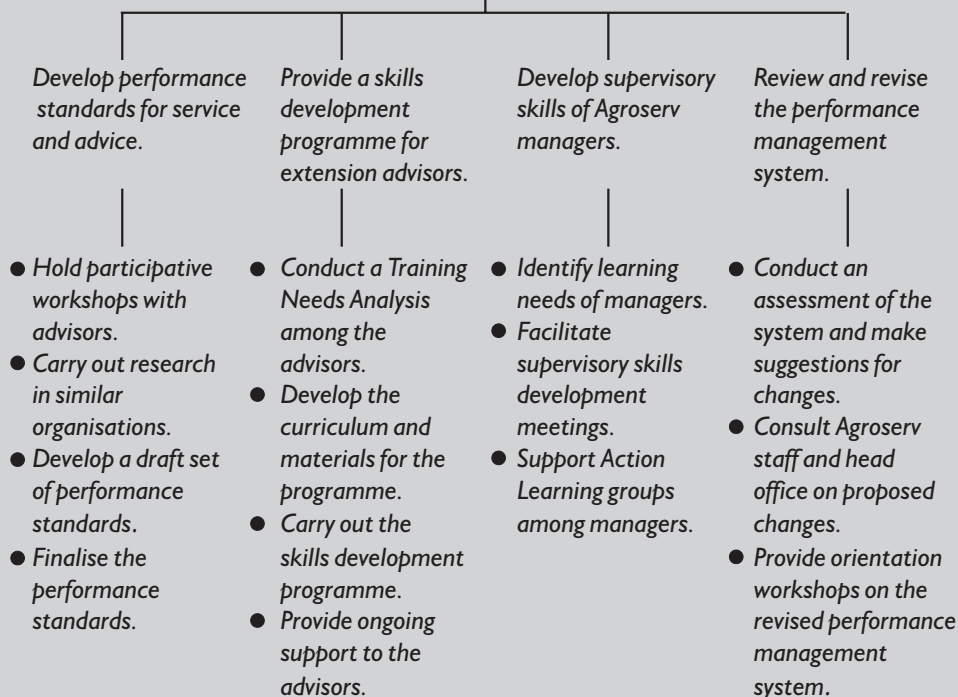*3.3 Support Action Learning groups among managers.*

4. **Review and revise the performance management system**

4.1 Conduct an assessment of the system and make suggestions for changes.

4.2 Consult Agroserv staff and head office on proposed changes.

4.3 Provide orientation workshops on the revised performance management system.

2. Chart

The second format for the Work Breakdown Structure involves a chart. The information continues to be presented according to a hierarchy, but is visually more explicit about the relationship between the Activities.

Agroserv provides an appropriate extension service to farmers on communal lands by advising them on crop production.

Develop performance standards for service and advice.	*Provide a skills development programme for extension advisors.*	*Develop supervisory skills of Agroserv managers.*	*Review and revise the performance management system.*
● *Hold participative workshops with advisors.* ● *Carry out research in similar organisations.* ● *Develop a draft set of performance standards.* ● *Finalise the performance standards.*	● *Conduct a Training Needs Analysis among the advisors.* ● *Develop the curriculum and materials for the programme.* ● *Carry out the skills development programme.* ● *Provide ongoing support to the advisors.*	● *Identify learning needs of managers.* ● *Facilitate supervisory skills development meetings.* ● *Support Action Learning groups among managers.*	● *Conduct an assessment of the system and make suggestions for changes.* ● *Consult Agroserv staff and head office on proposed changes.* ● *Provide orientation workshops on the revised performance management system.*

Further levels can be added to this Structure. However, it might be best to add further detail just before a phase is to be implemented. This fourth "day- by- day" level can be added by the people that will carry out the work, and overseen by their manager. It is usually not necessary to convene a further meeting to plan work down to this level of detail.

Ideas about the two formats for the Work Breakdown Structure are taken from Frame, J. Davidson (1995) **Managing Projects in Organisations: how to make the best use of time, techniques, and people** San Francisco: Jossey-Bass

How will you know what Activities to include?

It is not always immediately clear as to which Activities need to be included in the plan. This can be especially difficult if you have limited experience in the relevant field. It can be helpful to do some preparation before starting to develop the Work Breakdown Structure:

➤ **Research the steps that will need to be followed.**

Review published material, such as books and magazine articles, for ideas and other sources of information. You can also consult people with experience in the relevant area, or invite them to be involved in the planning as resource people.

➤ **Include the people who will do the work.**

The people who will do the work are normally familiar with the best way to structure the tasks. If they are not already involved in the planning process, it would be important to bring them into the planning team now.

How much detail should be included in your Operational Plan? There is no single answer to this question – much will depend on the context in which your project will be taking place.

● Many projects prepare an Operational Plan that sets out a summary of the tasks. It provides just the first two levels of tasks – the Objective and the main steps. This can be sufficient for clarifying the other aspects of the Operational Plan, such as scheduling, responsibilities and budgeting.

● In many projects, the third level of detail will not be identified when the initial planning takes place. Rather, it becomes the job of the people responsible for the main tasks to prepare a more detailed plan setting out the steps they will follow.

● The project may face varying levels of uncertainty – this affects the level of detail that can be placed in the plan. Routine, familiar projects will probably

face less uncertainty than projects engaged in new or innovative approaches. As such, the former can be more detailed in its activity planning, while the latter will be more cautious and experimental.

Who should develop the Work Breakdown Structure?

There are many different forms that planning teams can take. One of the descriptions below may be suitable for your situation – or you may want to devise your own approach by combining some of these ideas.

1. **Give the task of creating the WBS to an individual, and have their work reviewed by a team.**

   This approach may be suited to small, fairly focused projects, or for a small team of just two or three people. The work could be done by an individual if there are tight deadlines that have to be met. The team review is an important step, even when time is tight. The review can play an important role in assessing the quality of the plan (has anything been overlooked?), and in improving communication and co-ordination.

2. **Lead a meeting and construct the WBS with the involvement of the whole team.**
   Team meetings are very important with more complex projects. For new teams in particular, a meeting allows members to clarify their approach and developed a shared understanding. However, if the team is very big, some members are likely to contribute less fully than others.

3. **Assign small groups to develop individual components of the WBS.**

   This approach can work well once the main steps have been identified. The individual components can be handed over to the people that will be responsible for carrying them out. They can then look at them in more detail than might be possible in a larger group.

Brain-storming the steps as a team

1. Distribute cards/small pieces of paper (A5 size) to each person.

2. Ask each person to write down what they think are the critical steps, things that must happen, for the objective to be achieved.

3. Place the cards on a wall – you can use either the tabular or the chart format.

4. Organise and cluster the cards in sequence. Discuss and agree on the sequence as a group.

5. Check the following:
   ● Are there any critical steps missing? If so, make additional cards and add them where needed.
   ● Could any of the steps actually be sub-steps of the major steps? If so, place them under the major step; and proceed with analysing the major steps.

6. Finally, consolidate the steps for presentation in the Operational Planning format.

Our Example so far…

Result 2: *Agroserv provides an appropriate extension service to farmers on communal lands by advising them on crop production.*

Activity	*Progress Indicator*	*Responsible Person*	*Time-frame*
1. Develop performance standards for service and advice.			
2. Provide a skills development programme for extension advisors.			
3. Develop supervisory skills of Agroserv Managers.			
4. Review and revise the performance management system.			

Note: See *Appendix 2* for the complete Project Planning Matrix.

Progress Indicators

What are Progress Indicators?

➤ Progress Indicators identify what you hope to achieve with each step, or Activity, of the project.

➤ They will help you assess the progress you are making towards the project's objective.

➤ By setting a measurable target, you will be able to assess whether the Activity has been achieved to the desired standard or quality.

How?

1. **For each Activity, identify a tangible and measurable indicator that the Activity has been completed**.

    The indicators should be as concrete as possible, even for activities relating to processes such as "consultation" and "negotiation." This will be important in verifying what stage the project has reached when the implementation is being monitored and reports being prepared.

2. **Establish the standard to which each Activity must be completed.**

    The description of the standard might include information about:
    - Quantity   -   How many?
    - Quality   -   How well?
    - Time   -   By when? *and* How Frequently?
    - Location   -   Where?
    - People   -   Who?

3. **List the Progress Indicators in the second column of the Operational Plan document, alongside the relevant activity.**

Project indicators as mile-stones

In many countries, a stone is placed along roads at regular intervals – typically a mile or a kilometre apart. Their purpose is to help travellers by letting them know what progress they are making towards their destinations. Progress Indicators serve the same purpose as mile-stones – they tell us what progress the project is making towards its objective.

If we do not find the expected markers of our progress, then we will know that our plan is going astray for some reason. This will serve as a warning bell, and should help us identify a timely and appropriate response.

Using the Progress Indicators

Progress Indicators serve a very important purpose – they will help you review the progress you have made towards your objective. The members of the implementation team will use them to check the project's **actual** status in relation to its **planned** status, and to identify any **deviations** that might have taken place.

The indicators, if referred to regularly, will provide information to the team about the quality and the scheduling of their work. They help the team get quick feedback to identify whether any problems have developed. This allows you to decide on the most appropriate way to respond to any changes.

Some of the options for responding to deviations might include:
- repeating Activities to improve the quality of the work;
- identifying and implementing alternate Activities to accomplish the task;
- revising the schedule of the subsequent Activities, to take account of any delays;
- updating the Operational Plan to reflect any changes in Activities and scheduling; and
- adjusting the Budget to accommodate changes in the Operational Plan.

Some form of monitoring and evaluation system will be necessary if the project is to be able to use the Progress Indicators as outlined above. Some more ideas about setting up a Monitoring and Evaluation system are outlined in *Chapter 4.*

Our Example so far…

Result 2: **Agroserv provides an appropriate extension service to farmers on communal lands by advising them on crop production.**

Activity	Progress Indicator	Responsible Person	Time-frame
1. Develop performance standards for service and advice.	**Performance standards document.**		
2. Provide a skills development programme for extension advisors.	**Advisors complete the skills development programme.**		
3. Develop supervisory skills of Agroserv Managers.	**Managers receive support.**		
4. Review and revise the performance management system.	**Revised performance management system.**		

Responsible Person

Identifying a "Responsible Person"?

➤ This step in the planning process allocates responsibility for implementing the various activities to specific people.

➤ The responsibility for implementing the plan is shared among the people who will actually be doing the work (this helps **manage** the plan).

➤ By including this information in the planning document, all the plan's stakeholders are made aware of who will be accountable for which component of the plan (this addresses the issue of **communicating** the plan).

How?

1. **Identify the Activities that will be implemented.**

   This step (see page 23) will help ensure that you think of all the necessary tasks as you prepare to allocate tasks to team members and other people.

2. **Establish what experience, skills and capabilities will be needed to carry out each task.**

   This is necessary in order to decide whether the people in your team will be capable of carrying out the tasks that will be allocated to them. One way to do this might be to prepare a *"Capability Requirements Profile"* (see page 41).

3. **Identify which personnel are able to responsibly handle the tasks.**

   The next step is to find out who is available to take responsibility for the work that must be done. You could draw up a *"Staff Capabilities Assessment"* (see page 42) to identify which staff members bring the needed capabilities and experience.

   It is possible that you will need to look outside your team for people with the needed skills. *"Who will do the work?"* looks at some different ways in which people can be employed to work on the project (see page 42). It might be useful to *"Calculate staff availability"* to see how much time people can offer to the new project (see page 44).

4. **Allocate tasks, taking other commitments into account.**

Allocate each activity to a specific person. This does not necessarily mean that they will do all the work by themselves. Rather, they will be accountable for the successful achievement of their activities. The Responsible Person will lead, oversee, manage, supervise, or contract the people who will be working with him/her.

Planning for Implementation

The Capability Requirements Profile

The Capability Requirements Profile allows you to identify what capabilities will be needed by members of the implementing team in order to successfully carry out the Activities. There is a range of questions you can use to explore what skills will be needed, including:

- Will specific technical skills be needed?
- How much experience in this field is required?
- Should this be specific experience, or will general experience be acceptable?
- Are there any specific interpersonal skills that will be important for this job?

Staff who may have the necessary capabilities and experience can then be identified. The Staff Capabilities Assessment can help you look in more detail at what different members of staff might offer to the project.

Our Example...

Activity	Capabilities and Experience Required	Possible staff
Develop performance standards for agricultural extension.	Skills in research, interviewing, synthesising information. Some familiarity with extension service and small farmer support preferred.	Tom, Bheki
Train advisors.	Skills in curriculum and material development, training.	Zanele
Review and revise performance management system.	Skills in facilitation, systems development, training. Experience in management important.	Bheki

If you *do not* have people with the necessary capabilities, you might:

- consider an alternative strategy, one which draws on the existing capabilities of your staff;

- add a staff training element to the project to ensure that staff will develop the needed capabilities (this may cause a slower pace of implementation, as staff gain confidence and experience, but could be of longer term benefit to your staff and the organisation);

- you may be able to hire a short-term contract worker or contract an external consultant to bring in the needed capabilities and experience.

Staff Capabilities Assessment Sheet

The Staff Capabilities Assessment Sheet can be used together with the Capability Requirements profile.

The assessment sheet allows you to identify what capabilities and experience already exist among the members of the implementing team. Sharing this information assists the team to together identify who is best suited to take responsibility for particular activities. It may also enable team members to identify learning objectives – areas in which they would like to further develop themselves and their capabilities.

The rating allows people to identify the level of their capability. This could be assessed as being placed at three levels:

Introductory   -   basic capability.

Intermediate   -   mid-level capability, with experience in solving typical problems.

Advanced   -   high degree of capability, with extensive experience.

Our Example . . .

Name	Capabilities and Experience	Rating
Bheki	Agriculture extension diploma. 10 years experience as agricultural advisor. Specialisation in training of rural development practitioners.	Advanced
Zanele	Teacher diploma. Post-graduate diploma in adult education. Three years experience in designing training courses.	Intermediate
Tom	University degree in social science. Sociologist and researcher. One year's working experience.	Basic

Who will do the work?

Given the changing nature of the workplace and of work, there is a chance that some of the people you consider giving responsibility for certain Activities may not actually work for your organisation. At least not on a full-time basis.

Conditions of employment are becoming more and more flexible, and you should consider what form of employment best suits the people and the work that needs to be done. Here are four common forms of employment that you may encounter, or that you might consider offering to team members:

Planning for Implementation

- **Full-time staff**

  This is the traditional form of employment – people who are working full-time in an organisation and can be called on to take up new tasks and responsibilities.

  The benefit of full-time staff is that they are already working in the organisation. If necessary, they can be pulled off other work to give attention to the new project. However, they are not always flexible, due to commitments to the organisation and to the project. Their time might also be more expensive than some of the other options, as the organisation will need to cover all their salary, benefits and overhead costs.

- **Part-time staff**

  Part-time staff will work normally for a few hours each week or month. They can often be flexible about when they work these hours, and can be available at short-notice to assist the project. They can contribute specialist capabilities to the project team, and can be hired for tasks that do not create enough work to occupy a person on a full-time basis.

  A constraint in using part-time staff is that they may have commitments outside the project. This could mean that they might not be able to work overtime when needed, and may not be able to travel on project business.

- **Staff working on contract**

  The project can recruit people on fixed-term contracts, employing them for only as long as their capabilities and experience are needed by the plan. This means that a project can recruit a person with a specialist capability for only that phase of the project requiring these skills. This can represent a huge saving in staff costs, as the person is not being "under-employed" while they wait to work on their main area of responsibility.

  A drawback of working with contract staff is that their skills are not absorbed by the organisation – they leave with the contract worker. It can also be difficult to find a suitable person who is available when the project needs them – this may cause some delays in the implementation schedule.

- **Consultants contracted to do the work**

  Using a consultant can be a very helpful way to accomplish certain tasks. By contracting them, you can ensure that people with the needed capabilities will be available when they are required by the project. As with contract workers, you need only pay consultants for the work that they do.

  However, consultants need to be managed carefully, and the quality of their work must be monitored. This can be difficult, as much of their work may

take place outside the project's offices, and only the final product is seen. As a final resort, payment can be withheld if the work does not meet the quality specified in their contract.

A realistic calculation of staff availability

When you establish the timeframes of your plan, it is helpful to know how much time various people will have available to work on all the activities. The time people have available will clearly have a major influence on how long it will take to successfully complete the plan.

The most important thing to remember is that people have many commitments, all of which make demands on their time. By recognising this and making allowances for it in your planning, you are more likely to schedule realistic work-loads over the life of the project.

The calculation below provides a guideline as to how much time people will have available to work on the project:

<div style="border:1px solid">

If a person works **every working day of the year**
(52 weeks x 5 days)   **260 days**

Less: **Legally required breaks**
(These will vary from country to country, depending on relevant labour law)
    Public holidays (10 days)
    Annual leave (20 days)
    Sick leave (10 days)   (-40 days)
                                                                         220 days

Less: **Organisational commitments**
(These are probably conservative figures for the time that people in an organisation should be spending on maintaining their organisational home)
    Organisational meetings and processes (24 days/year)
    Organisational evaluations and planning (4 days/year)
    Learning and development (12 days/year)   (-40 days)
                                                                         180 days

</div>

By this calculation, a person available to work on your project "full-time" has only 180 days, or 15 days a month, free. This is equal to 30 hours a week.

Staff may be involved in more than one project, which will further reduce the number of days they might be available. Also, remember to allow time for processes that build the project team, and for administrative and management work. Once you have made all these deductions, you will have a more realistic sense of how much additional work people will be able to take on.

Who will take responsibility?

Sometimes, the tools that have been introduced over the previous pages will not help you identify a particular person to take on responsibility for a particular Activity. The tools can only help you assess what will be needed, and to consider who might be available for what is required.

In addition to capability and availability, there are a few other ideas that can be used to identify and select who will finally be responsible for the Activities.

An important factor in many cases can be the interest that people show in taking on new responsibilities. There may be different reasons why people show interest:

● **It is your job responsibility**.

The work that needs to be done fits with the reason you were employed. Even if you have other commitments, you will still need to take on responsibility for these tasks.

For example, a Financial Administrator would normally take responsibility for book-keeping tasks; they would not be done by someone outside this department.

● **You are available**.

There may be a number of people who share a job responsibility, or the capability to carry out the task. However, you may be the only person available to take on this new responsibility because the others are occupied with other commitments.

● **You are interested and willing to do this**.

Sometimes there is a pool of people who can do the work and are available to take responsibility for it. One way of allocating the responsibility is to give it to the person who expresses an interest in carrying out the particular task.

● **It provides you with a developmental challenge and opportunity**.

At times, even if there are capable and experienced people available, there is good reason to give the task to someone who will benefit from the experience. Projects often present good opportunities for professional development. A suitable supervisor or coach should be available, and there should be regular review of progress by the responsible person.

Our Example so far…

Result 2: *Agroserv provides an appropriate extension service to farmers on communal lands by advising them on crop production.*

Activity	Progress Indicator	Responsible Person	Time-frame
1. Develop performance standards for service and advice.	Performance standards document.	**Researcher (Tom)**	
2. Provide a skills development programme for extension advisors.	Advisors complete the skills development programme.	**Training Advisor (Zanele)**	
3. Develop supervisory skills of Agroserv Managers.	Managers receive support.	**Training Advisor (Zanele)**	
4. Review and revise the performance management system.	Revised performance management system.	**Organisational Advisor (Bheki)**	

Planning for Implementation

Time-frames

What is the time-frame?

➤ The time-frame component of the Operational Plan identifies how much time is needed to achieve each Activity.

➤ It identifies when an Activity can begin and by when it must be completed.

➤ This allows you to co-ordinate scheduling during the planning stage, and to smooth out potential clashes, overlaps and bottle-necks. Co-ordination and clear communication around timing can reduce the risk of delays during the implementation stage.

How?

1. **Identify the date by when the project's objective must be accomplished.**

   This date is sometimes a given, as it has been identified through prior planning (such as a project planning process). At other times, the deadline date may have to be established through the process of scheduling, as it is not known just how much time will be required to complete all the Activities.

2. **Establish the realistic starting date for the implementation of the project**.

   The starting date may not be known with any certainty if the project is still waiting for approval by donors and for the release of funds. The starting date may also be affected by the availability of staff and the time needed to set up a project office if needed.

3. **Calculate how much time will be needed to complete each Activity.**

   Take the time available to work on tasks into account here. A task requiring five days work may actually take place over two or three weeks because of other commitments. The prior experience of staff in doing this work will also influence how quickly they will be able to complete tasks.

4. **Set the earliest start and the latest completion dates for each Activity**.

   Don't forget that staff are entitled to holidays. Events scheduled in the organisation calendar may take staff away from project work. There may be other factors which influence how much time should be set aside for each Activity.

5. **Review to assess whether there are any overlaps or gaps between Activities**.

   If necessary, re-schedule Activities to ensure a more smoothly integrated implementation. If this is difficult, it may be necessary to select alternate Activities.

Estimating the time needed for an activity

How do you know if you are being realistic in estimating the time you will need to successfully implement your plan? If you have miscalculated in this important area, it can have huge implications at a later stage on quality and your costs.

It is not possible to forecast with precision how much time it will take to implement either a single activity or indeed the plan as a whole. There will always be something that will arise to change your estimates! So it is important to prepare your estimates with time already built-in to allow flexibility to deal with unexpected changes.

Here's one way to estimate the time needed for an activity:

1. List all the activities of your plan, and estimate the amount of time in hours that each activity will take. Add up the total number of hours that will be needed.

2. Divide the total number of hours you have identified by the amount of time you will have available each week to implement the plan.

   One way to identify how much time staff will have available to work on tasks is introduced in *A realistic calculation of staff availability* in the previous section (page 44) .

   Assume that a working day equals eight hours. This means that you can expect staff to have the following time available:

   - Full-time: probably means only 3 ¾ days per week = 30 hours
   - Part-time (assuming commitments to other projects): 1 day or 2 mornings per week = 8 hours

3. Multiply this figure by 50% for errors in calculation and for unforeseen problems. This will give you the **shortest amount of time** it will take to implement your plan.

4. Now look for any other factors which may slow down the process of implementing the activities. Adjust your time-scale to reach a new figure for the **longest time** needed to do the project.

    Examples might be that a staff member resigns and needs to be replaced, or it takes longer than expected to consult and get the support of key stakeholders.

This is a fairly quick way of getting a rough estimate of the time involved in implementing the plan. It can save you a lot of problems at a later stage!

This tool is drawn from Gawlinski, G & Graessle, L (1988) **Planning Together: the art of effective teamwork** London: NCVO Publications

Our Example...

Step 1:   Hours required to complete tasks   590 hours

Activity Time required – in hours (estimate)	
1. Develop performance standards for service and advice.	80
2. Provide a skills development programme for extension advisors.	240
3. Develop supervisory skills of Agroserv managers.	170
4. Review and revise the performance management system.	100
Total time required (estimate)	*590*

Step 2:   Number of weeks required   20 weeks

Assuming members of staff are all available full-time, and are not working on other projects…

Hours required	590
Hours available per week	30
therefore:	
Number of weeks required	20

Step 3: **Shortest amount of time realistically possible** **30 weeks**

Allowing 50% more time to allow for unforeseen problems… add a further 10 weeks.

Step 4: **Longest amount of time realistically possible** **35 weeks**

Allowing for other factors (e.g. seasonal demands on agricultural advisors)… add a further 5 weeks.

*Based on this assessment, the project decided to allow **35 weeks** to complete all the required activities.*

Our Example so far…

Result 2: Agroserv provides an appropriate extension service to farmers on communal lands by advising them on crop production.

Activity	Progress Indicator	Responsible Person	Time-frame
1. Develop performance standards for service and advice.	Performance standards document.	Researcher (Tom)	By end of 6th week
2. Provide a skills development programme for extension advisors.	Advisors complete the skills development programme.	Training Advisor (Zanele)	By end of 30th week
3. Develop supervisory skills of Agroserv managers.	Managers receive support.	Training Advisor (Zanele)	By end of 25th week
4. Review and revise the performance management system.	Revised performance management system.	Organisational Advisor (Bheki)	By end of 35th week

Planning for Implementation

Visualising the schedule using a Gantt Chart

A picture is always helpful, particularly in visualising how time will be used. One of the best tools for doing this with an Operational Plan is the Gantt chart. (Don't worry – Gantt is not another abbreviation. The tool was developed by Henry Gantt).

1. **Identify what unit of time you will use. Create a table with that number of columns, and label each column.**

    Useful units of time might be weeks, months or quarterly (three-monthly) intervals. It all depends on the duration of your project.

    In a three-year project, using weeks as your unit of time would mean over 150 columns in the plan! In that case, it might be more useful to divide each year into three monthly intervals.

    On the other hand, if you are planning for one year, quarterly intervals will probably not give you the level of detail you will need. Monthly intervals would be more appropriate.

Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec

2. **Add an additional column to the chart. Place one Activity from the Operational Plan in each row of this first column.**

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
Activity 1												
Activity 2												
Activity 3												

3. **Illustrate on the chart when each of the Activities will be carried out.**

    You can visualise the Activities in different ways:

    ● An activity that will be carried out during a defined period can be illustrated by filling in the relevant boxes between its start and end dates with a light shade.

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
Activity 1	▓	▓	▓	▓								
Activity 2												
Activity 3												

You can use light shading in this way even if you do not plan to be working 'full-time' on the activity – this can show that you will be working on this activity on an ongoing basis over the shaded period.

- If an activity will be carried out continuously over a certain period, this can be illustrated by using a solid colour to fill in the boxes.

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
Activity 1												
Activity 2				██	██	██	██	██				
Activity 3												

- A further visual tip is for activities that take place at intervals (such as reporting activities). You can use a light shade to indicate each of the periods when you will be working on the activity, or you can insert a symbol.

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
Activity 1						△						△
Activity 2												
Activity 3			▓			▓			▓			▓

Our Example…

Objective: Agroserv provides an appropriate extension service to farmers on communal lands by advising them on crop production.

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
1. Performance standards developed.			▓	▓								
2. Extension advisors developed.					▓	▓	▓	▓	▓	▓		
3. Managers developed as supervisors.					▓	▓	▓					
4. Performance management system revised.				▓					▓	▓		

Some applications of the Gantt chart

For planning:

➤ **The Gantt chart can reveal if there are any overlaps or clashes between Activities.**

One Activity may be scheduled to start before its preceding Activity has been completed. To deal with this, review the timing of the Activities, and revise the schedule.

You may learn that a single staff member has been scheduled to work on parallel activities. This can be resolved by reviewing the allocation of responsibilities and the availability of staff:

- It may be possible to assign some of the responsibilities to other people.
- If no one else is available, you might consider bringing an additional person into the implementation team.
- You may have to revise the schedule so that the affected team member is able to deal with all their responsibilities.

➤ **The chart can show up gaps in the schedule.**

There may be a significant delay between one Activity ending and the next one starting. Establish why this has happened – there may be a very practical explanation (staff have other prior commitments, there is a break for holidays, etc.).

If necessary, revise the schedule and minimise the delay between the Activities.

For project monitoring:

➤ **It can help you review the progress you are making.**

The Gantt chart provides a visual reminder of where you expected to be at any stage of project implementation.

If there are any significant changes between the intended and the actual time spent on Activities, you may decide to re-schedule key dates in your plan. This means updating the Operational Plan, and the Gantt chart along with it.

➤ **When you update a Gantt chart, reduce confusion by clearly identifying the revised edition.**

Make sure that everybody who needs it gets a copy.

In Summary

What we have achieved so far:

➤ A format for developing and presenting the **Operational Plan** has been introduced.

- An approach to identifying the **Activities** has been explored.

- There is a need for appropriate **Progress Indicators** that will help you assess what you have achieved.

- The requirements for **people that will be responsible** for the work have been examined.

- Some tools to identify and visualise **Time Frames** have been presented.

The Operational Plan serves as a framework, or a guide, for how the work will be carried out. It should not become a rigid, inflexible document. Rather, it should be updated when things change and this becomes necessary.

The Operational Plan should also serve as a tool to communicate with all interested parties what the project intends to do. Keeping your target group and stakeholders informed of your progress (or problems) will play an important role with regard to how people will respond to your project's activities.

The Financial Plan

What is the Financial Plan?

The Financial Plan results from a number of financial planning steps. As the name suggests, it sets out what financial resources your project will need, and how they will be used to achieve your objective. There should be a close and strong link between the Operational Plan and the Financial Plan.

The Financial Plan is a very important resource as you prepare to manage the work you have set for yourself in the Operational Plan. By taking time to engage in financial planning, you will be able to:
- identify what it is likely to cost to implement the activities;
- analyse what sources of financial income you will draw on to cover your costs; and
- assess whether you will have enough money in the bank when you need it to cover your expenses.

The Financial Plan is similar to the Operational Plan in that both are ways of planning and managing your work. Once you have prepared your Financial Plan, the way you go about implementing your activities can be guided by the information it contains. The Financial Plan makes it possible for you to:
- receive regular reports on the financial performance of the project;
- make comparisons between the actual and the expected financial performance figures; and
- make informed decisions that guide the work through the reality of its operating environment.

The Financial Plan needs to be practical and easy to use. Its purpose is to support you in the work you do. It can provide you with a basis for deciding whether or not you should make any changes to your Operational Plan. This can help you ensure that you will have sufficient financial resources to achieve the objectives you have set for your project.

What kind of Financial Plan?

There are some basic and standard financial tools that have been developed over time by accountants and bookkeepers. These tools can do a good job of supporting your work, as long as they are based on *realistic* financial figures!

In order to have a practical and realistic Financial Plan, you should prepare the following three documents:

1. **Cost Estimate**
    This helps you to realistically determine what it will cost to implement your Operational Plan.

2. **Budget**

   This document sets out your estimated expenses (costs) and the income that you anticipate you will receive to cover these expenses.

3. **Cash Flow Forecast**

   This presents your income and expenditure targets on a monthly basis. This is an important tool in helping you assess whether you will have the necessary funds in the bank when they are needed to cover expenses.

Unlike the single Operational Planning document, the Financial Plan consists of these three financial planning documents. On the following pages, we will look at each of these in turn.

Cost Estimates

What are Cost Estimates?

➤ The costs are the financial expenses you will face as you implement your project (following the steps in the Operational Plan).

➤ You will probably need to make use of a wide range of inputs if your project is to be successful. Inputs include people, information, equipment, skills and capabilities. However, most of these inputs will have a cost attached to them, for which someone must pay (few things in life are free!).

➤ Once you have established what it will cost to achieve your objectives, you will want to monitor and manage the expenses. Knowing the cost estimates will place you in a better position to control the actual costs for various activities. You will be better equipped to address problems such as activities which have been under-budgeted.

In this section, you will be introduced to **Activity Based Costing**, one approach to preparing the Cost Estimates. This is a useful tool that practically assists you in preparing realistic costs for each activity. This provides you with a good foundation from which to manage the expenses once you start implementing the work.

How?

1. **Prepare the activities of your Operational Plan.**

   The steps for this have been outlined in *Chapter 2*.

2. **Estimate the realistic costs you will incur in the process of implementing all the activities of your Operational Plan.**

   These are the operational costs of your project. For ideas on how to do this, see *Operational Costs* (page 61).

3. **Identify what additional costs you will face, and select an appropriate Cost Estimate framework**.

These may include organisational and staffing costs. See the resources in the following pages for additional information (*Organisational Costs* and *Staffing Costs*, pages 64 and 69).

4. **Summarise all these costs in the budget** (see the next section on page 73).

A simple framework of costs

There are many different ways of calculating the costs your project will face. At the simplest level (which suits the great majority of project situations), there are three major areas you will need to accommodate in your estimate of costs:

● **Operational costs**

The operational costs are the costs of actually carrying out your work. These are the costs that are related to the activities you have identified. If you had selected a different strategy to accomplish your objective (and thus different activities), you would be facing different operational costs.

The operational costs will only be incurred when you carry out tasks related to the project's activities. Examples of this are hiring venues for meetings, paying for the printing of pamphlets and the cost of accommodation when you travel.

Operational costs are also known as **direct costs**, because they are incurred directly by the project.

● **Organisational costs**

Each project needs an organisational base, along with management support and administrative services. It may carry these costs alone, or it may share them with other projects and departments in a big organisation.

Even if the operational strategy of the project changes, the organisational costs will remain constant. They will be incurred at a regular rate, no matter how active or inactive the project's operational work might be.

Examples of organisational costs are rent, insurance, board meetings and the auditing of financial statements.

Organisational costs are also known as **indirect costs**, as they support rather than directly contribute to the achievement of the project's objectives.

- **Staffing costs**

    In some organisations, people work on more than one project at a time. Yet their employment contracts are likely to be with the organisation, rather than the individual projects. The organisation may then recover the costs of employing these staff people from the projects on which they are working.

    Staff costs may include the salary that is paid each month, as well as the employer's contributions to their benefits (pension, medical aid, etc.) and a share of other related costs.

    Staffing costs are also **indirect costs**.

In addition to these three costs, a fourth area is occasionally added to cost estimates:

- **Capital costs**

    You may need certain expensive items for your project. Because they cost so much, and tend to be one-time payments, they are sometimes identified in a separate area known as the capital costs. The name comes from the private sector, where a large portion of "capital" or investment funds would be needed to acquire these items.

    Cars and industrial machinery are examples of capital costs. Capital costs may be used by all parts of the project, or they might only be required for a particular activity.

Operational costs

The operational costs are the costs you will face as you implement the project. They do not include the costs of staffing and managing the project – these will be identified in a further step.

While there are many different kinds of activities that you may carry out, it is likely that you will require certain basic elements to make them happen. These basic costs can be grouped into four main categories:

- **Materials**

    These are the things that you will be using on a daily basis to carry out your work. And because they will become used up, or consumed, they will need to be replaced.

Examples of this might include office stationery, computer software, professional books and subscriptions to relevant magazines and journals. An agriculture project might include the cost of such items as seeds, watering cans, cement, fencing poles and wire fences.

- **Equipment**

  These are the professional tools that you will rely on to support you in your work. Each project will need appropriate tools, especially as there is such a strong reliance on computer-based technology and on automated processes in modern society.

  Laboratory equipment, agricultural tools, manufacturing machinery, computers and printers are all examples of equipment that different kinds of projects may need.

- **Transport**

  The costs of moving people and equipment to the right place, and on time, can often be quite large. If the project has purchased a vehicle, the transport costs will help you estimate what it will cost to keep it in running order.

  Don't forget to include the costs for such items as petrol and oil, regular services and maintenance, insurance, and parking.

- **Services**

  No matter how large or small your project, you are likely to need external service providers from time to time. They can provide you with specialised services that you may only need from time to time.

  Examples of services might include hotel and workshop accommodation, maintenance of equipment, catering, printing manuals, and car rental.

One way to help you identify which costs you will face is to use the four categories in a matrix such as the one on the next page.

Activity:			
	Unit cost	**Quantity**	**Total cost for item**
• *Materials* • *Equipment* • *Services* • *Transport*	*The unit cost is the cost of a single item, or one unit. Cost per day, per kilometer, per person.*	*This identifies how many units you will require for the activity.*	*Multiply the total number of units by the unit cost.*
Total cost for Activity			***The sum of all the individual costs***

It is useful to identify the cost of each Activity. While it can be time-consuming, it will be much simpler to update your budget at a later stage if either the unit cost or the required quantities should change.

Our Example…

This example identifies the costs of taking 15 extension advisors away on a three-module, 15-day, training programme. The following costs have been estimated:

Services
Trainer fees:
   The plan involves contracting two external consultants to provide the training.
Training materials:
   Materials will be sent to a printing shop to be copied for each participant.
Venue hire, meals and accommodation:
   A workshop venue will be used to accommodate the programme.

Transport
Transport to venue:
   Mini-van taxis will be hired to transport the extension advisors to each of the workshops.

Extension advisors developed	*Unit cost*	*Quantity*	*Total cost for item*
Trainer fees (per day)	*2,000*	*30*	*60,000*
Training materials (per person)	*150*	*15*	*2,250*
Venue hire (per day)	*500*	*15*	*7,500*
Meals (per person per day)	*50*	*225*	*11,250*
Accommodation (per person per day)	*200*	*225*	*45,000*
Transport to venue (per workshop)	*1,000*	*3*	*3,000*
Total:			*129,000*

Note: *This is not the full cost of carrying out this activity, as it does not include the time staff will spend on developing the course and overseeing the outside trainers who will run the course.*

Organisational Costs

Every project needs an organisational base from which to carry out its activities. In situations where a project is independent and free-standing, it may provide its own base. In most cases, though, a project is likely to be housed in an existing organisation. In either case, the project will be responsible to meet at least a portion of the costs of running the organisation.

The costs can be identified in four categories:

- **Management**

  A project manager or team leader may lead the project, and they will be responsible for the successful accomplishment of the project's objectives. However, in many organisations, this manager can draw on the support of other managers and directors.

  In addition to project support, an organisation's managers will often be responsible for a wide range of tasks. They need to lead the whole organisation, giving attention to its strategic positioning in an ever-changing environment. They will attend to the needs of the various staff members, departments and projects located in the organisation. They will be concerned with the future of the organisation as a whole, seeing to it that it will have the appropriate resources to carry out its mission in the coming years.

  Management costs may include the salaries and benefits of managers not working in a project, air travel for meetings with donors, and the cost of attending workshops and conferences.

- **Administration**

  Few projects will generate the volume of work that will require their own full-time administrative staff. Even if a project employs some administrative staff, it is likely to make use of the administrative support offered by the organisation. This can range from the receptionist, secretarial and typing services, cleaners and messengers, through to financial administration and office management.

  These administrative services support both projects (the programme work of the organisation) and the organisation as a whole.

  Administrative costs may include salaries and benefits, as well as the specialist equipment and materials that this work often requires.

- **Governance and Organisation Development**

  Management and administrative costs may keep an organisation functioning today, but they may not be sufficient to ensure that the organisation will still be effective in the future.

  Some resources need to be given to the governance of the organisation (the recruitment and work of its Board or Trustees) and to its ongoing development.

  Organisation Development costs may include strategic processes, team-building, organisational reviews, clarifying values and purpose, and working with consultants on financing strategies.

  There may be other investment costs that are important to keep an organisation informed and current, such as investing in a resource centre to keep staff up-to-date in their fields of professional practice.

- **Overheads**

  The final category relates to the cost of keeping the organisation functioning. These are the costs of renting or owning office space, lights and water, insurance, maintenance, decoration, cleaning, furniture, refreshments, and so on.

  These costs make sure that there will be a roof over the heads of staff, allowing them to do their work and implement their projects in a safe and secure environment.

Our Example…

The Vingo Subsistence Agriculture Project will be implemented by the Malawana Rural Development Agency, and it will join a number of other projects that are already ongoing in the organisation.

The Malawana Rural Development Agency has been preparing its budgets for the next three-year period. The Director recognises that it is difficult to identify all possible expenses so far into the future, so the budget will serve as a forecast of expected expenses.

This will help ensure that any new projects taken on by the organisation (such as the Vingo Subsistence Agriculture project) will not under-budget their share of organisational costs.

The MRDA Organisational Budget for 2002 - 2004 is over the page.

MRDA Organisational Budget 2002-2004

	2002	2003	2004
1. Management			
Salaries	200,000	220,000	240,000
Donor liaison	10,000	12,000	15,000
Conferences/Workshops	10,000	12,000	15,000
Fundraising	15,000	18,000	20,000
2. Administration			
Salaries	400,000	440,000	500,000
Computer equipment	40,000	0	20,000
Software	5,000	0	4,000
3. Governance and OD			
Board meetings	10,000	10,000	10,000
Organisational processes	30,000	60,000	40,000
Resource Centre	10,000	12,000	14,000
4. Overheads			
Office rental	120,000	140,000	170,000
Lights and water	5,000	6,000	7,000
Insurance	10,000	10,000	10,000
Maintenance	10,000	10,000	10,000
Annual totals:	875,000	950,000	1,075,000
TOTAL			2,900,000

Calculating your share of organisational costs

While some of the costs identified on the previous pages may appear to relate more directly to the project's implementation than others, all of them are needed if the host organisation is to function well and engage in continual development. And a strong and well-functioning organisation is to the benefit of your project.

There are different ways of calculating the share of organisational costs your project should carry. Much will depend on the nature, size, complexity and policies of your organisational base. The policies of your donor may also have an influence.

Here are some common options for identifying the share of organisational costs for which your project might be responsible:

1. **The project carries out all of the organisation's programme work**

    This situation is common in small NGOs which provide a limited range of services, as well as cases where donor funding is intended to finance the organisation as a whole.

In such cases, the organisation's staff and resources will be either actively involved in implementing the project, or in supporting it with administrative and management services. As the illustration below suggests, it is often difficult to see the boundary between the project and the organisation:
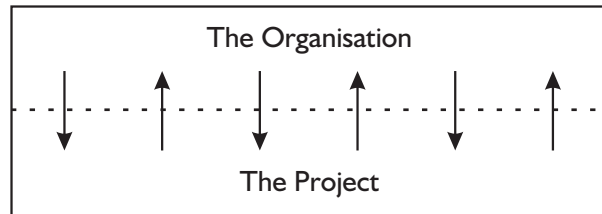

In such situations, the project should carry 100% of the organisational costs.

2. **The project is one of a number of projects in the organisation**

This situation is common in organisations with a number of different departments and projects, and where it is common that each project is funded by a different donor.

The organisational resources will be used by all the projects, and thus should be divided between them. However, as projects may differ in size and complexity, they may be drawing on different shares of the organisational resources.
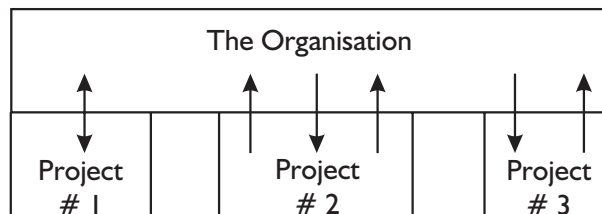
While the simplest method would be to share the organisational costs equally between all the projects, this places a heavier burden on smaller projects – a burden which some donors might not be willing to meet.
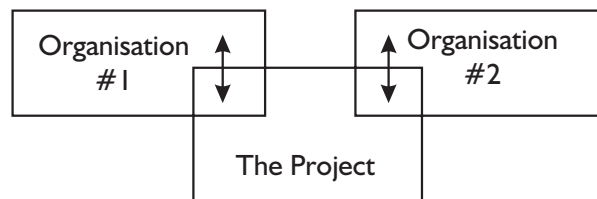
There are a number of ways to more fairly calculate what portion of organisational costs should be carried by each project. Here are three possibilities:

• Divide the costs on a percentage basis, according to the number of staff working on each project.

• Divide the costs on a percentage basis, according to the amount of office space occupied by each project, in relation to the other projects.

• Divide the costs on a percentage basis, according to an assessment of the management and administrative demands each project will place on

the organisation (certain donors may have more time-consuming accountability requirements).

3. **The project is a partnership between two or more organisations**

This kind of project is common when different organisations have joined forces to tackle a common problem, or to implement a contract they may have been jointly awarded. In many cases, they have decided to work together because each contributes specialist expertise that complements the contributions of the other organisations.

```
┌──────────────┐        ┌──────────────┐
│ Organisation │ ↕      ↕ │ Organisation │
│     #1       │        │     #2       │
└──────────────┘        └──────────────┘
         │  ┌──────────────┐  │
         └──│ The Project  │──┘
            └──────────────┘
```

Recovering some organisational costs from a project represents a source of income for organisations – and can also be a source of conflict between them! It is important that partner organisations should clarify from the outset what they will contribute to supporting the project, and what it will cost them to do so.

Two ideas for arranging the responsibilities are:

● **Place the project in one of the partner organisations**.

The project will be treated like all other projects already in that organisation, and will be responsible for paying a share of that partner's organisational costs.

This option is appropriate if the project treats any contributions from other partner organisations as *operational* expenses, and pays them as it would pay any other service provider.

● **Establish an independent project office.**

The project will not pay any contribution towards the organisational expenses of any of the partner organisations. Instead, it will establish its own management, administrative and governance systems. If it needs any further support from the partners, it can treat them as service providers and pay them accordingly.

This situation would probably not be feasible for smaller projects, as the benefit of sharing costs will be lost. Donors may not be willing to meet the additional costs associated with an independent office if the size and complexity of the project does not require it.

Our Example...

While the Malawana Rural Development Agency has its headquarters in the capital city, it does have a branch office in the same province as Vingo District. A decision has been made to house the project in this office.

The policy of the Malawana Rural Development Agency is that its projects must meet a percentage of the organisational costs. A budget for organisational costs has been developed, and the allocation of the costs between the various projects is given below:

MRDA Organisational Budget 2002-2004

	Percent	*Amount*
1. Bee-keeping project	10	290,000
2. Rural livelihoods research project	5	145,000
3. Echobe livestock project	15	435,000
4. Mass media education project	10	290,000
5. Women farmers support project	15	435,000
6. Mtinga Subsistence Agriculture project	20	580,000
7. Dept of Agriculture support project	10	290,000
8. Vingo Subsistence Agriculture project	15	435,000
Total:		**2,900,000**

Staffing Costs

There are a number of different ways in which the project may be staffed – some of the options were identified on .

Depending on how it is staffed, the project may have to carry either all or a portion of the cost to the organisation of employing the members of the implementing team.

Remember, staffing costs are more than just salary costs. They may include benefits (pension or retirement annuities, medical aid, bonuses and unemployment insurance). They may also cover further costs, such as recruitment and staff development.

● A person who spends all their time working on the project (whether they are full-time or part-time) will "charge" the project 100% of their costs.

● A person who works only a portion of their time on your project, and spends the balance of their time working on other projects or in other departments,

will only charge the project for that percentage of their time that they work in the implementing team.

While it is normally not practical to further divide staff costs between various activities within the project, it may sometimes be necessary. Some situations which may call for this include:

- Different donors are funding different parts of the project, and they require that you charge staff costs to the activities they are supporting.

- A person is only working on one activity (such as a part-time staffer, a contract worker or a short-term consultant).

A word about volunteers

Some projects make use of volunteers because they do not employ staff (their project may be too small to warrant staff, or they may work from an ideological position about voluntary work). Other projects draw on volunteers to supplement the work of salaried staff members.

It can be a good idea to calculate the contribution that volunteers are making to the project. They often do work that the project would otherwise have to employ someone to carry out.

By calculating the cost of volunteers, it also becomes possible to demonstrate to donors the value of the contribution being made by people who value and support the project. The calculation can be based on what it would cost to employ a person to do similar work.

This contribution is sometimes known as "sweat equity"!

Don't forget about these costs!

1. **Start-up costs**

    These are the one-off costs involved with launching or establishing a project. Staff recruitment costs, moving in costs, building adaptations and launch publicity costs are often underestimated or create an early cash flow problem.

2. **Slow start**

    Sometimes services start more slowly than anticipated. Organisations that sell their services or receive contracts based on units served can experience below target performance at what can often be an expensive time due to extra costs involved in the service's start up.

3. **Research and development**

    Costs involved in consultation, needs identification and improving existing services are often expensive and should be built into service budgets and plans to demonstrate good management practice.

4. **Democracy and governance**

    Often projects and services have advisory committees and stakeholder groups that guide their work. The cost of establishing such bodies, training their members and ensuring they run efficiently needs to be included.

5. **Cash Flow**

    Many projects operate on very tight cash flow plans. A delayed payment from a funder or unanticipated expenses can easily knock a budget off course. Anticipating cash flow problems and making necessary arrangements to survive a cash shortage (such as arranging a bank overdraft) can lead to extra costs.

6. **Marketing**

    Publicity costs, communication and image-building costs are often ignored, leading to poor or amateurish public relations that can cause credibility problems.

7. **Management and administration**

A new project will usually demand extra management and administrative time and space from the main organisation. There is a danger of simply adding on projects and activities until the systems break down. Extra admin time, salary costs, computer usage and management time all need to be calculated.

8. **Replacement and repair**

Capital items, such as computers, office equipment and other resources, will need replacing at some stage. Buildings need maintenance on a regular basis. Many organisations have a replacement fund which accumulates cash for such costs. Do the contributions to the replacement fund reflect the realistic costs?

9. **Contingency**

Staff maternity leave, sickness cover, legal costs and emergency repairs are all examples of contingency costs. Some organisations hold a central contingency fund to which all projects contribute. Insurance cover can meet some contingency costs.

10. **Close down costs**

There will often be costs involved in closing down a fixed term project. These might include evaluation costs, accounting charges, repairs and replacement costs of loaned equipment and buildings, and staff costs.

Drawn from Lawrie, A. (1994) **The Complete Guide to Business and Strategic Planning: for voluntary organisations** London: Directory of Social Change

---

A quick summary of the costs

- **Operational costs** are the costs of carrying out the project activities. The project is responsible for 100% of these costs.

- **Organisational costs** are the costs of housing and managing the project and the organisation in which it is located. The project will usually carry a certain percentage of these costs, and may in certain cases be responsible for 100% of the costs.

- **Staff costs** are the costs of project personnel. The project's share of these costs will depend on what percentage of time is spent by various members of staff on project activities.

Developing the Budget

What is the Budget?

► The budget is an overview of the expected income and expenditure of the project. It groups the income and expenditure into several categories which can help you manage costs during implementation.

► It is a summary of key financial information about the project. The budget provides a useful way of communicating this data to people who have an interest in your work.

► Development projects typically identify their planned expenses before they consider sources of income. This helps to set the target for financing the work that must be met by fundraising and from other sources of income generation.

► A project budget, unlike an organisational budget, must balance – the income must equal the expenses. If sufficient funds are not raised, it will be difficult to complete all the activities as planned. Once the work has started, it can be very difficult to make up a shortfall in project income from other sources. Organisational budgets can make provision for the long-term life of the organisation by including funds for sustainability and making long-term investments.   A project, in contrast, is set up in order to accomplish certain objectives. It does not need to make provision for long-term work.

How?

1. **Calculate what expenses your project will incur.**

   Make sure that you have identified all the operational, organisational, staffing and capital expenses that are relevant to your project. The previous section on "*Cost Estimates*" covers these in more detail (see pages 59-72).

2. **Identify which sources of income will cover the expenses.**

   This will be explored further in this section (see page 75).

3. **Draw up the budget, making sure that the income equals the expenses.**

4. **If your budget does not balance, you can make some revisions.**

   You could consider:
   - revising the Operational Plan (and thus the expenses) to better match the realistic income targets; and
   - revising the income-generating strategy to secure the resources required to cover the planned expenses.

Budgeting for what period?

You may be asked to prepare more than one budget for your project. This is common when the project extends over more than one year – donors and other decision-makers may want to know how funds will be used in each year of the plan.

We can distinguish between two types of budgets:

- **Project budget**

  This budget will cover all the expected expenses for the whole project period. It provides you with the total expenditure that must be covered by incoming funds for the project to be implemented.

- **Annual budget**

  In the case of projects that will run for more than a year, the annual budget breaks the project budget down into the expenses for one year.

  This is not as simple as dividing the project budget by the number of years over which the project is scheduled to run! While this would give you annual budgets of equal amounts, this does not recognise the reality of project life.

  Many projects have slow start-up periods while they engage in preparatory activities, and build towards peak performance. They may need a smaller share of the income during this time. Other projects may plan on high start-up costs because of purchasing major equipment, and will have lower expenses in subsequent years.

  The best way to develop the annual budget is to look at the activities that are planned for each 12-month period. The cost of these activities will inform the annual plan.

  Once implementation gets underway, the budgets for subsequent years may need to be revised. There might be changes in the project strategy or in the project environment that require changes in the activities. These changes, in turn, may lead to changes in the project budget, and thus to the annual budgets.

Check with your host organisation and your donors as to what types of budgets you will be required to develop.

If you need to prepare annual budgets *and* a project budget, it can be helpful to compare one with the other. One way to present the information in one document is shown below:

	Year 1	Year 2	Year 3	Project Budget
Income	*This will be the planned Income and Expenditure for the first year of the project.*	*This is the income and the costs of the project for its second year.*	*This will be the cost of running the project in its third year.*	*This column records the total income and expenditure for the whole project period.*
Expenditure				

Possible sources of income

There are a number of different sources of income for your project. Rather than relying on a single source of funds, it is likely that you will draw on a combination of sources to generate the income needed to cover your expenses.

- **Sales**

  Many projects produce a range of products, publications and other materials that can be sold. This income can be used to recover some of the production costs; any surplus income might be used to finance new materials or to improve quality.

  Some donors do not allow products they have financed to be sold for profit, even if the proceeds are used to finance the work of a non-profit organisation. Check with your donor whether you will be able to sell the things you plan on producing.

  Income from sales will only become available once the product exists. This means that development and production expenses will have to be covered from other sources. If you anticipate receiving income for the project from sales, don't forget the cost of marketing and distribution.

  Sales can be an unreliable source of income, especially if there is low market demand for the product, high competition, or if the price is too expensive for the target market.

- **Consulting fees**

  Some projects provide services (such as training, evaluations and research) for which people are willing to pay. This can be a lucrative source of income for a project. However, consulting work could take staff away from their funded work and may interfere with project schedules.

  This option can be a real choice if donors are not willing to cover all your expenses, and if you offer services for which a paying market exists. The additional demands placed on staff time should be reflected in a revised implementation schedule.

  The requirements of the Operational Plan should still take priority over consulting opportunities – after all, the funding for the project's objectives is likely to contribute the largest portion of your income.

- **Cost recovery**

  This involves charging other projects and organisations to use your facilities and equipment. The additional income from sharing such items as office space, secretarial services and photocopiers can subsidise the organisational expenses of the project.

- **Interest from investments**

  Large grants may provide surplus cash that is not needed for a while. If invested wisely, the interest earned can generate additional income for the project.

  The potential investment will be influenced by the frequency with which the donor transfers funds into your bank account and the cash flow needs of the project. If they transfer at least twice a year, then you will be limited to short-term deposits that do not earn high interest. Accounts with long-term investments will earn you higher interest, but this is more suited to organisational funds rather than project funds.

  Some donors will not allow you to keep any interest you may receive from funds they have given you. They argue that the project should not "profit" from funds intended for beneficiaries.

  Remember that investment income can be risky – you never know how much you will actually receive due to fluctuations in interest rates and stock values.

- **Public donations**

  Donations from the general public are influenced by the profile of the project and the value that is given to its work. The income from public sources can

be small, in relation to the large investment of time and resources that is often required from project staff to promote the project and collect the donations.

- **Subsidies and in-kind contributions**

  Some contributions to the project may not come as "cash", but as a subsidy or an in-kind contribution. These represent savings to the project, as someone else is effectively carrying the cost on the project's behalf.

  Examples of this include: a law firm that provides legal services at a reduced rate; the local council offering a rebate on property taxes; a bank that cancels service fees on a check account; and a company that provides rent-free office space.

- **Grants**

  Grants from donors are likely to be the major source of income for most projects. The relatively large sums that donor NGOs, foundations and official development agencies can provide make them an attractive target for many projects.

  However, grants normally carry restrictions on what activities and expenses can be financed. They often require that reports be submitted before the next tranche (block of funds) will be released and there can be heavy, sometimes expensive and burdensome accountability requirements.

A format for the budget

Budgets are divided into two components:

- **Income**

  This reflects all the planned sources of income for the project. The budget provides details about each source of income, as this will help monitoring progress at a later stage.

- **Expenditure**

  The expenses provide a summary of all the costs that the project faces. As with the income, these are normally divided between the different types of costs to help with communication and monitoring.

Income		
	Sales	
	Consulting fee	
	Cost recovery	
	Interest from investments	
	Public donations	
	Subsidies and in-kind contributions	
	Grants	
	Total Income	
Expenditure		
	Operational Costs	
	Organisational Costs	
	Staffing Costs	
	Capital Costs	
	Total Expenditure	

Our Example…

The budget below is a "summary" budget for the Vingo project.

Budget for the Vingo Subsistence Agriculture project (2002-2004)

Income		
	Sales	0
	Consulting fee	0
	Cost recovery	0
	Interest from investments[1]	36,000
	Public donations	0
	Subsidies and in-kind contributions[2]	360,000
	Grant	5,404,000
	Total Income	**5,800,000**
Expenditure		
	Operational Costs	4,165,000
	Organisational Costs	435,000
	Staffing Costs	1,200,000
	Capital Costs	0
	Total Expenditure	**5,800,000**

Notes to the budget:

1. *It is estimated that there will be some interest earned by investing project funds until they are needed.*

2. *The Department of Agriculture will be providing an in-kind contribution by covering certain office, transport and communication costs.*

This summary budget does not provide much detail about the expenses, and it is likely that donors will require more information than is provided here.

It is possible to meet this need for more detailed information by:
- *showing how the Operational costs are allocated between the various parts of the project (in the case of the Vingo project, this could be shown across the six outputs); and*
- *providing a breakdown of the Staffing costs and distinguishing between salaries and other costs.*

Cash Flow Forecasts

What is the Cash Flow Forecast?

➤ The Cash Flow Forecast is a tool that allows you to anticipate the expected income and expenses on a monthly basis. It maps out how the money will "flow" in and out of your bank account. This can make it easier to manage the work in such a way that you have funds in your bank account to cover the expenses as they arise.

➤ If your forecast reveals cash flow *shortfalls* (i.e. when there are not enough funds to cover expenses in that period), then you can make changes to the schedule, scale and scope of the work to remain financially healthy.

➤ If the forecast suggests cash *surpluses*, some funds can be set aside and invested to generate interest until the funds are needed.

How?

1. **Decide on your forecasting period and create a table with the appropriate number of rows and columns.**

   An annual forecast, divided into 12 monthly divisions, is probably the most appropriate for annual and multi-year Financial Plans.

   A quarterly forecast (covering three-month periods), summarising the monthly data, may be useful for reporting to an organisation's board or a project steering committee.

2. **Map out over the entire period when income is expected to arrive in the bank account. Use the same income line-items as you used in the budget. Add up the income for each month.**

   See *Step A* in the example on page 83.

3. **Using the same expense line-items as you used in the budget, estimate when you will incur your expenses for the whole period. Total these expenses on a monthly basis.**

   Remember that you might receive and use some services before you pay for them. Place the expenses in the month in which the accounts will be paid. See *Step B* in the example on page 83.

4. **Establish for each month whether there is more money flowing in or flowing out of the bank account.**

    You will end each month with either:

    ● a net inflow (more money coming in that month), or
    ● a net outflow (more money flowing out that month).

    Outflows are identified in financial documents by placing them within brackets e.g. a net outflow of R3,000 in a month is represented as (3,000).

    See *Step C* in the example on page 83.

5. **Establish what your anticipated bank balance will be at the close of each month. This can be identified by taking the month's opening balance and adding the net inflow or outflow for that month. The closing balance also becomes the opening balance for the following month.**

    A net inflow will **increase** the funds available in your account. A net outflow will **decrease** the funds available.

    Hint:
    You can make simple calculations if you remember to add the inflow or outflow of funds to the opening balance. As an outflow represents a negative flow, you can calculate this by adding a negative sum. For example, an outflow of R3,000 is added to the opening balance of R10,000:

    10,000   +   -3,000   =   7,000

    A net outflow means you anticipate spending more money than you will receive in that particular month. This will not necessarily be a problem, provided that you started that month with a larger balance.

    Step D of the example on page 83 illustrates this point.

6. **If you consistently have a net outflow, then you may find that your funds are used up before the next transfer from the donor is due.**

    If this is the case, then the Cash Flow Forecast has served its purpose! It will be wise to review the Operational Plan to see if any changes can be made to overcome this problem.

    You might find that:
    ● There are high start-up costs, and the transfer of funds has been poorly planned. Negotiate for a more suitable schedule of transfer to ensure you have enough funds to meet your expenses.

    ● The timing of funds transfer/disbursement does not match the project's needs. You may face certain seasonal expenses, while the donor uses a

disbursement cycle based on their needs. Negotiate for a more suitable disbursement schedule.

- It is not possible to change the schedule for transfer of funds. In this case, it may be best to delay certain activities until you have the funds in the bank account to pay for them. While this may be a delay on the project's schedule, it will protect your reputation with your staff and suppliers for paying accounts and invoices!

Our Example...

Step A – Identify the Inflow of funds

Step B – Identify the Outflow of funds

Step C – Calculate the monthly net inflow/outflow

Step D – Identify the opening and closing bank balances

The example on page 83 illustrates the following issues:

- **Income**

  - *A regular income from interest and subsidies is expected each month.*
  - *The project's donor will make two transfers of funds during the year.*

- **Expenses**

  - *There will be regular monthly payments to cover organisational and staffing costs.*
  - *The operational costs will vary month by month, depending on what activities are taking place. The expenses will normally be paid 30 days after the invoices are received.*

- **Net inflow/outflow**

  - *There are more months with a net outflow than there are with net inflows. However, this is not significant because of the bank balances at the end of each month.*

- **Closing bank balances**

  - *The project is able to cover its expenses each month because it has been able to use the donor's grant as a cushion against the months when its income is much lower. With the regular income from the subsidy and interest, the project bank balance is expected to meet all its commitments.*

Cash Flow Forecast for 2002

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Step A	**Income**													
	Interest	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
	Subsidies	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
	Grant	900,666						900,666						1,801,333
	Sub-total	911,666	11,000	11,000	11,000	11,000	11,000	911,666	11,000	11,000	11,000	11,000	11,000	1,933,333
Step B	**Expenditure**													
	Operational	75,000	65,000	90,000	110,000	100,003	149,000	115,030	105,000	132,000	123,300	104,000	130,000	1,298,333
	Organisational	12,083	12,083	12,083	12,083	12,083	12,083	12,083	12,083	12,083	12,083	12,083	12,083	145,000
	Staffing	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	400,000
	Capital													
	Sub-total	120,416	110,416	135,416	155,416	145,419	194,416	160,446	150,416	177,416	168,716	149,416	175,416	1,843,333
Totals														
Step C	Net inflow/ Outflow	791,250	(99,416)	(124,416)	(144,416)	(134,419)	(183,416)	751,000	(139,416)	(166,416)	(157,716)	(138,416)	(164,416)	
	Opening Bank Balance	0	791,250	691,834	567,418	423,002	288,583	105,167	856,387	716,971	550,555	392,839	254,423	
Step D	Closing Bank Balance	791,250	691,834	567,418	423,003	288,583	105,167	856,387	716,971	550,555	392,839	254,423	90,007	

Variance Statements

Budgets and cash flow forecasts are important to prepare for two reasons. They help with financial *planning* to ensure there will be enough financial resources to carry out all the activities. They also serve as the basis for financial *reporting*, allowing comparisons between expectations and reality.

Financial reports are prepared at different intervals, depending on their purpose. Most donors will require an annual report and an end-of-project report. These financial reports are normally audited by an independent external accountant, who is responsible for assessing the quality and honesty of your book-keeping.

As the person responsible for implementing the Operational Plan, you will want more frequent and regular feedback on the financial progress and performance of the project.

The Variance Statement is the most useful document for this part of your work. It is a document that compares the **expected** income and expenses for the period being reviewed with the **actual** income and expenses.

The budget can only provide information about expected income and expenses on an annual basis. You will need to use the Cash Flow Forecast, which provides you with a monthly budget for income and expenditure, to develop a Variance Statement.

A Variance Statement can give you information on:

- **Progress**
  This gives you an overview of what has happened in the reporting period, whether this is one month or three months.

- **An overview of performance over the whole year**
  A single month may have higher income or expenses than the preceding months. By including the overview, or the Year-To-Date, you are able to see how this relates to what has happened so far in the financial year.

  A Variance Statement allows you to identify whether any significant patterns are emerging in the income and expenses. This insight and information will allow you to decide whether any action should be taken to respond to the emerging picture.

More information about financial reporting and financial management is available in Shapiro, J. (1995) **Financial Management for Self-Reliance: a manual on managing the finances of a non-profit organisation** Durban: Olive Publications

Format for a Variance Statement

		This Reporting Period		Year to Date	
		Budget	Actual	Budget	Actual
Income					
	Sales				
	Consulting fee				
	Cost recovery				
	Interest from investments				
	Public donations				
	Subsidies and in-kind contributions				
	Grants				
	Total Income				
Expenditure					
	Operational Costs				
	Organisational Costs				
	Staffing Costs				
	Capital Costs				
	Total Expenditure				

Our Example…
Variance Statement for the Vingo project.

		July 2002		Year to Date (Jan - July)	
		Budget	Actual	Budget	Actual
Income					
	Interest from investments	1,000	750	7,000	5,800
	Subsidies and in-kind contributions	10,000	10,000	70,000	70,000
	Grants	900,666	900,666	1,801,333	1,801,333
	Total Income	**911,666**	**911,416**	**1,878,333**	**1,877,133**
Expenditure					
	Operational Costs	115,030	118,666	704,033	715,625
	Organisational Costs	12,083	12,083	84,581	84,581
	Staffing Costs	33,333	29,600	233,331	266,900
	Capital Costs	0	0	0	0
	Total Expenditure	**160,446**	**160,349**	**1,021,945**	**1,027,106**

In Summary

What we have achieved so far:

➤ Financial planning is an important component of work planning, as it informs monitoring of the work's progress, and it enables decision-making on possible changes to the plan.

➤ Three tools for financial planning have been introduced.

- Cost Estimates show how various costs to the plan can be identified and assessed.

- Different types of budgets may need to be developed. They provide an overview of anticipated income and expenditure for the project.

- Cash flow forecasts have been introduced as a tool that can help ensure that there are sufficient funds in the project's bank account when needed to cover expenses.

As with the Operational Plan, the Financial Plan should not be used in a rigid or inflexible manner. They should be seen as resources to assist in the smooth running of the plan.

There is likely to be the need to update and revise both the Operational and the Financial Plan once implementation gets underway. The timing and the scale of these changes can be identified by an appropriate Monitoring and Evaluation system, outlined in the following chapter.

4

Monitoring and Evaluation

What is Monitoring and Evaluation?

➤ **Monitoring and Evaluation (M and E) is an important management tool.**

Monitoring helps keep the plan on track, and it can signal when the plan needs to be revised (and sometimes even abandoned!).

Evaluation is used to assess what has been accomplished and takes place less frequently throughout the life of the project.

The value of doing M and E is that you are able to:
- review the progress you are making in implementing your plan;
- identify any factors that might be affecting (either positively or negatively) the way you will carry out your work; and
- choose how you might adjust your plan to respond to changes in your work and in the wider environment.

➤ **M and E is different from reporting**.

Most organisations need reports from its staff members, in one form or another. These reports document what has happened, and are typically used for internal and/or external accountability purposes. Reporting is about how we provide an account to others of how we have used our time and resources.

M and E, on the other hand, takes us into a deeper assessment of:
- the **current status** of our work and the **progress** that we are making in achieving our objectives;
- the **lessons** that we can draw from our experience in getting to this point; and
- how we will **incorporate these lessons** in how we approach the next stage of the work.

➤ **An M and E system will provide a framework setting out how the functions of M and E will be carried out.**

The system provides M and E policies and procedures, and gives guidance for how different kinds of monitoring tasks can be carried out. Once the system is in place, you can develop an M and E plan, setting out in more detail how the M and E function will be managed and carried out.

➤ **The M and E system should not be too complicated or burdensome**.

While some projects employ an M and E specialist to develop and manage the M and E system, most projects will not need the full-time services of an

M and E practitioner. The simpler your M and E system, the more likely it is to be used to full effect.

Responsibility for various M and E activities can be shared out between the members of the project team.

The primary purpose of M and E is to serve the implementing team and project decision-makers. It does this by giving you the data that you need to steer the plan towards the successful achievements of its objectives.

What kind of M and E plan?

An M and E plan should be easy to use. If it is too complicated, or if it is seen as unnecessarily time-consuming, then it is likely to be ignored or abandoned by the people that are supposed to use it.

For an M and E plan to be helpful to the project team, it will need to be carefully developed, and given appropriate resources to make it work. Many M and E plans have been scrapped because people did not schedule sufficient time for M and E tasks, or did not have a sufficient budget to carry out the necessary work.

One way to develop an M and E plan for your work is to explore the seven questions listed below. This can help you review your current approach to monitoring and reporting, and to identify whether you will need to make any adaptations in order to better meet the M and E needs of your work.

Seven questions to inform your M and E plan

1. **What is the objective being monitored?**

2. **What is the evidence you will be looking for?**

3. **How will it be collected?**

4. **When, and how frequently, should it be collected?**

5. **Who will be responsible for collecting and analysing this information?**

6. **Who will use and act upon this assessment?**

7. **Will there be any time and/or budgetary implications for the work?**

Each of these questions and the ideas informing them are explored in more detail in the following sections.

1. **What is the objective being monitored?**

The Operational Plan should be part of a bigger plan. Consequently, the M and E plan should give attention to all elements of the plan, and not only to the Activities in the Operational Plan.

If we look at four levels of the Project Planning Matrix (introduced in *Chapter 1*), we can identify four different issues that are important subjects of the M and E plan:

Level of the PPM	M and E concern
Development Goal	Impact
Project Purpose	Effectiveness
Results	Performance
Activities	Progress and Efficiency

The Results and the Activities together form the project area, which is the area focussed on by the Operational Plan.

Each level of the project plan needs to be addressed by the M and E plan:

- The objectives at the level of the Development Goal and Project Purpose are directed outside the project team. The M and E plan should encourage the involvement of external stakeholders and target groups, so their views on the project's impact and effectiveness can be heard.

- The Results and the Activities describe the work being done by the project team. The M and E plan will be more internally focussed, drawing on project material, documents and staff for information.

2. **What is the information you will be looking for?**

Monitoring is an opportunity to review what has been accomplished, so you will need to look for tangible and concrete evidence that helps you identify what has happened. Drawing on this concrete evidence as "proof", you will be better able to analyse and make any necessary decisions than if you had to rely on more subjective impressions, perceptions and memories!

Some people refer to the evidence as the "Indicators," as they show us, or indicate, what has been accomplished.

The evidence you find should help you review the work that has taken place. Sometimes, it is helpful to know more than just that something has taken place – you may also want to know how well it was done, and whether it took place in all the places you intended it to.

The most helpful evidence, or indicators, will contain more than one of the following elements:

- Quantity - How many?
- Quality - How well?
- Time - When? *and* How frequently?
- Location - Where?
- People - Who?

Sometimes you may have to look for two or more indicators for an activity or objective.

3. How will the information be collected?

As there are different kinds of objectives and different sorts of evidence, you will need to make use of a range of data collection methods.

- Sometimes you will look for existing, **secondary**, material, such as documents.

    Examples of secondary material include letters, reports, plans, contracts, attendance lists, invitations, quotations, invoices and receipts, and other similar documents.

    These documents allow us to verify that certain events have taken place, and give us some information about elements such as the number of people involved. Reports of meetings can also give us an insight into the processes that were followed and the levels and quality of participation by stakeholders.

    Such secondary methods are likely to be common for monitoring Activities and Results, as they can give valuable information about progress. They can also be used as feedback on the Project Purpose and Development Goal at the other levels of the project, to assess how people have valued the work of the project.

- New and original data, **primary** research material, can also be gathered in the monitoring process.

    It may be necessary to prepare new data if you are gathering the views of people involved with or affected by the project. Surveys, questionnaires, focus groups, interviews, and longitudinal studies (tracking a group of people for the project's duration) can all be effective ways of gathering views.

Planning for Implementation

Primary research can be more time-consuming and expensive than secondary material. While your choice of data collection process should be informed by your needs, rather than by the budget, it is easier to look for already existing material. You should consider primary research if the information you need is not available, or if existing material does not give you precisely the information you are looking for.

4. **When, and how often, should the information be collected?**

Different parts of the plan will need to be monitored at different periods. Identify and agree on how frequently monitoring will take place.

● **Activities** should be reviewed on their scheduled completion date.

Delays in completing one activity can have important consequences for other parts of the Operational Plan. Information on whether the activity is completed on time and to the required quality can be easily and quickly communicated across the project team.

If any problems are picked up, some follow-up action may be needed – this is addressed in question 6 on page 95.

● The **Results** and **Project Purpose** should be monitored on a regular basis throughout the project.

For many projects, six-monthly intervals are a useful period to engage in monitoring. Less frequently, and you may miss important changes that might require a response. More frequently, and you may never get time to do any work on the activities!

The results and purpose are normally described in terms of what will be in place once all the related activities are complete. The monitoring will focus on the progress being made towards accomplishing these objectives, and you may need "interim indicators" of what progress you expect to find.

It is unlikely that the Results will be completed precisely when monitoring is taking place. The completion of a Result, as with the Activities, should be communicated to those who can use this information in their work.

● The **Development Goal** describes the long-term impact of the project, and will be monitored less frequently than other parts of the plan.

It will not be possible to monitor impact during the early stages of the project, as the necessary work to bring about the change is still being

carried out. By the time the project reaches the mid-point of its life, it should be possible to make an assessment of the likelihood of impact. Evidence relating to impact should be monitored once it becomes available and used for making decisions about the project's work.

5.   Who will be responsible for collecting and analysing this information?

The tasks of collecting and analysing the data can be done by different people – but it is important to make sure that both tasks take place! There are too many cases where data has been faithfully collected by project staff, but is never analysed. The information has little value for monitoring purposes, as it does not inform and allow for effective decision-making.

In many cases, the person who collects the data will also assess it. But in other cases, the tasks may need to be separated and done by different people. This could happen if there is a large volume of data to be assessed, if the data is being collected by a team of people, or if specialist expertise is required (such as knowledge of a statistical software programme).

The task of analysing the data can often be a simple matter of making comparisons. The monitoring data (what has **actually** taken place) is compared with the indicators from the plan (what was **expected** to take place). Any difference between the two indicators reveals a **deviation**.

It is important to probe deeper if there is a deviation and to draw out the reasons for this change. This will help you in drawing out lessons and in making recommendations.

You may find it helpful to place the information in a table like the one in the example below.

Our Example...

Expected indicator	*Actual indicator*	*Any deviation?*	*Reasons for the deviation*	*Any lessons from this? Any recommendations?*
225 farmers fertilise and fence their land by the end of Year Two.	*175 farmers have fenced their land.*	*Fewer farmers than expected are taking steps to protect their crops.*	*Farmers are reluctant to use wire fencing, as it can be easily stolen.*	***Lesson:*** *We can identify and promote traditional fencing methods, such as planting thorn bushes.* ***Recommendation:*** *Alert the reservoir/irrigation team, as they may face the same problem. Brief all the agricultural advisors about this, so they can promote traditional fencing.*

P l a n n i n g   f o r   I m p l e m e n t a t i o n

6. **Who will use and act on this assessment?**

You should clarify who will receive the analysed data, and who will decide what to do with the recommendations. Any decisions to change the plan may well have consequences for other members of the implementing team, for other stakeholders, and for the budget.

Normally, any changes to the **Activities** and the Operational Plan are agreed on by the project team. Any changes to the **Results, Project Purpose** and **Development Goal** will often need the involvement of the host organisation's management, and perhaps even its board and the project's donor.

Remember to communicate any decisions about changes to the people who will be carrying them out. This may seem to be an obvious point, but it is surprising the number of times this simple act is forgotten, especially if the staff are based in branch offices.

Changes may also require that the Operational Plan and the budget be updated. Copies of the revised plan and budget should be sent to all staff and other interested parties.

7. **Will there be any time and/or budgetary implications?**

M and E is often an afterthought, or is seen as an unreasonable burden added by donors. In too many cases, M and E is never properly integrated into the time scheduling and budgets of the project. M and E, like other management tasks, needs to be properly resourced if the function is to be carried out effectively.

In Summary

What we have achieved so far:

➤ Monitoring and Evaluation provides an important opportunity to review the project's work and to assess the quality of the progress being made. It allows you to identify what has happened, compare it to what was expected to happen, and to draw out lessons from the reasons for the differences.

➤ An M and E plan can be developed that allows you to identify what information you will need to collect, how it will be collected, who will do this and who will act on the assessment that is made of the information.

As with the other planning and financial tools introduced in this handbook, the M and E plan should be used as a resource to assist the smooth implementation of the Operational Plan.

Conclusion

This handbook has introduced a number of ideas and resources that will help you prepare to implement your work. They will assist you as you turn your good ideas and broad project plans into the detailed steps that will map out the various tasks that need to be done. They will also help you to identify the financial resources you will need to draw on.

There is no "one correct path" to follow in preparing your operational and financial plans. We hope you will use this handbook and take what you find useful, and adapt that which does not quite fit your needs.

As you proceed with your work, keep in mind that your plans, no matter how well prepared, will not perfectly predict the reality you will encounter. You will need to be flexible and be prepared to adapt, adjust, and sometimes even abandon your plans.

You may find that some form of Monitoring and Evaluation (M and E) will help you to know when to make changes to your plans. We have provided a brief introduction to M and E in this handbook. Look out for more ideas, tools and resources on this topic in the next handbook in the series, **Planning for Monitoring and Evaluation**.

Tools

A list of tools used in this handbook:

A p p e n d i x 1

Vingo Project Case Study

The context

The Vingo District is located in the landlocked country of Malawana in southern Africa. It is situated in a tropical region, although the country has a moderate climate. However, agricultural land in many places, including Vingo, is badly degraded. The main causes of this are deforestation, soil erosion and changes in the microclimate. This situation has led to a continuous decline for many rural households, and many families can no longer afford the expenses for health care and the education of their children.

There are a number of problems found in Vingo. Subsistence farmers farm most of the land on a communal basis. There are few sources of income apart from agriculture. There is a game reserve in the district, which employs some 120 people (out of a population of 200,000). There have been many incidents where livestock farmers have broken fences surrounding the park and taken their herds for grazing and watering. There is also some illegal cutting of trees in an indigenous forest. There has been increasing tension between the managers of the game reserve and the surrounding community.

Agroserv (the extension service of the Department of Agriculture) is responsible for providing support and advice to all farmers in the district. However, Agroserv is overburdened and has limited resources.

The project

A project planning process was recently convened to investigate the situation in Vingo, and to identify possible project interventions to improve matters. It was decided to follow the seven steps of the Logical Framework Approach to project planning.

After analysing the various stakeholders and identifying the range of problems in the district, the planning process revealed the complexity of the situation, as many of the problems were inter-related. After looking into whether improvements would be possible, it was decided to investigate four options more closely. These options were for projects in social forestry, institutional support to government departments, support for subsistence agriculture, and increased income generating activities in the game reserve.

After looking at the four options, the project planning process decided that the most suitable and viable project would be the support for subsistence agriculture. A project plan was developed for this strategy.

The project plan sets as an objective the benefits that will arise from the project, and then identifies six specific results that the project must provide.

The project plan is set out as a Project Planning Matrix (PPM) which summarises the key information about the project (see *Appendix 2* on page 101).

Appendix 2

Project Planning Matrix for the Vingo Project

Project Elements	Indicators	Means of Verification	Assumptions
Development Goal *Rural households on communal land bordering the game reserve increase their average household income by 25%.*	● *Subsistence farmers are meeting their social security needs from their own capital.*	● *Children are in school.* ● *Health care records – public and private.* ● *Care of the aged.*	
Immediate Objective *Subsistence farmers on communal land within 10km of the game reserve increase their crop yields by implementing more appropriate crop production methods.*	● *400 crop farmers fertilise and fence their land.* ● *Crop farmers plant and harvest a more diverse range of high-grade vegetables.* ● *Farmers sell meat, milk and vegetables in the district and in market.*	● *Extension office reports.* ● *Extension officer reports.* ● *Farmer's Association Records.*	● *The prices paid for agricultural products remain stable or improve.* ● *The average rainfall remains constant.* ● *The state does not introduce any changes in land ownership or land tenure systems.*
Results 1. *The Farmer's Association is supported and strengthened in the target area.*	● *Regular meetings of the Association concerning issues of concern to subsistence farmer.*	● *Quarterly report back from Farmers' Association.*	● *Subsistence farmers have access to sufficient land to graze their livestock.* ● *Local transport distribution system is willing to transport agricultural goods to market.*
2. Agroserv provides an appropriate extension service to farmers on communal lands by advising them on crop production.	● *Extension officers spend 60% of their time with subsistence farmers.* ● *Extension officers meet farmers to advise on crop production.*	● *Time sheets.* ● *Weekly reports.*	● *Subsistence farmers have sufficient labour in their households to assist with introducing changed agricultural practices.* ● *There is no conflict between farmers who participate in the project and those who do not.*
3. *Subsistence farmers have access to high-yield seeds and other agricultural inputs.*	● *Local trading stores stock inputs.*	● *Site inspection.*	

Project Elements	Indicators	Means of Verification	Assumptions
4. A micro-credit scheme is established to serve the needs of subsistence farmers.	● Micro-credit organisation opens office in Vingo.	● Site inspection.	
5. Subsistence farmers are supported in identifying channels and opportunities to market their surplus agricultural produce.	● Opportunities to sell surplus to local house-holds oncommunal land. ● Opportunities to sell in district markets.	● Farmers' Association report. ● Farmers' Association report.	
6. Small reservoirs are established for rain-harvesting, and are used for irrigation of land under cultivation.	● 20 rain-harvesting tanks built. ● Irrigation pipes run from the tanks to the cultivated land.	● Engineer's report.	

NOTE:
Result 2 is used as *Our Example* throughout this handbook.

Planning for Implementation

Appendix 3

Complete Operational Plan for the Vingo Project

Activity	Progress Indicator	Responsible Person	Time-frame
1. Strengthen Farmer's Association			
1.1 Conduct organisational capacity assessment.	Organisational capacity assessment report.	Organisational Advisor (Bheki)	By end of 24th week
1.2 Carry out training and support processes.	Workshop reports.	Training Advisor (Zanele)	By end of 18th month
1.3 Provide ongoing advice to committee.	Staff time sheets	Organisational Advisor (Bheki)	Ongoing
2. Agroserv provides improved service			
2.1 Performance standards developed.	Performance standards document.	Researcher (Tom)	By end of 6th week
2.2 Extension advisors developed.	Advisors complete the development programme.	Training Advisor (Zanele)	By end of 30th week
2.3 Managers developed as supervisors.	Managers receive support.	Training Advisor (Zanele)	By end of 25th week
2.4 Performance Management system revised.	Revised performance management system.	Organisational Advisor (Bheki)	By end of 35th week
3. Access to seeds and other agricultural inputs.			
3.1 Identify most reliable suppliers.	Internal Report	Researcher (Tom)	By end of 8th month
3.2 Contract local stores to distribute to.	Contract.	Agricultural Advisor (Ben)	By end of 10th month
4. Micro-credit scheme established			
4.1 Research micro-credit needs.	Research report	Researcher (Tom)	By end of 15th month
4.2 Identify appropriate micro-credit agencies.	Research report	Researcher (Tom)	By end of 17th month
4.3 Lobby agencies to open local office.	Correspondence	Project Manager (Sally)	By end of 24th month
5. Surplus products sold at local markets			
5.1 Identify opportunities to sell surplus.	Research report.	Agricultural Advisor (Ben)	By end of 60th week
5.2 Assess barriers to reaching markets.	Report.	Researcher (Tom)	By end of 70th week
5.3 Support marketing by Farmers' Association.	Staff reports	Agricultural Advisor (Ben)	By end of 90th week
5.4 Build links to resource groups.	Letters offering support.	Organisational Advisor (Bheki)	By end of 90th week
6. Irrigation reservoirs established			
6.1 Identify suitable sites.	Site assessment report.	Technical Advisor (Mdu)	By end of 40th week
6.2 Train and equip a construction team.	Course report.	Training Advisor (Zanele)	By end of 70th week
6.3 Build reservoirs on identified sites.	Engineering reports.	Technical Advisor (Mdu)	By end of 120th week
6.4 Promote irrigation methods.	Staff reports.	Agricultural Advisor (Ben)	By end of 130th week

Bibliography

Frame, J. Davidson (1995) *Managing Projects in Organisations: how to make the best use of time, techniques, and people*. San Francisco: Jossey-Bass

Gawlinski, G. and Graessle, L. (1988) *Planning Together: the art of effective teamwork*. London: NCVO Publications

Lawrie, A. (1994) *The Complete Guide to Business and Strategic Planning: for voluntary organisations*. London: Directory of Social Change

Michalko, M. (1991) *Thinkertoys: a handbook of business creativity for the ´90s*. Berkeley: Ten Speed Press

Randel, M. and Thaw, D. (1998) *Project Planning for Development*. Durban: Olive Publications

Shapiro, J. (1995) *Financial Management for Self-Reliance: a manual on managing the finances of a non-profit organisation*. Durban: Olive Publications

Taylor, J. Marais, D. and Kaplan, A. (1997) *Action Learning for Development: use your experience to improve your effectiveness*. Cape Town: Juta/CDRA

...and some other useful resources

Nchabaleng, Leah. (2000) *Ideas for a Change Part 7: Developmental Partnerships*. Durban: Olive Publications

Thaw, D. (2000) *Ideas for a Change Part 6: Capacity Development*. Durban: Olive Publications

Thaw, D. (1999) *Ideas for a Change Part 5: Developing Policy*. Durban: Olive Publications

Thaw, D. (1999) *Ideas for a Change Part 4: Working with Resistance*. Durban: Olive Publications

Thaw, D. (1998) *Ideas for a Change Part 3: Approaching Change*. Durban: Olive Publications

Thaw, D. (1998) *Ideas for a Change Overview: Ways of Seeing Organisations*. Durban: Olive Publications

Thaw, D. (1997) *Ideas for a Change Part 2: Organisation Diagnosis*. Durban: Olive Publications

Thaw, D. (1999) *Ideas for a Change Part 1: Strategic Processes*. Durban: Olive Publications

Planning for Implementation

The Operational and Financial Planning Handbook

This handbook is the second in a series dealing with project planning in a development context.

1. Project Planning for Development:

The first book in the series contextualises the LFA/ZOPP approach, takes the reader through the "7 steps" of planning and introduces operational planning.

2. Planning for Implementation:

The second book in the series takes an in-depth look at operational and financial planning.

3. Planning for Monitoring and Evaluation:

The third book considers the issues involved in planning for monitoring and evaluation within projects.

Olive Publications

Olive (OD and Training)
21 Sycamore Road
Glenwood
Durban 4001
South Africa

Tel: +27 31 206 1534
Fax: +27 31 205 2114
email: olivepubs@oliveodt.co.za
web site: www.oliveodt.co.za

Olive
ORGANISATION
DEVELOPMENT
& TRAINING