



## DEVELOPING CAPACITY TO DESIGN PROPOSALS & BUDGETS

### A New Opportunity for Partner Grantees

The Capable Partners Program (CAP) in Mozambique, managed by FHI 360 from 2006 to 2016, strengthened the organizational and technical capacities of Mozambican nongovernmental organizations (NGOs), community-based organizations (CBOs), faith-based organizations (FBOs), networks, and associations to scale up service delivery of HIV/AIDS treatment, care, and prevention activities.

CAP integrated intensive capacity development of its Partners with grants to provide the organizations with opportunities to put into practice what they had learned “in the classroom” and demonstrate what they could do. As the foundation for effective implementation, CAP helped Partners improve their project proposals and budgets for submission to CAP and other donors.

Staff from two Partner grantees—Hope for African Children Initiative (HACI) and N’weti-Comunicação para Saúde (N’weti)—and staff from CAP Mozambique were interviewed for this brief to reflect on experiences and results achieved in efforts to improve organizational capacity in proposal and budget development.

### Effective Implementation Starts with Project Design and Budget Development

CAP supported each Partner to develop a complete and coherent proposal package. Many were surprised at the rigor and investment required up front. Yet with time, they felt more prepared to implement activities and to write and prepare other technical narratives and corresponding budgets. Assistance in designing proposals and budgets together challenged organizations to analyze organizational structures necessary to carry out activities, as well as associated costs. This process resulted in grants that organizations were able to carry out effectively in their communities.



KUGARISSICA AND CCM ANALYZE DATA. [MAURO VOMBE | FHI 360]

## Overview of CAP's Proposal Development Process

Project proposals and budgets are blueprints that enable implementing organizations to follow agreed-upon paths toward achieving stated goals. In CAP's experience as a funder of grants, technical narratives and budgets submitted in response to its Requests for Applications (RFAs) did not always effectively describe the links among problems identified in consultation with target communities, solutions proposed to target these issues, anticipated results based on project interventions, and the resources required to achieve these results. Not only were Partners confused when it came time to implement, but lack of clear proposals made it difficult to hold the organizations accountable.

For this reason, CAP managed each grant program process with the perspective that intense additional training and technical assistance would likely be necessary in the design phases to ensure that final proposals and budgets would become effective tools for guiding project implementation.

### The Bidders Conference: A first step in capacity development

CAP's first contact with potential grant recipients was always at a Bidders' Conference—a forum used to launch the RFA for a particular grant program. CAP used this opportunity to walk organizations through the RFA step by step, including presentations on CAP expectations for technical content, requirements linked to CAP or funder guidance (by the United States Agency for International Development—USAID, or the President's Emergency Plan for AIDS Relief—PEPFAR), and detailed instructions for completing proposal and budget templates.

CAP also used the Bidders' Conference as an opportunity to stress the fact that participation in the project required a commitment to complete various capacity development activities. It was important for organizations to hear from the very beginning that CAP expected full participation in quarterly Partner meetings, exchange visits, and technical assistance interventions linked to both project implementation and overall institutional development. CAP made it clear that the level of accountability required might be higher than other grant programs with which they had experience.

During the Bidders' Conference, CAP collected and registered all questions about the grant program and application process. Additional questions could be submitted for a period of one week. CAP then sent out answers to all questions to all potential applicants. For many organizations, this was the first time they experienced an official Q&A process.



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### Tailored TA for each organization

Organizations that successfully passed through CAP's rigorous eligibility, selection, and site-visit processes were then engaged in intensive technical assistance to revise, refine, and strengthen their technical and budget proposals. A team of individuals from CAP Mozambique worked with each organization to improve its technical strategy, refine anticipated results and targets, ensure consistency between the proposal and budget, and ensure that appropriate resources were budgeted.

For many organizations, this TA consisted of a two-week workshop to fully explore the content of their technical narratives and revise their budgets, followed by revisions to their proposal documents. CAP found that individualized workshops were more productive and allowed CAP staff to help each organization make sure the project it designed was consistent with its mission, built on prior experience, and drew on its strengths. Individualized workshops also facilitated an honest discussion about the management structure necessary to support implementation—a topic that became increasingly important as Partners scaled up activities. CAP insisted that program and finance staff participate in the workshops to facilitate the development of budgets that aligned with technical narratives.

CAP held its grant recipients to the same standards set for itself, which were based on expectations of USAID. While many Mozambican organizations have years of experience implementing project activities, few had experience meeting the financial requirements associated with USAID funding. In CAP's experience, budget development was, therefore, usually the biggest challenge for Partners. The process requires technical skill in budget development, but also requires a review of organizational policies and procedures, collection of supporting documentation, and review of current expenditures to justify costs.

An initial training was necessary to provide the groundwork and inform organizations about the requirements associated with USAID funding. Multiple conversations were then required for CAP to understand each cost presented, help clarify justifications, and make a determination of reasonableness. Costs such as salaries, benefits, vehicles, and shared costs often led to the most sensitive conversations.

The following provides insights into this process from the perspectives of two Partner organizations: HACI and N'weti.



CAP STAFF WITH KUGARISSICA. (MAURO VOMBE | FHI 360)



HACI BOARD PRESIDENT WITH TWO SUB PARTNERS. (FHI 360)

## Partner Experience—Hope for African Children Initiative (HACI) Learns to Dissect the RFA

HACI was established in Mozambique in 2004 as a Pan-African Initiative to support the mitigation of HIV/AIDS impact on children. HACI's mission is to partner with governmental and non-governmental institutions, communities, families, and children in carrying out interventions to ensure the growth and wellbeing of Mozambican children. The organization has been implementing programs serving orphans and vulnerable children (OVCs) in Maputo, Gaza, Inhambane, Sofala, Manica, and Zambezia provinces.

HACI was registered as an independent Mozambican NGO in 2009 and worked with donors Save the Children and FHI 360/CAP Mozambique to develop its internal administration, finance, and human resources systems to support its transition to being a local organization. The proposal-development process that HACI went through with CAP was the first time the newly independent organization developed a technical narrative and budget on its own.

*"Always, we were encouraged to think and respond. It was a rich process. How to identify a problem [and] how to respond to the problem. It was really good."*

—HACI M&E and quality assurance officer

*"CAP wanted to make sure you are not just there for the money. You need to be ready to participate in a long and comprehensive capacity-building process which will result in getting funds for you to implement activities."*

—HACI executive director

HACI found the Bidders' Conference a particularly useful opportunity for learning about how to respond to an RFA. Beyond learning about the technical, formatting, and Partner requirements, HACI was impressed with CAP's emphasis on the importance of capacity development.

CAP began working on proposal and budget development with HACI in a two-week workshop. At this workshop, HACI's entire proposal was thoroughly reviewed, picked apart, questioned, and redeveloped. The intensive technical assistance (TA) that HACI received was groundbreaking for the organization. It encouraged HACI to think critically about its project and analyze all aspects of its proposal.

One part of the TA that stood out for HACI was learning how to really understand and dissect the RFA. In the past, the organization would read an RFA once and then put it aside to start writing. With CAP's support, HACI understood that the RFA needed to be carefully analyzed in order to respond appropriately and correctly.

Following the initial workshop, CAP continued to work intensively with HACI to improve all aspects of the proposal. The participants were asked to clarify each activity in detail.

CAP also raised the issue of inflation of targets with HACI. Participants revised their targets to be more realistic, based on their actual activities. Vis-a-vis the budget, they

were also asked to be much more specific and provide justifications. The resulting budget was much clearer, realistic, and according to HACI, easier to implement.

HACI's final proposal was much stronger than the original submission, and HACI became more confident in its ability to prepare a quality proposal in the future. Whereas the original proposal had overly ambitious targets; a lack of consistency among activities, log frame, and budget; and insufficient budgetary detail, the revised proposal was coherent and consistent, realistic, and appropriate in scale to the budget. The proposal became a management tool that the organization could use to orient staff, guide implementation, and monitor implementation.

The growth that HACI experienced was tremendous. Staff learned how to analyze an RFA, really understand the problem, develop realistic activities and targets, budget appropriately, and provide justification for their budget. They also learned the importance of bringing program and finance staff members together to develop the proposal so that the two sides of the proposal fit together. They will use what they have learned in their own RFA process for sub-granting to other organizations.

Overall, it was CAP's approach to capacity development that most impressed HACI.

*"CAP helped us [write] a quality proposal. They made us feel more confident, more comfortable in writing a proposal."*

—HACI M&E and quality assurance officer

## Partner Experience— N'weti Develops a Budget Fit for USAID

N'weti is a Mozambican NGO founded in 2006 to bring about positive social and behavior change through the combined use of mass media, social mobilization, and advocacy. N'weti's mission is to increase communication about health and development issues to achieve social and behavior change and to promote an environment that is conducive to social change and development.

N'weti was classified by CAP as an advanced organization because it had received funding from multiple donors (European Union, DIFD, Irish AID, Royal Netherlands Embassy, Oxfam Novib, SIDA, and UNICEF) and had sophisticated financial and administrative systems.

Because of the group's already extensive experience with international donors, CAP used a different capacity development approach with N'weti. The process focused more on



N'WETI'S FIELD ACTIVITIES. (N'WETI STAFF)



*“Sometimes for me, it was a tedious process, because the way it was done was a bit different from the other proposals that we developed. Need more details, more quotes. Once we understood that it was a process and this is your way of doing things, it was ok. The shock was that other donors are not so “stick to the details.” At the end of the day, we understood. It was a very useful process, but only looking back. If we did this for USAID, now we are ready to do this for any [donor] organization.”*

—N’weti finance manager

helping N’weti learn new procedures—in particular how to comply with USAID rules and regulations because it had never implemented USAID-funded projects before. CAP did not conduct a two-week proposal development workshop with N’weti, but instead provided intensive TA in several important areas including budgeting, compliance with USAID rules and regulations, and monitoring and evaluation.

CAP spent significant time with N’weti reviewing and improving its proposed budget. The requirements that CAP imposed were much stricter than N’weti was used to with other donors. CAP required an activity-by-activity review to break down every cost—expense by expense. The team also required a discussion about the rationale behind costs and cost reasonableness. The amount of supporting documentation required to justify proposed budget costs was significant. For N’weti, this was more detailed and more demanding than with other donors.

To respond to CAP’s RFA, N’weti had to move from its typical budget format to CAP’s budget format. According to N’weti, the CAP budget template required more costing details. The organization has since adopted the CAP budget format for other proposals because it seems more transparent.

As this was the first time that N’weti prepared a proposal for USAID funding, CAP taught the organization a great deal about USAID rules and regulations, including restricted and ineligible commodities. As with many organizations, the type of restrictions placed on expenditures was at times confusing for N’weti. As the finance director mentioned:

*For instance, we were in a workshop yesterday and went through financial regulations about what can be paid and what can’t be paid and some things that USAID does not accept. Quite shocking. For instance, pharmaceuticals. What happens if someone gets sick at a training? Sorry. Can’t pay.*

The review of the logical framework with CAP’s grants and M&E officer was also a key learning opportunity for N’weti. In addition, the CAP team taught N’weti about PEPFAR indicators and walked staff through the process of how to harmonize their indicators with CAP/PEPFAR indicators. According to N’weti’s executive director:

*[PEPFAR indicators] are much more quantitative than we were used to. For the social mobilization intervention in Nampula...we do a lot of qualitative monitoring. The way the indicators for our other donors and USAID are disaggregated is different. [The] language is different; i.e., social health workers. There was just a slight adjustment of language—no major shifts in terms of how to collect data. We needed to harmonize our indicators with CAP indicators.*

As a result of this budget development process, N’weti created a financial management tool—its final budget—that was in compliance with USAID and CAP policies and regulations and would help the organization comply with these regulations during the life of the project. The log frame also became a clearer roadmap to assist in N’weti’s monitoring efforts throughout implementation.

## Conclusion—Intensive Time Investment by Grantee and Donor Leads to Faster, Effective Implementation

CAP technical assistance in proposal and budget development was tailored to each organization. HACI and N'weti had some previous experience in proposal design, so the majority of technical assistance for them focused on adapting to USAID procedures and standards. For less experienced organizations, technical assistance covered more basic elements of the project cycle.

Providing effective technical assistance in developing proposals and budgets is time-intensive and requires complex technical skills on the part of the capacity-development team. Ensuring quality products requires an investment by both the capacity-development organization and the potential grant recipient.

As a result of the thorough and coherent proposals designed and developed through this intensive process, most Partner organizations were faster to start up their projects and encountered fewer problems in implementation. In most cases, they successfully met their targets, because these were realistic and grounded. Annual work plan sessions further reinforced skills linked to managing the project cycle; Partners reviewed progress, revised plans to improve their performance, and adjusted budgets to reflect experience and reality.

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*"We are using CAP formats for our Millennium Challenge Corporation proposal because it's also U.S. government money. We are just now putting together the proposal and using the budget format. The format is easy and straightforward. Let's use it again for another donor with USAID funds."*

—N'weti executive director

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