NATIONAL AIDS COMMISSION

GRANTS FACILITY
FRAMEWORK DOCUMENT

Revised June 2015

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Other Documents in This Series

Grants Facility operational documents:

NAC Grants Operational Manual

Detailed manual describing post-grant award procedures and reporting requirements for grant beneficiaries of the Grants Facility.

NAC Procurement Manual

Detailed manual for NAC and implementing agencies supported under the Grants Facility detailing procurement procedures.

Guidance Notes on Reporting Requirements of NAC Grantees

Hands-on user guide on how and what NAC grant beneficiaries should report on concerning their projects.

Proposal writing guidelines:

Proposal Writing Guidelines for HIV/AIDS Services in Malawi

Project planning and proposal writing guidelines for organisations interested to deliver HIV and AIDS support services with support from the NAC Grants Facility.

HIV/AIDS Project Proposal Writing Guidelines for Community Based Interventions

Introduction and proposal writing guidelines for community based organisations on how to apply to NAC, through its Umbrella Mechanism, for implementing district-level interventions.

Operational Guidelines for Preparing Proposals to the National Health Sciences Research Committee

Guidelines for preparing health sector related research proposals that are to be reviewed by the National Health Sciences Research Committee or its sub-committee (the College of Medicine Research Committee).

List of Acronyms

ABC	Abstinence, Being faithful, Condom use
AIDS	Acquired Immunodeficiency Syndrome
ARV	Antiretroviral
BCI	Behavioural Change Intervention
CBO	Community Based Organisation
CDC	Centres for Disease Control (US Government)
CHBC	Community Home Based Care
CIDA	Canadian International Development Agency
COMREC	College of Medicine Research Committee
DA	District Assembly
DFID	United Kingdom Department for International Development
DHS	Demographic Health Survey
DIP	District Implementation Plan
EOI	Expression of Interest
FBO	Faith based Organisation
FMA	Financial Management Agency
FSW	Female Sex Workers
GFATM	Global Fund for AIDS, Tuberculosis and Malaria
GMC	Grants management Committee
GMU	Grants Management Unit
GoM	Government of Malawi
HTC	HIV Testing and Counselling
HIV	Human Immunodeficiency Virus
IA	Implementing Agency
IAWP	Integrated Annual Work Plan
IEC	Information, Education and Communications
KVP	Key and Vulnerable Populations
LAHARF	Local Authority HIV Activity Reporting Form
M&E	Monitoring and Evaluation
MIS	Management Information System
MOH	Ministry of Health
MWCD	Ministry of Women and Child Development
NAC	National AIDS Commission
NSP	National HIV and AIDS Strategic Plan (NSP)
NHSRC	National Health Sciences Research Committee
NGO	Non-Governmental Organisation
OI	Opportunistic Infection
OVC	Orphans and other Vulnerable Children
PID	Proposal Information Document
PLWHIV	People Living With HIV
PMTCT	Prevention of Mother-to-Child-Transmission of HIV
SME	Small or Medium Sized Enterprise
SRH	Sexual Reproductive Health
STD	Sexually Transmitted Disease
TA	Technical Assistance
TOT	Training of Trainers
TWG	Technical Working Group

VMMC   Voluntary Medical Male Circumcision

UNDP   United Nations Development Programme
USD   United States Dollar

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Section 1: Background and Introduction

1. Purpose and objectives of the Grants Facility

1.1 Grants Facility and National HIV and AIDS Strategic Plan (NSP)

The National AIDS Commission (NAC) is the national coordinating body for the implementation of the National HIV and AIDS Strategic Plan (NSP)NSP. The implementation and ultimate success of the national response to the HIV and AIDS pandemic depends on concerted and collaborative efforts by government and civil society to support the implementation of HIV and AIDS prevention; treatment, care; and, impact mitigation programmes at both national and community levels.

NAC recognises that various sectors of society – including the faith-based community, non-governmental sector, grassroots organisations, private businesses, local government and central ministries and departments – understand and appreciate the gravity of the HIV and AIDS situation in Malawi. These organisations are willing to organise themselves for concerted action, if given the necessary financial and technical support (where required). NAC, with support from the Government of Malawi (GoM) and the international donor community, has established a Grants Facility to engage all of these players.

1.2 Purpose

The purpose of the Grants Facility is *to increase the utilisation of prevention, care and impact mitigation services across Malawi*, in support of the NSP goal of preventing the further spread of HIV infection, promote access to treatment for PLHIV and mitigate the health, socio-economic and psychosocial impact of HIV and AIDS on individuals, families, communities and the nation.

The specific objectives of the Grants Facility are to:

(1) increase financial resources available to organisations from all sectors to implement HIV and AIDS services and activities;

(2) increase the number and range of implementing partners receiving resources and support; and,

(3) improve human and organisational capacities to implement quality HIV and AIDS services and activities.

The Grants Facility operates with accountability and transparency. Its operating systems are responsive to Implementing Agencies (IAs) at both national and community levels. The systems have been developed with inputs from many stakeholders and incorporate lessons learnt from other grant-making programmes in Malawi and elsewhere.

This document describes the scope, components and management arrangements of the Grants Facility. This document is reviewed and revised as and when needed, based on changing needs and priorities concerning the Grants Facility and the national response to the HIV and AIDS pandemic.

2. Guiding principles

The guiding principles of the Grants Facility are:

- respect for the human rights and dignity of each person, irrespective of behaviours, HIV status, gender, age, religion, sexuality or race;

- confidential, voluntary, non-judgmental and non-discriminatory service delivery;

- inclusive and supportive management, recognising that all registered organisations in Malawi have a potential to contribute to the national response to the HIV and AIDS pandemic;

- respect for and compliance with the NSP, the National HIV/AIDS Policy and any national protocols and guidelines deriving from the above; and,

- decentralisation of management systems, increasing responsiveness to local needs and contexts.

3. Partners and Implementing Agencies

The Grants Facility aims to provide support to all registered organisations that can contribute to the national response, have the capacity to implement services and are able to account for grant funding received.

Potential partner organisations that can benefit from the Grants Facility include (this list is not exhaustive):

- Community Based Organisations (CBOs);

- Non-Governmental Organisations (NGOs);

- Faith-Based Organisations (FBOs);

- Professional and trade associations;

- Private sector operators;

- Universities, research and training institutes;

- Local Government Authorities such as City and District Assemblies; and,

- Central government institutions such as ministries, departments and statutory corporations.

4. Interventions supported

Interventions supported under the Grants Facility should be in accordance with national policies and technical guidelines concerning HIV and AIDS prevention, treatment and care and impact mitigation services (policies and guidelines of which can be obtained through NAC). Where relevant, supported projects should also be responsive to community needs.

Activities that are not service oriented, but help to create a supportive environment and increased capacity of civil society for service delivery are also supported, for example:

- technical and/or organisational capacity building of organisations to deliver HIV and AIDS related services;

- formative research, especially needs assessments and situation analyses;

- advocacy activities aiming to reduce stigma and discrimination, or to influence policies, cultural norms and/or legislation; and,

- networking and information support to increase collaboration and share best practice.

4.1 Priority areas of support

As covered in the Memorandum of Understanding between the GoM and the funding partners of NAC for the national response, the Grants Facility supports interventions as per the four Impact Areas of the NSP 2015-2020.

These four Impact Areas of support (followed by examples of each) are as follows:

Impact Area 1: Reduction of new HIV infections and prevalence among general, key and vulnerable populations (Prevention)

- HIV Testing and Counselling Voluntary Medical Male Circumcision (VMMC)

- Blood safety, injection safety and health care waste management

- Sexually Transmitted Infections (STIs) treatment and prevention

- Promotion of male and female condoms

- Post Exposure Prophylaxis

- PMTCT (EID, Family Planning)

- Social Behaviour Change Communication

Impact Area 2: Reduced HIV mortality and morbidity for adults and children (Treatment, Care and Support)

- ART/PMTCT scale up

- Laboratory Diagnostics (Eliminate diagnostic hurdles for early ART)

- Opportunistic infections

- Managing TB/HIV co-infection

- Nutrition

- Home based care (community based care and support, community activities)

- Psychosocial support (facility based adherence support)

Impact Area 3: Reduction in Stigma and Discrimination (Impact Mitigation)

- Social and economic protection for orphans and vulnerable children

> - Creating enabling legal and health services environment (Social and legal protection for PLHIV and KAVPs; Human Rights; Key Population Vulnerability)
>
> - Gender (Increased protection for women and girls; Increased uptake of health services with respect to SRH and FSW made vulnerable by poverty; Mitigating the harms associated with gender-based violence among MSM)

Impact Area 4: Improved management and coordination of the national response

> - Health Systems Strengthening (Quality Improvement, Supervision and Clinical mentoring, Procurement and Supply Chain Management, Human Resources for Health, Laboratory, Infrastructure, Health Information Systems)
> - Strategic Information Management
> - Management and Coordination of the response

Proposals submitted for grant support must be in relation to at least one of the areas described above in order to be considered eligible for a grant.

Section 2: Implementation Arrangements

5. Institutional framework

NAC is responsible for the implementation of the Grants Facility, as it supports the implementation of the NSP. Within NAC, the Finance and Administration Directorate is responsible for coordinating and managing all activities related to the Grants Facility through a Grants Management Unit (GMU).

The institutional framework of the Grants Facility is as follows:

- **Governance** (i.e. strategy and policy oversight) of the Grant Facility is delegated to a Grants Management Committee (GMC) of the Board that reports directly to the NAC Board of Commissioners;

- **Management** of the operations of the Grants Facility is undertaken by NAC through its GMU;

- **Technical assistance** for the development of technical guidelines for HIV and AIDS support interventions are provided through Technical Working Groups (TWGs) made up of relevant stakeholders (e.g. MOH, NGOs, international donors, etc) to assist NAC with the formulation of appropriate policies; other technical units within NAC provide support on Grants Facility operations in areas such as grants and procurement management;

- **Organisational development support** for implementing agencies, are provided by NAC (at national level) and by the city and district assemblies (at community level under the Decentralised Mechanism) for financial and project management development for the implementation of Grants Facility funded projects; and,

- **Service delivery** is implemented by IAs and/or their subgrantees.

5.1   Organogram

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                ┌─────────────────────────┐
                │ Grants Management        │
                │ Committee                │
                │ Of the NAC Board         │
                └─────────────────────────┘
                            │
                            ▼
┌─────────────────────────┐         ┌─────────────────────────┐
│ NAC Secretariat         │ ◄────── │ Technical Assistance     │
└─────────────────────────┘         └─────────────────────────┘
                            │
                            ▼
                ┌─────────────────────────┐
                │ Implementing Agencies    │
                │ (including Das)          │
                └─────────────────────────┘
                            │
                            ▼
                ┌─────────────────────────┐
                │ Subgrantees (to IAs)     │
                └─────────────────────────┘
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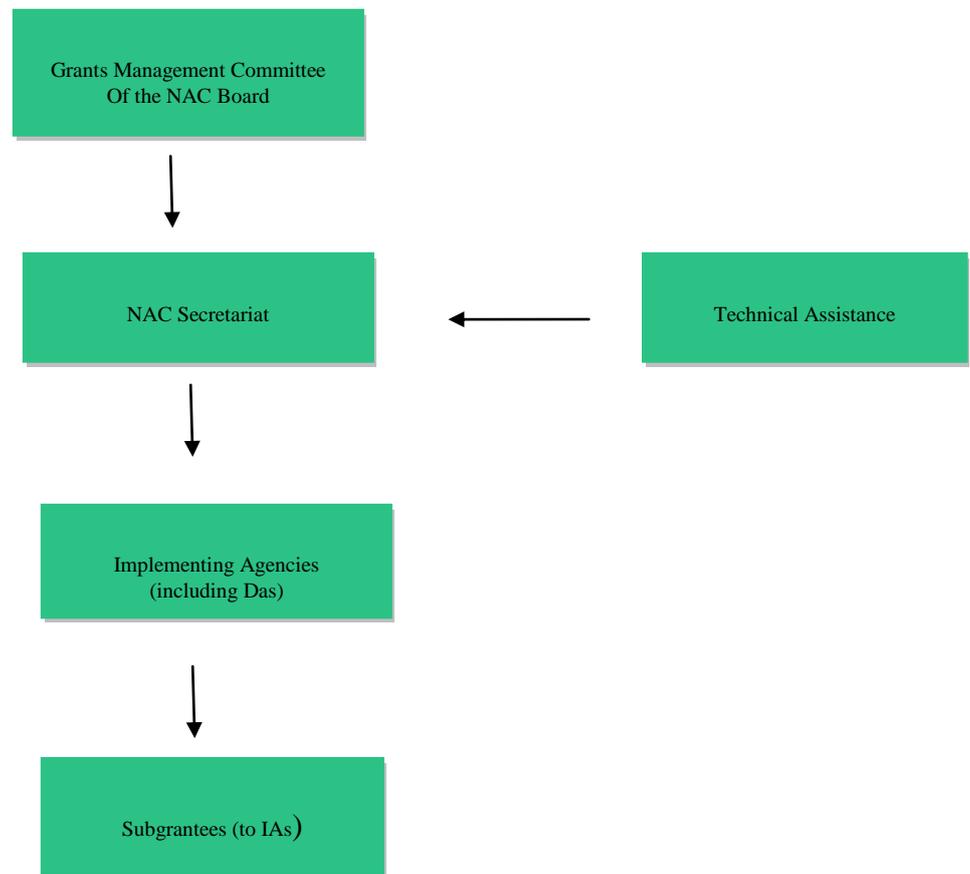
5.2   Roles and responsibilities

5.2.2   Grants Management Committee (GMC)

Governance of the Grants Facility is through the GMC, is a key sub-committee of the NAC Board of Commissioners, which provide guidance to NAC Board on grants policies and procedures that complement the ongoing needs and requirements of Malawian society concerning the national response to the HIV and AIDS pandemic.

The Chairperson of the NAC Board also chairs the GMC, and the NAC Executive Director acts as Executive Secretary to the GMC.

The GMC meets at least quarterly.

The GMC is responsible for the following:
* considering, endorsing and recommending to the NAC Board of Commissioners policies and procedures concerning the operations of the Grants Facility;

* overseeing the application of these policies and procedures;

* Considering, endorsing and recommending to the NAC Board of Commissioners grants/proposals for funding.

- Considering, endorsing and recommending to the NAC Board of Commissioners grants facility reports (quarterly and annual reports).

- monitoring progress towards Grants Facility objectives; and,

5.2.1 National AIDS Commission Secretariat

NAC is responsible for the implementation of the NSP, and accountable for the commitment and expenditure of funds received for the Grants Facility.

The NAC Secretariat's roles and responsibilities are as follows:

- convening the GMC, and provide the Executive Secretary to the same;

- endorsing grant proposals submitted by IAs at national level;

- reporting quarterly progress with the Grants Facility to the GMC;

- reporting progress with and expenditure related to the Grants Facility to NAC's funding partners (i.e. GoM and international donors funding the Grants Facility);

- maintaining and coordinating external relations with national stakeholders, donors and others on Grants Facility matters;

- managing the day-to-day operations of the Grants Facility and supervising its work;

- ensuring that financial resources required by the GMU to disburse grants are provided in a timely manner;

- commissioning reviews of and re-planning exercises for the Grants Facility;

- updating HIV and AIDS scale-up strategies for services eligible for support under the Grant Facility Integrated Annual Workplans (IAWPs), specifying priority services, areas and partners;

- coordinating the development of technical guidelines through the use of TWGs and other technical assistance to ensure that they are adopted by all IAs;

- designing, implementing and maintaining a Monitoring and Evaluation system for the national response; and,

- marketing of and communicating progress with the Grants Facility.

5.2.1.1 Grants Management Unit

After the departure of a previously contracted Financial Management Agency (FMA)[1], the volume of ongoing and anticipated projects to be supported, the need for rapid disbursement of the funds, the need for NAC to have in place a dedicated unit for managing grants systems and the need for the highest degree of transparency and accountability in the process, NAC established an in-house unit to implement the management responsibilities of the Grants Facility.

The GMU reports to NAC Management as well as to the Grants Management Committee of the NAC Board.

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[1] The GMU inherited Grants Facility management functions from the previous FMA that was contracted by NAC to manage Grants Facility operations from February 2004 to July 2007.

The GMU's roles and responsibilities include the following:

- managing the day-to-day operations of the Grants Facility;

- processing of applications submitted for grant support at national level;

- budgeting for and disbursing of funds available to IAs;

- facilitating the contracting of and technical review process for grant proposals submitted at national level by appointed external expert reviewers;

- performing organisational and financial management appraisals of grant applicants;

- preparing grant agreements for IAs that have been awarded grant approvals by NAC;

- disbursing funds to IAs;

- developing and implementing financial and technical reporting systems to be used by IAs to account for and communicate progress with the management and delivery of their NAC-supported projects and funding;

- undertaking periodic monitoring and support site visits to IAs;

- reviewing and approving of financial, narrative and activity reports of IAs;

- providing organisational, financial and project management capacity building services to IAs;

- implementing of procurement systems to be used by IAs to acquire goods and services for their NAC-supported projects;

- monitoring financial management performance and organise capacity-building to implementing agencies as warranted;

- collecting monitoring and performance-related information from IAs on the results of interventions supported by the Grants Facility;

- reporting progress made with the management of and performance of the Grants Facility;

- organising financial and management audits of implementing agencies; and,

5.2.1.2   District Assemblies (DAs)

At district level under the Decentralised Grants Facility Mechanism, the management of NAC Grants Facility activities are delegated by NAC to the City and District Assemblies, with technical assistance from the NAC District Coordination Unit (DCU).

The roles and responsibilities of the city and district assemblies are as those for NAC and its GMU, albeit at district level in managing Grants Facility activities to support HIV and AIDS interventions undertaken by Community-based Organisations (CBOs) and other IAs (e.g. District Based NGOs) that are appropriate for receiving grant funding from the Grants Facility at grassroots level under the Decentralised Grants Facility Mechanism.

The DAs receive funding from and report to NAC.

5.2.2   Technical Assistance

NAC convenes several subgroups of the National Technical Working Group (TWG) on technical issues in areas such as HIV and AIDS prevention, treatment, care and support. These TWG subgroups assess international and local best practice and draft national guidelines for HIV/AIDS/STD service delivery. As the Grants Facility has been implemented to support the rapid scale up and coverage of basic HIV and AIDS services, the role of these TWG subgroups is crucial. Membership of these committees is based on relevant expertise, and typically includes representatives from MOH, the NGO sector, the FBO sector, private sector and the international donor community.

NAC coordinates and convenes the TWG subgroups.

Additionally, technical assistance to support Grants Facility operations is utilised and derived from other technical units within NAC – particularly in the areas of programme and procurement management.

5.2.3   Implementing Agencies

IAs are grant beneficiaries of the Grants Facility that implement and/or provide sub-granting support of interventions in support of the national response.

IAs are responsible for complying with all requirements governing their grant agreements with NAC, moreover:

- implementing planned activities according to approved workplans under their respective grant agreements;

- managing and accounting for grant funds received from NAC for supported projects;

- managing and supervising their projects;

- monitoring project activities, and resolving problems in project implementation;

- notifying NAC (through its GMU) in writing if there are any proposed changes in planned activities or budgets;

- submitting quarterly financial reports (inclusive of procurement activities) to NAC (through its GMU);

- monitoring progress and submitting monthly activity and quarterly technical progress reports to NAC (through its GMU);

- undergoing financial audits as per the contractual requirements;

- complying with national technical guidelines and protocols for HIV and AIDS service delivery;

- respecting guiding principles for service delivery: i.e. confidentiality, non-discrimination and non-judgemental attitudes;

- allowing and accommodating for supervisory/monitoring visits by NAC and/or its representatives and stakeholders;

- making staff available for such above visits;

- maintaining regular lines of communication with NAC;

- sharing knowledge and experience from the project and its activities with NAC; and,

- where relevant, coordinating all project activities with government and related non-government organisations.

At community level, IAs (sub-grantees) benefiting from the Decentralised Grants Facility Mechanism are expected to adhere to the above. However, their lines of communication are with the city or district assemblies as the Grants Facility management agents for NAC at that level.

6. Marketing of the Grants Facility

To engage the maximum number of partners in the national response, NAC undertakes a number of activities such as the following:

- liaison and sensitisation of organisations that do not yet see a role for themselves in the national response;

- support for situational analysis and strategic planning for organisations that do not know how to respond; and,

- advertise in the local print media a call for expression of interest (EOI) to apply for NAC grants.

- formulate and disseminate IAWPs that contain specific activities or services to be delivered under the national response.

NAC's marketing activities include:

- promoting the Grants Facility through television, radio and print media;

- delivering public lectures and targeted workshops on the Grants Facility and the grant application process;

- disseminating EOI forms, *NAC Proposal Writing Guidelines* and related Grants Facility documentation to potential IAs; and,

- providing promotion materials and support to the DAs for the promotion of the Grants Facility at district level (under the Decentralised Grants Facility Mechanism).

7.   Grant mechanisms

There are currently three grant mechanisms under the Grants Facility: (1) Unsolicited grants; (2) Solicited grants; and (3), Decentralised Grants Facility Mechanism grants.   These mechanisms are described in the following paragraphs.

7.1   Unsolicited grants

These are unsolicited, demand-driven proposals submitted by potential IAs on programmes and initiatives developed by the same that are in compliance to any of the first seven key priority areas of the NSP supported under the Grants Facility. Proposals submitted must be in compliance with the *NAC Proposal Writing Guidelines* (separately bound).

7.2   Solicited grants

In specific cases, NAC designates specific organisations to deliver specific services in its partner-implemented IAWPs. In such cases, NAC solicits designated organisations to prepare and submit proposals for grant support based on designated activities for them to implement in these IAWPs.

As is the case with unsolicited proposals, these proposals must be submitted in compliance with the *NAC Proposal Writing Guidelines*.

7.3 Decentralised Grants for   community-level services and its management

In order to make resources (and capacity building) available to community level initiatives for HIV and AIDS interventions in an efficient and effective manner, there is a separate mechanism to engage CBOs and other civil society district level operators into the national response. This mechanism relies on DAs with technical assistance provided by NAC to support grassroots level interventions.

. As local authority level Grants Facility management agents, the DAs report to the NAC on progress and expenditure on behalf of grants roots sub-grantees. The DAs are also responsible for the quality of services, and adherence to national guidelines and protocols for managing the Grants Facility at district level.

To support DA management functions of the Grants Facility at assembly-level, in addition to the provision of sub-granting monies to support the funding of CBOs NAC is also providing funding to the DAs for District Implementation Plans (DIPs), which include capacity building of DAs in managing and coordinating HIV and AIDS support interventions at local authority level.

7.4 Overview of grant mechanisms

The table below summarises the three mechanisms of grant support under the Grants Facility:

Overview of grant mechanisms under the NAC Grants Facility				
Grant Mechanism	**Unsolicited grants**	**Solicited grants**	**Decentralised Grants Mechanism**	**Decentralised Mechanism management**
Typical grantee profile	NGOs FBOs Government ministries and departments Private sector companies Universities, Research and Training Institutions	MOH and other Government /line ministries and departments NGOs FBOs Universities and training institutes	CBOs Small NGOs and FBOs working at community level	City and District Assemblies (technical assistance provided by NAC through DCU)
Project activities funded	Key priority areas 1-7 of the NSP supported under the Grants Facility	Earmarked activities in NAC's Integrated Annual Work Plans (IAWPs)	Community-level interventions based on NSP's key priority areas 1-7 supported under the Grants Facility	Sub-granting to CBOs and other appropriate organisations under the Decentralised Mechanism Activities associated with the implementation of HIV/AIDS DIPs
Application process	Demand-driven Submitted to NAC (via its GMU) Proposals are compliant to ***NAC Proposal Writing Guidelines*** Reviewed by external expert reviewers GMU appraisal	IAs and activities identified in IAWP Submitted to NAC (via its GMU) Proposals are compliant to ***NAC Proposal Writing Guidelines*** Reviewed internally by the NAC GMU appraisal	Demand-driven Submitted to DA Proposals are compliant to ***Decentralised Mechanism Proposal Writing Guidelines*** Appraised and reviewed by district Proposal Review Committees	IAs and activities identified in IAWP Submitted to NAC (via its GMU) Proposals are compliant to ***NAC Proposal Writing Guidelines*** Reviewed internally by the NAC DCU team
Grant duration	1 year renewable	1 year renewable	1 year renewable	1 year renewable
Maximum grant size	Based on grant ceilings criteria	Based on grant ceilings criteria	USD 10,000 maximum	Based on grant ceilings criteria

7.5 Grant Ceilings

To ascertain that proposals are submitted by organisations with the experience and track record to manage and account for the funding requested and implement projects of the scale proposed in their proposals, parameters concerning maximum grant that organisations can apply for have been set.

The following paragraphs describe the various parameters concerning grant support that can be obtained under the Grants Facility based on the profile and experience of the applicants concerned.

7.5.1   Capacity Building Grants

Small capacity building grants are targeted to CBOs and to support coordination and HIV and AIDS information dissemination efforts for implementing agencies new to the HIV and AIDS sector where the objective is to supporting community level interventions and/or the capacity of an IA in targeting HIV and AIDS support interventions at a small, yet focussed, scale. Following successful implementation of a project at this scale, it is expected that the organisation will be in a position to prepare proposals and implement projects of a larger scale.

These grants are also designed to help the IAs concerned to grasp the requirements of managing a NAC grant (i.e. in terms of reporting requirements, financial and procurement procedures, etc) and implement HIV and AIDS interventions at a small scale. Thus, following successful implementation of a capacity building grant, these IAs will have had preliminary experience with NAC requirements for managing grants before "graduating" to apply for and manage a larger grant for a more comprehensive project in terms of size and scale, if deemed appropriate by NAC.

As the objective is to assist grant applicants with building their capacities in managing HIV and AIDS projects in their contexts (at national level) and community-interventions (under the Decentralised Mechanism), the limit is one project per applicant at national level – additional requests for capacity building grant funding are not entertained following completion of a project at this level.

Under the Decentralised Mechanism, additional funding to a sub-grantee may be considered if deemed appropriate and worthy by the DA.

7.5.2   Unsolicited Proposals

For unsolicited proposals, ceilings are set based on the experience and track record of the applicant organisation, both in terms of technical capacity and size of grants the organisation has managed in the past. Based on this, ceilings are determined for the respective grant applicants on their demonstrated track record in project implementation and previous grant management experience.

7.5.3   Solicited Proposals

For NAC solicited proposals, where there may be specific budget allocations in the NAC IAWPs for the earmarked activities encompassed in these proposals, the ceilings for these types of proposal are dependent on both the specific allocations in the Workplans and the capacity of the applicant organisation. Therefore, the grant applicants are restricted to these budget allocations for the earmarked activities presented in their proposals to NAC. However, the organisational and financial management appraisals of the applicant organisations inform/determine if the same have the requisite capacities, or not, to manage the proposed budgets that have been submitted to NAC.

Where there are no specific budget allocations that are indicated specifically for the applicant concerned in the IAWP, the grant ceiling system applied for unsolicited proposals prevails.

7.5.4 Proposals submitted by International Organisations

For proposals submitted by international organisations that have established operations in Malawi, grants are limited to supporting only the local costs (e.g. salaries for locally-based staff, local office operating costs, local travel and transport costs, etc) that are to be incurred to implement their proposed projects – overseas costs (i.e. management fees, overseas office operating costs, overseas-based staff salaries, international airfare and associated costs and other costs related to the operations of overseas operations of the organisation) are not eligible for grant support.

7.5.5 Proposals submitted by Private Sector Operators

As for-profit or revenue oriented concerns with social responsibilities to support the wellbeing of both their employees and their families, the environment they operate in and the clientele they cater to, it is expected that there should be significant financial contribution from private sector operators that may seek funding from the NAC Grants Facility.

As the private sector organisations themselves are expected to finance a portion of the project costs under a NAC grant, this demonstrates high levels of ownership and importance placed by their management in an HIV and AIDS programme (as opposed to relying entirely on NAC for the financing of such a project). In this respect, the principle of cost-sharing is a requirement for handling grant proposals submitted by private sector organisations.

In accordance with national definitions for private sector operators, the level of cost-sharing for a private sector operator seeking funding from NAC depends on the applicant's profile:

- for *large firms and multinationals*, a financial contribution of at least 50% of the total project cost is expected to be absorbed by the applicant (this equates to, at least, an equally shared financial burden in realising a project between NAC and the IA);

- for *Small and Medium Sized Enterprises (SMEs)*, a financial contribution of at least 25% of the total project cost is expected to be absorbed by the applicant; and,

- for *micro-enterprises and smallholder operations*, the criteria for capacity building grants applies.

The criteria used to define the above types of private firm are contained in Annex A.

7.6   Overview of Grant Ceilings

The table below presents the application of grant ceilings for the various grant mechanisms under the Grants Facility:

Grant ceilings under the NAC Grants Facility*		
Type of grant	**Description**	**Maximum size of grant**
Capacity building grants	Grants for CBOs and organisations with minimal experience in HIV and AIDS with plans to build their respective capacities in this area; these grants can also be used as bridging grants for an organisation to prepare itself for a larger/complex project; the grant is also used as a gauge to assess capacity for managing a larger NAC grant; the grant must be linked to an anticipated larger/complex project the applicant foresees to implement following completion of this project; national level applicants are limited to only one grant under this category of project	USD 10,000.00 (MWK equivalent)
Unsolicited proposals – newly established organisations	Proposals submitted by newly created and registered organisations with less than one year operational experience and/or little to no track record with managing donor-funded projects; personnel within the organisation may have the experience and track record to implement the proposed project, but the entity, itself, has a limited track record	USD 10,000.00 (MWK equivalent)
Unsolicited proposals – established organisations	Proposals submitted by established organisations, i.e. at least 3 years operational experience at the time of submitting the proposal	Limited up to the average annual in-country operating budget of the organisation over the past 3 years
Solicited proposals	Proposals from organisations to undertake specific earmarked activities in the NAC Integrated Annual Workplans	Based on the lesser of criteria used for unsolicited proposals or the budgetary provision for the activity(ies) applied for in the IAWP
Proposals submitted by international organisations	Proposals submitted by established international NGOs and FBOs	Limited to the average in-country annual operating budget of the organisation over the past 3 years and only the local costs related to the proposed project (e.g. local salaries, local office operating costs, local travel and transport costs, etc) that would be incurred by the applicant to implement the proposed project; overseas costs are not eligible for grant support
Proposals submitted by private sector operators	Proposals submitted by firms registered under the Companies Act of Malawi; registered statutory corporations; and, registered trade associations and unions	Where relevant, as per the above criteria; however a minimum financial contribution of: • 50% of the total project budget is to absorbed through the applicant's own financial resources for large firms and multinationals; and, • 25% of the total project budget is to absorbed through the applicant's own financial resources for SMEs Capacity building grants criteria applies to micro-enterprises and smallholder operations

* Deviations from the above scenarios may be endorsed by NAC Executive Management to cater for exceptional cases where increased grant support is justified. However, normally, the above criteria applies.

7.7 Proportioning budget line items

In addition to grant ceilings, apportionment of budget line items within grant budgets is a measure introduced to facilitate more emphasis by prospective grantees in the budgeting of services and materials that are directly associated with programme delivery of supported interventions – as opposed to budget line items more associated with grantee operations and institutional costs (e.g. personnel, capital assets, office operating costs, etc).

As indicated in the table below, to reflect a concentrated effort in the delivery of actual services and materials to targeted beneficiaries of the supported interventions (e.g. PLWHIVs, OVCs, Key vulnerable populations etc) the programme delivery budget line should cover at least three-quarters of a project budget, with comparatively modest support to other budget line items.

It is acknowledged that staff recruited or designated specifically to deliver a supported project complement or may be considered as an extension of programme delivery in their own respects (e.g. HIV and AIDS Counsellors operating within a HTC centre) – as the tasks they undertake are exclusive to the project concerned. Thus, the maximum acceptable proportion of the total budget for personnel under a grant is higher than other non-programme delivery budget line items. However, the personnel budget is related to only those staff that will be directly involved in the implementation of the project.

Budget proportions by line item acceptable under the NAC Grants Facility	
Budget line item	**Proportion of budget**
Personnel	Maximum of 10.0% of the total budget
Travel and transport	Maximum of 5.0% of the total budget
Office operating costs	Maximum of 5.0% of the total budget
Programme delivery (including monitoring and evaluation activities)	Minimum of 75.0% of the total budget
Capital assets	Maximum of 5.0% of the total budget

This formalised system of proportioning grant budgets as per the above criteria, is enforced to focus grant budgets more on direct interventions (via programme delivery, sub-granting and project-specific personnel recruitments) that will influence grant budgets and increase incidence of funding projects with high potential to provide direct impacts on the beneficiaries focussed on in the proposals concerned.

Further, grant budget apportionment has been established to set clear guidance to grant applicants as to what areas for the funding of their projects they should focus on when preparing their respective proposals to NAC.

As proposals are assessed on a case-by-case basis, and on their specific individual technical merits, deviations from the above table may be considered and accepted by NAC should the project activities and the resources required to deliver an acceptable proposed project justifiably influence budget line proportioning that differs from the above.

In compliance with international best practice for the implementation of HIV and AIDS support programmes, there should be a provision for monitoring and evaluation activities under the supported project of at least 7% of the overall project budget. Typically, M&E activities will be a part of the programme delivery budget line.

8. Financial management

The funds for the Grants Facility are part of the NAC budget, and provided by donors that have pooled their funding and others which are providing separate discrete funding for specific areas of intervention under the national response.

The arrangements by contributing funding partner to NAC is presented in the table below:

Funding arrangements under the Grants Facility by funding partner	
Funding arrangements	**Participating donors**
Pooled	• DFID • GoM • GFATM • The World Bank
Discrete	• CDC • UNAIDS

Financial management of the grants, including disbursement and accounting, is undertaken on behalf of NAC by its GMU.

8.1 Guiding principles for financial management

Guiding principles that underlie the financial management systems include the following:

- financial resources should be accessed rapidly and easily by IAs;

- Grants Facility funds, which are dedicated to the rapid scale up of service delivery, should be used for that purpose cost-effectively and for their intended purpose under the funded project concerned;

- accountability and transparency of utilisation of funds are crucial, but accountability systems should be proportionate to the size of the grant concerned; and,

- financial and procurement capacity building should be provided where required.

8.2 Overall grant administration restrictions and principles

Regardless of the mechanism used, restrictions and principles apply for administering NAC grants. These restrictions and principles are reviewed and, if required, revised from time to time as required by NAC with endorsement of the GMC and approval of the NAC Board of Commissioners

Presently, the restrictions and principles of the Grants Facility are as follows:

- maximum project duration is one year for both national grants and Decentralised Mechanism grants;

- maximum funding limit per project is based on set grant ceilings and budget line proportions (see Sections 7.5 to 7.7);

- NAC may provide funding in excess of 75% of an organisation's previous year's annual budget, if implementation of project activities and the grant absorptive capacity of the IA justify this;

- IAs can obtain grant support for only one project at a time – i.e. a supported project must first be completed before NAC will consider funding of another project to an IA;[2]

- only allowable cost categories are considered for financing;[3]

- no fixed proportion for organisation, overhead and/or management fees costs are considered – these should be itemised and justified in the budget breakdown;

- NAC awards grants only to registered institutions – individuals are not eligible to obtain financial support under the Grants Facility;

- counterpart funding is encouraged to increase sustainability, and is a requirement for certain private sector operators (see Section 7.5.5);

- grant recipients must be locally registered bodies and be eligible for receipt of public funds according to GoM rules and regulations;

- only locally incurred costs are eligible for funding – funding of overseas office operations and expenses are not eligible for grant support (i.e. rental of overseas offices and utilities, overseas-based staff, international flights, overseas management costs, etc); and,

- grant recipients must open a dedicated bank account for their grants and report on transactions made from this account accordingly (see Section 13.2 for information on financial reporting requirements of IAs).

Exceptions to the above principles and restrictions may apply only in extraordinary circumstances, with the prior approval of the NAC Board of Commissioners.

8.3   Grant disbursement process

Upon approval, the first tranche of grant is normally provided for the first two quarters of a project based on the approved work plans and budgets provided by the IA to NAC. Subsequent disbursements of grant are made quarterly on the basis of budget requests received and justified on the basis of workplans, expenditure and balance of grant. Subsequent grants disbursements are made only after approval of financial, narrative and activity reports by NAC[4] and other areas requiring contractual compliance by the IA in managing its grant and implementing its project.

8.4   Financial controls

All IAs funded by NAC nationally are required to undergo an external financial audit on the use of grant funds received. The DAs are responsible for appropriate audit of subgrantees supported through the Decentralised Mechanism.

NAC reserves the right at any time during the life of a project to independently audit the grantee and review all financial records and management systems, regardless of whether the grantee has obtained a grant nationally or through the Decentralised Mechanism.

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[2] There may be instances during the course of a supported project where there may be justification for adding new activities or interventions under the project which may be incorporated as addendums to an existing project. However, grant support for a new project are not be considered whilst another project is ongoing.

[3] See the *NAC Grants Operational Manual* for information.

[4] See separately *Guidance Notes on Reporting Requirements of NAC Grantees* for reporting requirements of IAs.

9. Capacity Building

9.1 Capacity building needs and purpose

Experience with the implementation of the national response to date confirms that technical and organisational capacity of many existing and potential implementing agencies are limited. In many cases, the technical assistance needs are greater than the need for resources. The Grants Facility can achieve its purpose if there is a strong capacity building component added to the financial support mechanisms, for example:

- the public sector requires technical assistance to implement HIV and AIDS support interventions effectively;

- many CBOs need support to establish project and financial management systems, and technical support on which HIV and AIDS services to provide;

- private sector firms and some ministries need support on assessing the impact of HIV and AIDS on their operations, and strategic planning support to develop effective responses;

- established NGOs express the need to keep abreast of innovations in HIV and AIDS strategies and services (in areas such as ARV treatment and the provision of HTC services);

- DAs require technical assistance and institutional support to effectively manage the Decentralised Mechanism; and,

- NAC requires building its own capacity in grants management and IA support.

Capacity and training needs of organisations is assessed and monitored throughout project implementation, through pre-award appraisals, self-assessments and monitoring of expressed support needs in IA progress reports and reports by independent consultants contracted by NAC to assess the above.

The overall purpose for capacity building is to ensure increased utilisation of services and effective implementation of the national response. In order to achieve this, project-specific capacity-building initiatives are required to ensure effective implementation and sustainability of supported interventions under the Grants Facility.

9.2 Guiding principles for capacity building

Several guiding principles underlie capacity building strategies and approaches:

- capacity building should be needs-based and relevant to the interventions concerned;

- sustainability of capacity and capacity building is increased through Training of Trainers (TOT) as a resource base for the future, and contracting existing local organisations to undertake capacity building;

- participation of beneficiaries in planning, implementing and evaluating capacity building is essential;

- on-the-job training provides for hands-on support and guidance for implementing newly-learned processes; and,

- evaluation of capacity building strategies, through indicators for process, outcomes and impact of capacity building.

9.3   Implementation of capacity building activities

NAC is responsible for capacity building of IAs. As a coordinating body, NAC develops annual capacity building plans, specifying strategies, priorities and activities.

Implementation of capacity building activities may be delegated or contracted in areas such as:

* development of technical guidelines and protocols for HIV and AIDS service delivery;

* capacity building of DAs to manage the Grants Facility at district level;

* financial and project management training for new IAs; and,

* designing or implementing specific capacity building programmes for IAs and sub-grantees based on identified needs.

9.4   Capacity building methodologies

As part of the Grants Facility, NAC has employed several methodologies for capacity building for individual, organisational and institutional development, these include:

* **Information dissemination** – Dissemination of national guidelines and protocols concerning HIV and AIDS and other relevant subjects;

* **Mentoring of organisations** – Mentoring of organisations by partners with specific or longstanding experience, e.g. for DAs through contracted NGOs under the Decentralised Mechanism;

* **Linking and network development** – NAC supports networks for joint action or sharing experiences;

* **Training and workshops** – training organised or commissioned to address technical areas e.g. trough grants management sessions. Some training can also be contracted out to specialised organisations;

* **Technical Assistance** – NAC has access to experts and global best practice in interventions and policies; technical advisors from international organisations are contracted as and when needed for project partners in all technical areas;

* **On-site programme support** – monitoring and support visits of NAC GMU staff to IAs;

* **Information Technology** – e.g. HIV and AIDS information available through the Internet; and,

* **Exposure visits and coordination meetings** – exposure trips to successful programmes to develop new ideas and acquire information on best practice models.

10. Monitoring and evaluation

Given the importance of the Grants Facility for scaling up coverage of essential HIV and AIDS services and the substantial amount of funding dedicated to it, M&E is crucial. M&E of both the Grants Facility and of supported project results funded by grants are integrated in the overall M&E system for the NSP. NAC has developed a results framework for the Grants Facility, to facilitate M&E. IAs are required to report quarterly on a number of standard process indicators in accordance with the Local Authority HIV Activity Reporting System (LAHARS). Adherence to reporting timelines enables NAC to provide frequent and up-to-date feedback to the IAs and dissemination of progress with the implementation of the national response to its stakeholders.

10.1 Results framework for the Grants Facility

As taken from the LAHARS M&E implementation plan, the table below summarises the framework for monitoring the Grants Facility and the national response:

Grants Facility results framework overview		
Objectives	**Sample indicators**	**Sample means of verification**
Goal: Prevention of further spread of HIV infection, promotion of access to treatment for PLHIV and mitigate the health, socio-economic and psychosocial impact of HIV and AIDS on individuals, families, communities and the nation.	Reduction in new HIV infections and prevalence	National Sentinel Surveillance survey results MOH reports Special research DHS Reports
Purpose: Increased utilisation of essential HIV/AIDS prevention, care and impact mitigation services	Number of IEC materials distributed Number of vulnerable adults reached with BCI Number of adolescents reached with BCI Number of women using PMTCT services Number of persons tested and counselled through HTC Number of PWHAs using care and support services Number of orphans using support services Number of widow(ers using support services Number of men accessing VMMC services	IA progress reports LAHARF reports National conducted surveys Special research MOH and MWCD reports DHS Reports
Output 1: Increased access to resources of civil society partners	Total funds committed to grantees Total funds disbursed to grantees Total funds spent by grantees	GMU and DA reports NAC Financial Management Reports
Output 2: Increased number and variety of civil society partners engaged in the response	Number of proposals received / assessed / approved Number of new/ongoing grants Number of grantees and sector breakdowns	GMU and DA reports
Output 3: Increased capacity of partners to implement quality services	Number of IAs with capacity building support Number of capacity building events Number of IA staff trained Number of community people trained evidence of increased capacity Number of unqualified audit reports of IA grants	LAHARF progress reports IA progress reports Independent assessment reports NAC annual financial audit reports

The Grants Facility is subject to periodic output-to-purpose reviews. These reviews include a process evaluation to assess how policies and procedures are being implemented and how they may be improved.

Section 3: Project Cycle for Grants for Services

11.   Introduction

The project cycle for grants describes the process from initial contact by an applicant organisation with NAC, through to proposal review and grant approval, to project implementation and grant closure.   This cycle may be short or long in duration (as it is dependent on the timeliness of the various parties concerned in the process to address matters as and when they arise during the various stages in the project cycle), but necessary steps should always take place.

This section describes the various steps, their rationale and guiding principles for processing proposals under the various grant mechanisms.

> **District-specific guidelines and procedures for managing the Grants Facility under the Decentralised Mechanism have been developed and are under implementation. In this respect, at district level, those guidelines and procedures prevail. For the management of grants approved at national level, the processes and procedures in this document and associated documentation prevail.**

12.   Partner screening and proposal review

The aim of the first step of the project cycle is to maximise the potential for the eventual receipt of high quality and relevant proposals from appropriate potential IAs.

Guiding principles in this step include:

- **timeliness** – strict deadlines will be determined and monitored to respond to applicant organisations;

- **fairness** – each organisation expressing an interest to respond to the HIV and AIDS pandemic is welcomed and treated with respect;

- **transparency** – all steps in the proposal review process are open to review by applicants; the *NAC Proposal Writing Guidelines* document the processes and criteria; and,

- **objectivity** – proposal review is through the use of independent external reviewers (for unsolicited proposals) or the NAC Proposal Review Committee (for solicited proposals), and conflicts of interest are prevented.

12.1 Partner screening

NAC identifies partners both proactively and reactively. For the proactive system (i.e. for activities/interventions that have been actively solicited by NAC to the identified partners concerned), NAC will regularly undertake a situation and response analysis, and update the scale-up strategy for the national response. Through this process, NAC identifies priority HIV and AIDS service areas, public and civil society partners and geographical areas and devise IAWPs following a thorough stakeholder consultation process. Marketing and communications aim to increase applications according to national priorities, and suggest specific activities to reach out to these (prospective) partners.

For the reactive system (i.e. unsolicited funding requests submitted by IAs for proposed interventions with respect to the national response), NAC responds to spontaneous expressions of interest or fully-fledged proposals from eligible IAs. However, as is the case for the proactive process for potential partner screening, marketing and communications aim to increase applications according to national priorities, and suggest specific activities to reach out to these (prospective) projects.

Additionally, and relevant to both proactive and reactive systems for partner identification, prospective grant applicants are encouraged to have initial screening meetings with NAC officials – namely, staff from the GMU – to enable prospective applicants to both present themselves and their prospective projects to NAC before further action is taken in the proposal process. Through these screening meetings, the probability increases for the eventual receipt of appropriate and eligible Expressions of Interest and proposals at a later stage (as preliminary vetting of both applicant organisations and their proposed projects are undertaken at the project conception stage).

12.2 Expression of Interest for Grant Support

Following an open advertisement in the local newspapers calling organisations to submit formal Expression of Interest (EOI) for their prospective project funding under the Grants Facility. Standard EOI forms are available at NAC for organisations to formulate and present their EOIs. Following submission of the EOI and its supporting documentation, NAC, through its GMU, with the support of external expert reviewers, screens the request and communicate in writing to each applicant on its appropriateness or not for proposal development stage and funding within two weeks of receipt of the formal EOI.

During the EOI screening process, the NAC GMU may undertake an on-site visit to the grant applicant organisation's premises to perform a pre-appraisal of the applicant to assess its organisational and financial management capacity to undertake the proposed project and to manage the amount of funding it has requested.

12.3 Proposal submission

Should the EOI be screened as appropriate for potential funding under the Grants Facility, NAC, through its GMU, will furnish the grant applicant with the appropriate *NAC Proposal Writing Guidelines* for the organisation to use to prepare its proposal for funding to NAC. During the process of proposal development process, upon request, NAC may provide guidance and advice to the applicant on the same.

Once finalised, the proposal is to be submitted to NAC's GMU for processing. Following a thorough proposal screening process to determine compliance to the *NAC Proposal Writing Guidelines* and appropriateness for potential funding under the Grants Facility, the NAC GMU will communicate in writing the status of the proposal and its appropriateness or not for further processing within one week of its receipt of the same.

12.4   Proposal review

Following the proposal compliance and screening exercise, at national level, if deemed appropriate for review by NAC, the project proposals are reviewed by either external expert reviewers (for unsolicited proposals) or an internal NAC Proposal Review Committee (for solicited proposals).   A period of two weeks is given for reviewers to complete their assessments of proposals received, in which their assessment reports are to be submitted to the GMU for compilation and submission to the applicants concerned for their information and, if applicable, response.   Under the Districts Mechanism, the proposal screening and review processes are managed by the DA through the Proposal Review Committees.

The proposal review process is mainly technical in nature, in which the following areas are assessed: intervention design, sustainability, organisational capacity and budget.

The table below summarises the proposal review process under each grant mechanism of the Grants Facility:

Technical proposal review agents under the NAC Grants Facility		
Grants mechanism	Proposal review agent(s)	Description
Unsolicited grants	External expert reviewers	Expert reviewers registered to the NAC Grants Facility expert roster assess the proposal on its technical merit
Solicited grants	NAC Proposal Review Committee	A committee composed of NAC officials and, if opted, external expert reviewers that assess proposals on their technical merit and compliance to the IAWP activities for which the proposals are in response
Decentralised Mechanism grants	District Proposal Review Committee	DA-chaired committee composed of local government and civil society stakeholders that review proposals submitted at district level

The Terms of Reference for externally appointed expert reviewers used to assess proposals are contained in Annex B to this document.

Regardless of the grant mechanism, proposals are assessed as "acceptable as is", "acceptable with conditions" or "not acceptable."

For conditionally accepted proposals, upon receipt of comments on the proposal from the proposal reviewers, the applicant has up to one calendar month to respond to reviewer comments – this will be composed of a point-by-point response to the expert reviewers and, if relevant, a revised proposal and budget. Failure to formally respond to the expert reviewers' comments within one month following receipt of the comments/clarifications will lead to the screening-out of the proposal as the same will be considered as withdrawn by the applicant by NAC.

If an applicant has not adequately provided clarifications to reviewer queries, the proposal will be deemed not acceptable in its present form and NAC will communicate this to the applicant accordingly in writing.

If conditions are met and/or clarifications given, the proposal will be cleared by NAC's GMU following consultation with relevant officials from NAC's Programmes departments.

For research proposals, NAC makes use of NHRSC and/or COMREC for the technical and ethical review of these types of proposal. Therefore, for research proposals, the designated proposal review agents of NAC are these bodies.

12.5 Applicant appraisal

Following the proposal review process, should the proposal be deemed appropriate for further processing, the NAC GMU will undertake a formal on-site organisational and financial management appraisal of the applicant organisation, based on standard criteria. The GMU will also revisit the proposed budget during this process to assess it against budgeting rules and guidelines and the current capacity of the applicant organisation.

The appraisal includes a site visit to assess the organisational and financial management capacity of the applicant organisation to implement the proposed intervention(s) and to manage a grant. The appraisal may also require revisiting expert reviewers' queries (as on-site verification of some of the comments/queries and conditions made by the proposal reviewers may be required).

12.6 Proposal approval

Should a proposal satisfactorily pass the review and applicant appraisal processes, the NAC GMU will formally submit the proposal to NAC Management for formal endorsement for approval by NAC Board. An internal NAC Management Committee will meet and conduct a final review to check for geographic duplications, programmatic balance and other considerations which may affect approval. If approved, NAC, through its GMU, will send a grant agreement to the approved grant applicant for signature. Once the IA complies with the requirements in the approval letter (which will accompany the grant agreement), the NAC GMU will release the first tranche of funds to the IA to enable the same to commence project activities.

12.7   Timeline for the proposal review process

The table below summarises the timeline estimates for the various stages leading to approval of a proposal under the Grants Facility. As shown, from the stage of formal receipt of a proposal for a prospective IA, the review process is estimated to take 12 weeks (3 months) to reach approval.

Timeline for proposal processing

Stage	Timescale in weeks																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Pre-proposal:																		
Submission of EOI	█	█																
EOI screening/review and provision of proposal writing guidelines			█	█														
Proposal development					█	█	█											
Proposal:																		
Submission of proposal									█									
Proposal compliance screening										█								
Proposal expert review											█	█						
Applicant appraisal and proposal budgetary review													█	█				
Proposal Information Document Development															█	█		
NAC approval of proposal																	█	█

Elapsed time pre-proposal stage: 7 weeks	Elapsed time proposal stage: 10 weeks

13.   Grants management

NAC through its GMU is responsible for disbursement of grant funds according to the guidelines in the *NAC Grants Operational Manual* (separately bound). Grant agreements include a summary description of the project, a detailed implementation plan and the approved project budget. Annexed to the grant agreement are the *NAC Grants Operational Manual*, *Guidance Notes on Reporting Requirements of NAC Grantees*, *Procedures in Management of Training Activities Conducted by IAs*, the *NAC Procurement Manual* and this document (NGFFD). These documents collectively explain in detail issues such as disbursement systems; financial, procurement and reporting requirements; processes to request changes in budget and or project activities; project auditing; and, roles and responsibilities of both NAC and the IA. These documents are in place to ensure accountability, transparency and efficiency in Grants Facility operations and IAs' management of their respective projects.

13.1   Grant disbursement

In general, grants are disbursed to IAs as follows:

- an initial advance for the maximum of first two quarters is disbursed based on a formal grant disbursement request and its supporting documents[5]; and,

- subsequent tranches are made quarterly based on the budget requests and the following criteria: remaining balance in the grant; workplans and revised quarterly projections; submission and NAC acceptance of required reports under the grant; and, compliance to any other requirements governing the grant.

For goods and services to be acquired for a project that first need to complete a required procurement process (i.e. Local Shopping), the IA is required to submit for approval by NAC a complete procurement file for the item(s) to be procured. Should NAC deem that the procurement process and supporting documentation is compliant to NAC procurement procedures, and the IA is also meeting its other contractual requirements under its NAC grant, NAC will disburse funds to the IA to acquire the goods or services concerned.

13.2   Financial reporting requirements

IAs are required to provide quarterly financial reports, which are composed of the following:

- copies of the cashbooks for the quarter;

- signed copy of the financial report for the quarter in the prescribed format;

- summary of quarterly expenditures which cumulatively add up to the quarterly report;

- copies of balances from ledger account;

- a bank reconciliation statement;

- statement of sources and uses of NAC funds;

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[5] The requirements to enable NAC to disburse the first tranche of grant to the IA will be detailed in an accompanying letter prepared by NAC to the grant agreement for the project. The IA will be given up to one month following receipt of this letter to fulfil the requirements to enable NAC to disburse the first tranche of grant. Failure to fulfil the disbursement requirements within this one-month period may lead to NAC discontinuing the grant with the IA.

- inventory ledger;

- procurement report;

- copies of the bank statements for the quarter; and,

- supporting bills and vouchers to back up all transactions (these should be appropriately filed and readily available for the GMU/auditors to verify at the grantee's premises).

NAC reviews the financial reports within two weeks of their receipt and will notify the grantee of the outcome of the review. If and when satisfactory, the availability of funds and compliance to other requirements concerning the grant (inclusive of other reporting), the next funding will be released immediately.

In addition to quarterly financial reporting, the following financial reports are required to be submitted by IAs for their respective projects:

- annual financial reports; and,

- end-of-project financial reports.

13.3   Audits

All IAs funded directly by NAC are required to undergo an external audit of the use of grant funds by a NAC-appointed auditor. This include the subgrantees supported through the Decentralised Mechanism.

NAC's GMU and NAC's Internal Audit Unit may decide at any time during the life of a project to independently audit an IA and review all financial records and management systems regardless if the IA has received its grant nationally or via the Decentralised Mechanism.

For small grants (i.e. grants less than the MWK equivalent of USD1,000), NAC may undertake spot checks of projected expenditures reported by the IA, accounting records and systems including procurement. This would replace the use of an external financial auditor as the costs to employ such an auditor may be greater than the size of the grant itself. Therefore, as a cost-effective measure for ensuring small projects are being managed appropriately, NAC may undertake financial and procurement audits itself of these grants.

13.4   Technical reporting requirements

Technical progress reports from implementing partners are crucial for several reasons:

- as management information for IA project managers: to check progress of planned activities and expenses;

- as feedback from partners to NAC about lessons learnt, emerging support needs, successes and failures; and,

- as management information for NAC: to monitor the coverage and quality of services according to indicators of the Grants Facility Results Framework and implementation of the NSP.

An important guiding principle for the reporting system is that it should be meaningful in terms of gathering management information, but extremely user-friendly. Therefore, the system elicits very limited information.

IAs are required to prepare and submit progress reports to NAC through its GMU, together with the financial reports. If necessary, i.e. depending on the nature of the project and need for consultation with other NAC Departments on technical implementation of a project, a copy of the progress report is sent to other NAC officials, for review and feedback. These other departments will communicate to the GMU within two weeks following receipt of the reports whether there are any reasons for not releasing the requested funds for the next quarter's programme, based on the report and other findings concerning the IA's project implementation performance.

Technical progress reports should contain the following information:

- achievements versus planned activities;

- problems faced, and lessons learnt;

- changes suggested to workplan and/or budget;

- capacity building support needs; and,

- any other feedback to NAC.

The following technical reports are to be submitted by IAs under their NAC grants:

- monthly activity reports submitted to the Local Councils;

- quarterly progress reports submitted to NAC;

- annual progress reports submitted to NAC; and,

- end-of-grant final (or project completion) report submitted to NAC.

The separately bound *Guidance Notes on Reporting Requirements of NAC Grantees* contains information on how to prepare all financial and technical reports (inclusive of reporting templates) required to be submitted by IAs under the Grants Facility.

13.5   On-site project monitoring inspections by NAC

To complement the reporting of progress with projects, and to follow up on matters addressed in reports submitted by IAs to NAC, NAC conducts on-site inspections of IAs to assess both the financial and technical aspects of projects during their implementation. This is to verify that what is being reported is supported with the relevant documentation/information at the grantee's premises and in the field where supported projects are being delivered. These monitoring exercises inform NAC Management on progress with project implementation and are used to make decisions on the continued funding or not of projects during their life and possibly beyond.

These visits are also conducted to provide support and advice to the IAs by NAC to guide implementation and revisit issues reported by the IAs which affect project implementation.

Annex A

PROCEDURES IN MANAGEMENT OF TRAINING ACTIVITIES CONDUCTED BY IAs

The National AIDS Commission through its Grants Facility provides support to various training activities implemented by the IAs as one way of improving the capacity of IAs to facilitate and improve service delivery.

The following procedures and guidelines are therefore developed in order to assist the IAs in proper management of the resources dedicated for such trainings as well as provision of quality training services in order to achieve the intended training objectives.

The guidelines will cover all core steps involved in training provision from both the IA and PR perspective that include planning for the trainings, execution of trainings, funds management, monitoring and evaluation, and reporting on the trainings conducted.

a. Planning for the trainings and disbursement of funds

The IA shall be responsible for planning of all the trainings to be conducted, in accordance with the approved work plan. The following must be observed during planning:

a) The training needs assessment shall be conducted in respect of each training and this will lead to identification of gaps to be addressed.

b) The gaps identified will form part of the training component in the work plan that is submitted for approval.

c) The work plan together with the disbursement request must be submitted to NAC for approval

d) Once approved, funds will be transferred to the IA based on the quarterly work plan as per Grant Facility guidelines.

b. Execution of trainings

The IA shall be solely responsible for proper implementation of the training in order to achieve the intended training objectives.

The implementation process shall cover the identification of participants, logistical arrangements, management of funds, and reporting as per detailed procedures below:

1. Identification of Participants

Each IA shall identify its training participants depending on the relevance of the training, the target group and type or nature of training.

a) The list of participants for various trainings shall be prepared and submitted together with a training budget for approval and endorsement by IA management.

b) In case of trainings targeting project beneficiaries, project staff shall lead in identification of participants using well defined criteria as per project objectives in collaboration with set community project implementation structures and leaders.

c) In case of training targeting project staff, management of the IA shall have the responsibility to identify and approve the relevant staff for the training as per the training needs assessment.

d) For the trainings provided by the PR to build the capacity of the IAs, the IA management shall provide the list of relevant staff for approval by the PR. The selection of participants will be based on the relevance of the training and/ or type/nature of the training.

2. Logistical arrangements

The IA is also responsible for making all necessary logistical arrangements for the trainings that includes selection of facilitators, sourcing venues for the trainings, managing all payments as follows:

a) The training coordinators is responsible for identifying training venues, facilitators and funds for trainings and seek approval of the same from the controlling officer.

b) The training coordinators must also take responsibility of invitations for participants and organize all the necessary logistics for the training participants.

c) The identification of training venues must be done though a competitive process, where at least three quotations must be sourced and analysed so that the best justifiable option is selected.

d) All payments to venue providers in respect of accommodation and conference facilities must always be made by Cheque. Cash payments are specifically disallowed, as per provisions in the Grants facility.

e) Only well qualified and reputable facilitators must be selected for the training. Where possible, this can be done in collaboration with the existing community structures and networks.

f) All participants to the training must fill and submit the registration forms which must be used to compile the attendance list.

g) The attendance list must be verified and approved by the training coordinator before the Accounts personnel administers the allowances to the participants.

h) Payment of allowances to participants must be in line with the approved budgets, using the applicable recommended rates, as stipulated in the Grants Facility guidelines.

i) Every participant must be made to sign in person for the allowances received, against their names on the list of participants. Third party payment of allowances is specifically disallowed.

j) Any other special allowances payable to facilitators must be made according to the approved budget, or where not provided for, a separate written approval from NAC must be granted before such payments are made.

3. Management of Training Funds

The IA must always ensure that there is transparency and accountability in management of funds drawn for trainings. To achieve this, the following procedures must be applied:

a) The training coordinator/manager must assume the overall responsibility of managing the funds, with support from an accounts staff for each IA.

b) After the approval of the training budget, the accounts personnel must follow the necessary payment authorization procedures to draw the funds from the bank for payment of allowances.

c) The Separate cheques must be drawn payable to service providers, e.g. in respect of accommodation and conference facilities.

d) Where special cash payments are made for such services instead of cheques, the IAs must provide proper justifications, otherwise the amount paid will be deemed as ineligible and recoverable.

e) In order to enhance segregation of duties, the accounts staff must take responsibility of paying all allowances to training participants, based on the approved list of participants.

f) The allowances payable to participants must be made in accordance with the approved daily attendance register that must be checked by both the training coordinators and facilitators.

g) Where training take a longer period, say more than a week, the allowances must be paid in phases in order to encourage full participation during such training.

h) The accounts staff must prepare a liquidation report within seven working days after the training conducted that must be checked by the training coordinator before it is approved by the IA management, i.e. Finance Manager.

i) Any cash balance brought on charge must be fully deposited back into the IA account and the deposit slip must be attached to the liquidation report before submitting it for approval by IA management.

j) The IAs must submit activity reports with group photos for training participants. The approved and reconciled attendance list must also be submitted in order to substantiate the reported activity expenditures.

k) The practice of transferring training funds into other bank accounts or staff/ training coordinators' personal account is specifically disallowed.

c. Monitoring of IA Training

The PR is responsible for ensuring that all trainings conducted by IAs are effectively and efficiently done in accordance with the existing procedures and that such procedures are consistently applied to ensure that training objectives are fully achieved.

The following specific procedures must be applied before, during and after the training is conducted by the IAs:

Before the training

a) The PR must ensure that the training to be conducted by the IAs is within the approved work plan and budgets.

b) The PR must provide proper guidance to ensure that each training follows the recommended training protocols and payments for training related costs follow what is recommended and approved.

During the training

c) On periodical basis, the PR may conduct surprise check during IA training as a measure of quality control and to ensure that all necessary procedures are complied with.

d) Where possible, PR Officers may attend part of the training, to appreciate the conduct and quality of the training provided by IA.

After the training

e) The PR must always ensure that training activity reports are prepared by the IA in respect of each training conducted that must be compiled into a quarterly progress report.

f) The training activity reports must be submitted to the PR as annex of the quarterly technical progress report. The training reports acts as a basis for vouching of expenditures incurred under a particular training activity.

g) The PR must conduct quarterly monitoring visits to the IAs to appreciate the progress made against planned activities and outputs and also provide backup technical support to the IAs to ensure effective and efficient management of the grants.

h) During the quarterly monitoring visits, the PR must also verify and vouch the reported expenditures that include those for training conducted by IA. Such checks must also cover compliance with agreed procedures and guidelines and other best practices on financial management.

i) Regular Internal audits must be conducted by the PR, with special attention to the trainings conducted by the IA. The audit review should among others include field verification and validation of the number of participants trained, duration of the training, allowance paid, accommodation charges, venues used, stationery used and any other costs related to the particular training.

j) The quarterly monitoring visits and regular audits should also provide assurance that the reported training expenditure is within the approved budget and that all training allowance payments are based on NAC approved rates.

k) All training costs incurred outside the approved budget and or not in compliance with agreed procedures and guidelines should be treated as an ineligible expenditure and hence refundable by the IA.

Training Conducted by Local Councils
There is a tripartite agreement between NAC, Ministry of Local Government and National Local Government Finance Committee (NLGFC). NLGFC provides day to day mentoring, routine supportive visits to Local Councils to ensure effective management of financial resources for the decentralized HIV and AIDS response. The NLFGC is also responsible for building capacity of Local Councils in finance management where gaps are identified.

l) For the Local Councils, joint monitoring visits must be conducted by a technical team on a quarterly basis as per a tripartite agreement between NAC, Ministry of Local Government and NLGFC. Such visits must aim at providing day to day mentoring, monitoring of both financial and programme activities and also building capacity of IAs where gaps are identified.

Short term Tailor Made Training
The Commission does also provide specific grants, for tailor made short term training, to training institutions to build capacity of IAs. I addition to guidelines highlighted above the following also applies for short term tailor made training conducted by training institutions:

Recruitment of participants
(a) Participants for the training must be identified following a transparent and competitive recruitment process. This must include advertising the opportunity for training in the local news papers where the objectives of the training, target group and duration of each training programme is specified.

(b) Following receipt of applications, the Training Institution should shortlist suitable candidates and send both long and short list to NAC for review and approval.

(c) The list, sent to NAC should have the actual application letters, including the names of candidates, their qualifications, their roles in their respective organisations, experience and the name of organisations they work for.

(d) The recommended applicants should have endorsement letter from their employer, recommending the applicant for the training.

Implementation of the training

(a) Implementation of the training programme is the sole responsibility of the funded Training Institution.

(b) NAC has the responsibility to monitor the implementation of the training. Where possible NAC Board members or Senior Management shall presided over graduation of such training.

d. Reporting

The IA is responsible to ensure that there is adequate reporting on all the training conducted that should provide a proper basis in determining whether the training objectives have been achieved. The following specific procedures should be applied:

a) IA must prepare detailed training reports in respect of each training conducted during the period. A separate file must be maintained where copies of all the reports should be orderly filed.

b) The training reports prepared must be submitted to the PR on quarterly basis for review in line with the agreed grants management guidelines.

c) Failure by the IA to produce the progress reports within the specified time period will result in withholding further funds disbursements by the PR, until such reports are dully submitted and reviewed.

Annex B

Terms of Reference for External Reviewers

Background

The National AIDS Commission (NAC) is a trust mandated to coordinate and account for funding of HIV/AIDS activities for various implementing agencies in support of the National HIV and AIDS Strategic Plan (NSP) (NSP). NAC's Grants Facility aims to increase the use of HIV/AIDS prevention, care and impact mitigation services across the country. Civil society organisations are encouraged to apply for funds through the Grants Facility. Grants management systems, including proposal writing guidelines and partners' selection processes have been agreed and documented. NAC has established a Grants Management Unit (GMU) to manage the Grants Facility.

Proposal review is transparent and objective, and consists of three parts: (1) technical desk review by external expert reviewers; (2) an on-site organisational pre-appraisal by the NAC GMU; and (3), an assessment of adherence to budgeting rules by the NAC GMU. For all three aspects, review criteria have been developed and published. For the external technical review, NAC has developed a roster of technical specialists in several areas, who can be called upon as and when needed.

Terms of reference

The external reviewers are responsible for:

(1)   reviewing project proposals in the area of their expertise;

(2)   using the review criteria and formats developed by NAC for proposal review;

(3)   reporting on the proposals within a maximum of two weeks once agreed to review;

(4)   convening and engaging in discussions with NAC and/or other expert reviewers on specific issues, when requested by NAC;

(5)   notifying NAC of any perceived or real conflict of interest; and,

(6)   treating any information (proposals as well as other reviewers' comments) as confidential.

NAC is responsible for:

(1)   preparing binding contracts with the expert reviewers for the review of proposals;

(2)   providing the expert reviewer with all relevant proposal documentation to enable the same to effectively review the proposal submitted;

(3)   if deemed appropriate by NAC, providing any additional information requested by the expert reviewer to assist the same with the review of the proposal; and,

(4)   remunerating expert reviewers upon compliance to the terms and conditions in their contracts with NAC.

Reviewer profile

External reviewers are to meet all of the following criteria:

(1)   ample expertise in one or more technical fields (as covered under the key priority areas of support under the Grants Facility);

(2)   intimate knowledge, understanding and appreciation of the Malawian context;

(3)   experience with service delivery project design and/or evaluation; and,

(4)   ability and willingness to express any conflict of interest.

Performance standards and conflict of interest

External reviewers undertake to perform the contracted services with the highest standards of professional and ethical competence and integrity. They will make explicit any conflict of interest, or current/prior relations to any organisation involved in the proposal(s) they review.

Confidentiality

The expert reviewers shall not, during the term of their contracts with NAC and within two years after their expiration, disclose any proprietary or confidential information relating to the services, the contracts or NAC's business or operations without the prior written consent of NAC.

Remuneration

As the demands on reviewers are strict, and review of one proposal is expected to take up to 3 hours, a realistic remuneration is provided to external reviewers.