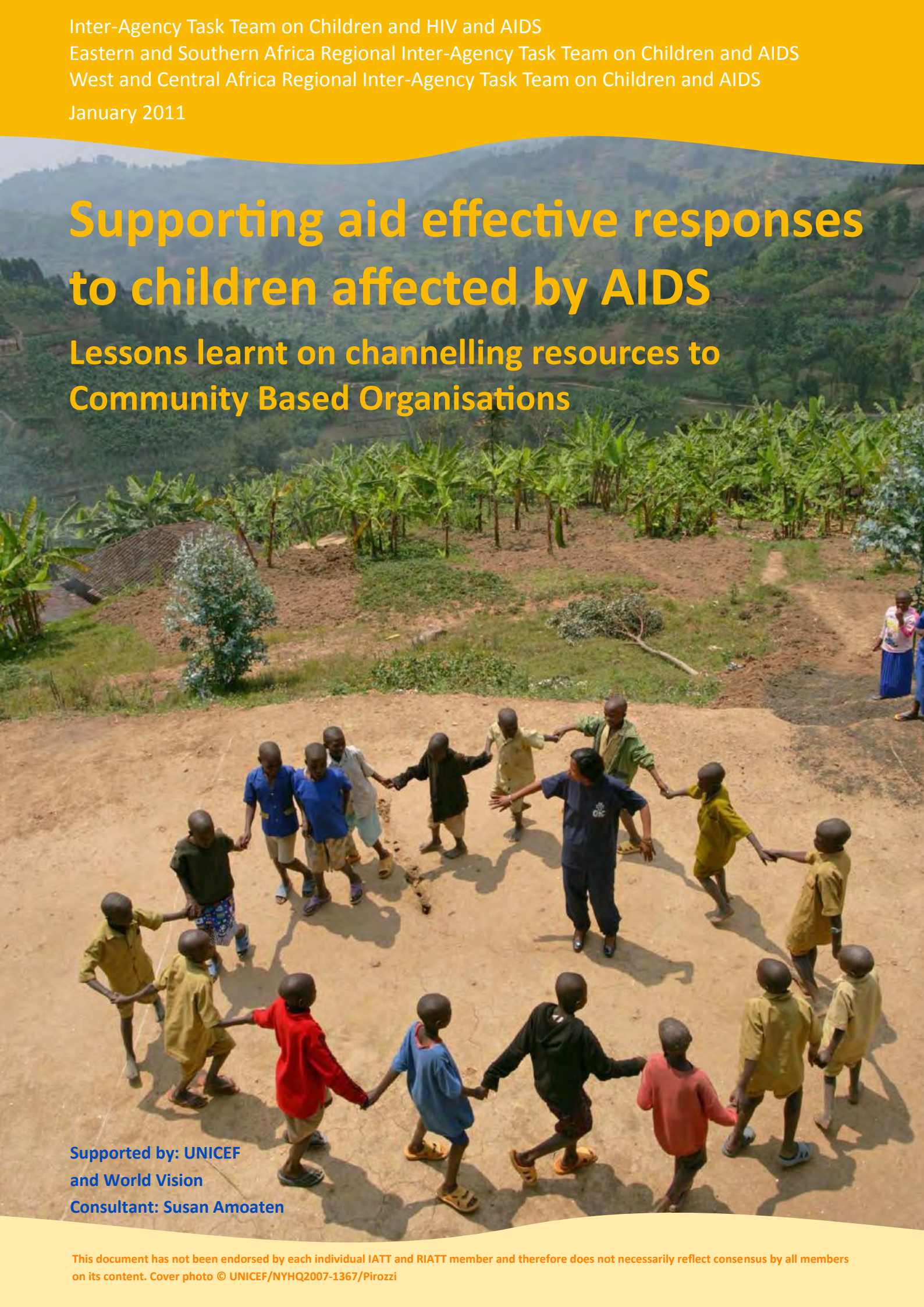


# Supporting aid effective responses to children affected by AIDS

## Lessons learnt on channelling resources to Community Based Organisations



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and **World Vision**  
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## Acronyms and abbreviations

AIDS	Acquired Immunodeficiency Syndrome
CABA	Children Affected by HIV and AIDS
CBO	Community Based Organisation
CHAI	Community-Led HIV/AIDS Initiatives
CIDA	Canadian International Development Agency
CORAB	National network for CBOs (In Burkina Faso)
CNLS	Le Conseil national de lutte contre le SIDA
CPC	Community Project Committees
CSF	Civil Society Fund
CSO	Civil Society Organisation
C&RWG	IATT's Communities and Resources Working Group
DA	District Assemblies
DAC	District HIV/AIDS Committees (in Uganda)
DACC	District AIDS Coordinating Committees (in Malawi)
DANIDA	Danish International Development Agency
DED	Deutscher Entwicklungsdienstes (German Development Agency)
DFID	United Kingdom's Department for International Development
DIP	District Implementation Plan
GFTAM	Global Fund Tuberculosis, AIDS & Malaria
GFU	Burkinabe Global Fund Unit
GMU	Malawi Grant Management Unit
HIV	Human Immunodeficiency Virus
HQ	Headquarters
IATT	Inter-Agency Task Team on Children, HIV and AIDS
INGO	International Non-Governmental Organisation
IPC	Initiative Privee et Communautaire contre le VIH/SIDA
M&E	Monitoring and Evaluation
MAP	Multi-Country HIV/AIDS Programme – World Bank
MOU	Memorandum of Understanding
NAC	National AIDS Commission
NNGO	National Non-Governmental Organisation
NORAD	Norwegian Agency for Development Co-operation
OGM	Onward Granting Mechanism
OVC	Orphans and Vulnerable Children
PAMAC	Programme d'Appui au Monde Associatif et Commuataire
PEPFAR	U.S. President's Emergency Plan for AIDS Relief
RIATT	Regional Inter-Agency Task Team on Children, HIV and AIDS
SAT	Southern Africa AIDS Trust
SIDA	Swedish International Development Cooperation Agency
UAC	Uganda AIDS Commission
UN	United Nations
UNAIDS	The Joint United Nations Programme on HIV/AIDS
UNGASS	United Nations General Assembly Special Session
UNICEF	United Nations Children's Fund
WV	World Vision

## Executive summary

In response to growing numbers of orphans and vulnerable children affected by HIV and AIDS in the last two decades, many communities have formed organisations to provide material and other support to these children. Likewise, international donors and intermediary agencies have increased their funding levels and capacity building efforts to Community Based Organisations (CBOs). Considerable effort has been spent on looking at how to get financial and technical resources to CBOs quickly and efficiently.

This study seeks to improve our understanding of successful initiatives that can create a more predictable and long-term funding environment for CBOs, managing to both address the trade-off between reducing fiduciary risk of monies being misspent yet also avoid disproportionate and onerous levels of accounting and reporting for relatively small sums of money. The study is the result of field research in Uganda, Burkina Faso and Malawi undertaken between April and July 2010, in collaboration with CARE Uganda, SAT Malawi, and IPC in Burkina Faso whose support is gratefully acknowledged.

This study was commissioned and funded by UNICEF-HQ and World Vision UK (WV), as members of the Communities and Resources Working Group (C&RWG) of the Inter-Agency Task Team on Children and HIV and AIDS (IATT), in collaboration with the Regional Inter-Agency Task Teams on Children & AIDS (RIATT) for Eastern and Southern Africa and for West and Central Africa.<sup>1</sup> It sought to identify examples of financial mechanisms that provide financial and technical resources to CBOs who themselves provide care and protection to children affected by HIV and AIDS.

Burkina Faso, Malawi and Uganda have successfully established financial mechanisms that attract funding from multiple donors, which improves alignment and harmonisation of donor funding to Civil Society Organisations (CSOs).<sup>2</sup> These mechanisms also provide an opportunity for funding to be more strategically allocated against nationally developed strategic plans of action on OVC. However, the degree of input from community level into the setting up or resource allocation was limited. Of the over 50 CBOs interviewed during this study, none had any knowledge or understanding of the macro-environment that had such a significant impact on their access to money. In all three countries, the message was clear – money talks, and with the donor and government at the table, the voice of CBOs was usually not considered, or CBOs were considered too ‘weak’ and poorly informed to have a valid point of view.

Using the five key principles of the Paris Declaration (ownership, alignment, harmonisation, managing for results and mutual accountability) as a guide, examples of good practice and areas for further improvements were identified.

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<sup>1</sup> See Appendix 3 for full TORs.

<sup>2</sup> CSOs refers to all non-government organisations irrespective of their size,. CBO refers to smaller non-government organisations working at a grassroots level.

## Government ownership of financial mechanisms

*Paris Declaration: Governments should have full **ownership** of programmes in their country, donors must coordinate and **harmonise** their development work better amongst themselves to avoid duplication and high transaction costs for poor countries by pooling resources into predictable funding sources in **alignment** with national plans.<sup>3</sup>*

**Pooled funding mechanisms** fulfil commitments to harmonising aid into a predictable system that supports government ownership and creates a strong partnership between donors, government and civil society. These can be particularly effective when linked to national plans of action for OVC and their carers. However, they can be extremely time-consuming to develop and result in unwieldy reporting requirements that slow down the flow of funds.

- Donors should look at what reporting requirements can be removed or streamlined into government's own financial reporting requirements to reduce the bureaucratic burden on the system in general.
- Government should develop strong MOUs with donors that clarify the roles and responsibilities of both parties and shared with the civil society sector to improve transparency and accountability.
- Governments should make a stronger commitment to decentralising parts of the grant making process.
- Donors should look to provide more predictable flows of resources against agreed action plans so that funding can be provided downstream on a multi-year basis rather than the current 12 month basis.
- INGOs and civil society networks should more actively improve communication with CBOs so they can contribute their perspective in the planning and monitoring of financial mechanisms rather than simply being service providers.

## Building local capacity

*Paris Declaration: Technical and institutional capacity building of government and CSOs is essential to increase **ownership** and implementation of national action plans, and is a hallmark of the Paris Declaration.*

**Large CSOs with a strong track record in both technical and institutional capacity building should be supported to build CBOs to become stronger.** However, it is important to select CSOs with a successful track record, as poor selection causes as many problems as it solves. The CSO sector in each country was the most successful partner in providing such support as opposed to government, the financial mechanism itself or the private sector as it was seen as more responsive to the needs of the CBOs.<sup>4</sup>

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<sup>3</sup> The Paris Declaration principles, 2003.

<sup>4</sup> However, an important caveat to this is that CSOs without a strong track record in this type of work were viewed very poorly by the CBOs and can create a schism within the CSO community.

- Institutional capacity building needs to be broad and deep if it is to help build the long-term capacity of CBOs.
- Technical capacity building should be included along with institutional support to encourage CBOs to improve the quality of their work with OVC and their carers.
- Government ministries responsible for OVC and their carers need specific support to improve service delivery outcomes to OVC and their carers through CBOs.
- Donors should consider funding capacity building as an end in itself rather than redirecting money allocated to OVC to CBO capacity building.
- CBOs need training in participatory techniques to ensure that as they grow they do not lose their strong focus on grassroots issues and retain broad community involvement.

### The grant-making process

*Paris Declaration: The purpose of financial mechanisms is to channel money efficiently and transparently to CBOs in a way that is **accountable** to donors, government and communities and **results focussed**.*

**Clear criteria on CBO eligibility and the funds available are essential to reduce lengthy application processes.** One of the greatest sources of delays in the grant making process was mis-communication on how to apply as well as poor quality proposals from CBOs.

- Financial mechanisms should adopt an open call for proposals approach which allows CBOs to apply for funds throughout the year.
- Communication channels need to use a mix of methods such as radio, newspapers, community meetings, written guidelines, websites and word of mouth to improve outreach of information on the availability of funds.
- Funding mechanisms should decentralise the call for proposal processes to allow greater room for flexibility and innovation in activities. This encourages CBOs to identify their own needs rather than respond to externally-identified priorities.
- Clear criteria on CBO eligibility and the funds available are essential to reduce lengthy application processes.
- Strong performing CBOs should be rewarded with multi-year funding.
- Mechanisms should apply flexible eligibility criteria to encourage a range of CSOs (from national NGOs through to CBOs) to apply for funding.
- Financial mechanisms must ensure that there is minimal cost to CBOs when applying for funding by allowing them to submit proposals in their geographical location, absorbing postal costs of original copies of proposals or allowing them to include these costs in their proposal.
- Selection criteria ought to have a performance element.
- Research should be conducted to see whether setting high selection criteria actually does identify the best OVC focused CBOs and whether flexible criteria would have a damaging effect on CBO credibility or on overall grant performance.

## Making the money move

*Paris Declaration: Effectiveness of the mechanisms depends on funding being predictable, available and relevant to CBOs, though this must balance with issues of efficiency (**managing for results**) and **accountability**.*

**Pragmatic guidelines on financial good practices based on an initial in-country analysis of the civil society sector are necessary for funding to reach organisations of different capacities.** It was striking how similar the financial guidelines were in each country, suggesting they reflected donor requirements rather than national standards of good financial practice.

- When applicable, larger CSOs could act as banker to CBOs to improve funding flows whilst strengthening their ability to receive funds directly.
- Disbursement schedules should be developed and communicated between all parties within the financial mechanisms (from donor through to CBO) to improve forward planning around financial disbursements to reduce delays and improve accountability between grant makers and grantees.
- Donors and financial mechanisms should look to build up in-country financial reserves to reduce disbursement delays. Penalty clauses could be imposed for late disbursement of funds at the different levels within the mechanism as a spur to improved financial planning, and CBOs.
- Larger CSOs play an important role in financial mechanisms in providing capacity support and improving resource flows to community level. However, the cost of providing this service can be prohibitive and without clear standards in-country, the performance of the larger CSOs can be patchy.
- CBOs and CSOs should lobby for the true institutional overheads of CBOs to be covered as it is unlikely that the capacity of CBOs can significantly improve without the resources to pay for it.

## Collecting and sharing data

*Paris Declaration: Collecting data about the uses of OVC funding and results achieved is a critical component of **managing for results** and improves **accountability** and **ownership**.*

**Pooled funding mechanisms working within one national plan of action have significantly improved consistency of data and reduced the likelihood of duplication.** In all three countries, government authorities felt that pooled mechanisms had helped them get a stronger control of national responses. Donor collaboration on M&E reviews reduces the strain on national governments.

- Weak narrative and financial reports from CBOs impact all aspects of financial mechanisms and reduce their accountability to OVC and their carers. Strengthening support to CBOs to improve their monitoring and evaluation and reporting systems would help resource flows as well as improve accountability to communities.

## Overarching issues

**Before looking to channel funds to CBOs, there needs to be in-country agreement on the definition of a CBO that covers their institutional, technical, and geographical capacity.**

This would not only clarify a capacity building strategy for CBOs but also ensure a more transparent funding environment for CBOs of different sizes.

**There needs to be a clear definition agreed in-country with wide participation that shapes targeting to children who are in need and vulnerable.** This definition should be guided by an open debate on the different needs of OVC and CABA and, pertinently, how best to identify the targeted group in a way that is transparent and does not lead to stigmatisation.

**Research is needed to compare the cost effectiveness of financial mechanisms (which include an element of capacity building) to other methods of channelling funds to OVC and their carers such as social cash transfer schemes.** In a time of economic austerity, and where stakeholders are increasingly committed to developing policies and strategies based on evidence, it is striking that the bureaucratic costs of methods to channel funds to CBOs has not yet been investigated.



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## 1. Background

### 1.1 Introduction

Communities have always been at the forefront of support for orphans and vulnerable children (OVC) in their areas. As the numbers of OVC and children affected by HIV and AIDS (CABA) increased, community groups increased their work, mainly focussing on providing material relief in the form of food and clothes and school fees.<sup>5</sup> This work was often undertaken by unpaid volunteers motivated by a spirit of altruism and funded from within the community or through small-scale income generation. Their work was small-scale but dedicated and trusted by the community.<sup>6</sup> By the 1990s the international aid community became increasingly concerned about the rising numbers of OVC and CABA and donors and INGOs alike looked to ways of increasing their assistance to these emerging community groups in a bid to significantly scale up their support to grassroots level, and in recognition of the importance and relevance of community-led action. However, there was a challenge as these groups were largely unregistered, untrained in administrative or financial systems, and unaware of many of the technical issues around OVC and CABA support needs (such as psycho-social support).<sup>7</sup> Considerable effort has been spent on looking at how to get financial and technical resources to Community Based Organisations (CBOs) quickly and efficiently in order to provide effective support for vulnerable children and families. Funding mechanisms have been designed to get money to those organisations working at community level nationally and many have looked at how to attach capacity building support to these grants to improve CBO performance.

This study was commissioned and funded by UNICEF-HQ and World Vision UK (WV), as members of the Communities and Resources Working Group (C&RWG) of the Inter-Agency Task Team on Children and HIV and AIDS (IATT), in collaboration with the Regional Inter-Agency Task Teams on Children & AIDS (RIATT) for Eastern and Southern Africa and for West and Central Africa.<sup>8</sup> It sought to identify examples of financial mechanisms that provide financial and technical resources to Community Based Organisations (CBOs) who themselves provide care and protection to children affected by HIV and AIDS and their families. The study looked for innovative ways being used to get the money to the grassroots with 'light touch' accounting mechanisms that would not over burden CBOs with heavy-handed accounting and administrative systems. It specifically focused on the CBOs themselves (as opposed to the OVC and their carers) at looking at resource transfer mechanisms rather than the relative merits of channelling funds through to CBOs. The goal of the study is to improve our understanding of successful initiatives that can create a more predictable and long-term funding environment for CBOs that manages to address the trade off between reducing fiduciary risk of monies being misspent, and disproportionate and onerous levels of accounting and reporting for relatively small sums of money.

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<sup>5</sup> FACT and International HIV/AIDS Alliance, *Expanding Community-based Support for Orphans and Vulnerable Children*, (Brighton UK: International HIV/AIDS Alliance, 2002).

<sup>6</sup> Karen Birdsall and Kevin Kelly, *Pioneers, Partners, Providers: The Dynamics of Civil Society and AIDS Funding in Southern Africa*, (ORISA, June 2007).

<sup>7</sup> Karen Birdsall, Pumla Ntlabati, Kevin Kelly and Prerna Banati, *Models for Funding and Coordinating Community Level Responses to HIV/AIDS*, (CADRE funded by GFTAM, January 2007).

<sup>8</sup> See Appendix 3 for full TORs.

This report documents the results of field research in Uganda, Burkina Faso and Malawi undertaken in collaboration with Care Uganda, SAT Malawi and Initiative Privée et Communautaire contre le VIH/SIDA (IPC) in Burkina Faso between April and July 2010. It is arranged around the principles of aid effectiveness as laid out in the Paris Declaration of 2003 (*ownership, alignment, harmonisation, managing for results, mutual accountability*) which provide the most internationally endorsed framework for improving resource flows.

## 1.2 Methodology

The study has been a collaborative effort shaped by collaboration between IATT and RIATT. Three countries were selected, one from East, Southern and West Africa, guided by the RIATTs. Criteria included:

- The countries should have high HIV prevalence and significant AIDS funding.
- The countries should have several different sub-granting models which were innovative and aimed to improve resource flows.
- The governments should have an interest in improving flows of resources to CBOs, and there should be strong indications that donors, foundations and NGOs are seeking greater harmonization.

As a result, Uganda, Malawi and Burkina Faso were selected for in-depth research into existing financial mechanisms reaching CBOs as each country provided examples of pooled funding mechanisms that had national coverage, were managed by the host government, collaborated between various stakeholders (government, donor, civil society) and reached CBOs.

The funding mechanisms considered within this study were by no means the only source of funding for CBOs, nor the only mechanisms channelling funds within the country. There did appear to be some bi-lateral relationships between a few CBOs and funders outside the country (almost always through churches or private foundations), and there were some financial mechanisms developed and implemented by Foundations or INGOs usually with restricted geographical and programmatic focus. However, there is a lack of hard data on funding flows to the civil society community in general which makes it difficult to take a comprehensive look at exactly how much money is available for the civil society sector in general and to CBOs in particular.<sup>9</sup> There is a need for greater transparency from the civil society sector on resource flows.

The methodology used for the research was similar in each country:

- **Field Research:** In each country, a partner organisation linked to the RIATT supported the research with the field work: i) IPC in Burkina Faso, ii) Southern Africa AIDS Trust (SAT) in Malawi, and iii) CARE International in Uganda. Their roles were to provide contacts, set up meetings, and share their in-country expertise on the funding environment for CBOs. The field research involved meeting representatives of key stakeholders including representatives of bodies such as: the national HIV and AIDS coordinating bodies and their

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<sup>9</sup>Nathan Nshakira and Nigel Taylor, *Making External Resource Flows Through Communities Work Better for Vulnerable Children: the Experiences, Concerns and Suggestions of Initiatives and Care-giving Households in Uganda*, (Kampala, Uganda: FARST Africa, November 2008).

district level equivalents, national committees for children affected by HIV and AIDS, government departments including those responsible for children affected by AIDS, donors including Global Fund's principal and sub-recipients, INGOs, NGOs, and CBOs. A semi-structured questionnaire was developed to gather information from the various stakeholders along with supporting tools and policy documents. The focus of the interviews was to learn how the finances flowed through to the community level, how the system was developed, managed and implemented, and key successes and challenges of the systems. In particular, the methodology was looking to identify examples of good practice that would ensure timely, efficient and cost-effective funding of interventions. The detailed findings of the research in the three countries were written into separate reports.<sup>10</sup>

- **Literature review:** existing documentation on financial mechanisms was identified and used to help shape both the research methodology and cross reference findings from the field research.
- **A Reference Group** (of technical experts from the IATT C&RWG and the RIATT's for Eastern & Southern Africa and for West and Central Africa) provided guidance on the methodology and (along with the three host organisations) reviewed this document to ensure accuracy.

The scope of the study was ambitious, and it was sometimes difficult to engage all stakeholders at national level due to conflicting priorities. However, over 100 face-to-face interviews with representatives of government, donors, UN, INGO, NNGO, CBO and CSO networks provide a comprehensive perspective of the main national financial mechanisms. Whilst the study was specifically focussed on CBOs working with OVC, it is important to note that the researchers met no OVC or their carers during the study either as beneficiaries or as members of CBOs visited. This is a missing voice in this picture though it is not possible to speculate how the findings would have altered had they been more active in the policy development, planning, implementation or review of financial mechanisms.

A number of constraints affect the overall picture of funding reaching CBOs:

- **Definition of CBOs:** There was a debate in each country of this study as to the exact size and nature of a CBO and it has been acknowledged in other research that this confusion surrounding the definition of CBOs has an impact on their access to funding.<sup>11</sup> This lack of clarity in definition of the roles and size of CBOs may account for some fairly substantial differences of opinion on whether money was managing to reach their level. Some donors defined a CBO as an entity working in a limited geographical area with an operational budget of up to \$50,000. Most INGOs and CBOs defined CBOs as entities working at sub-county level mainly made up of a team of volunteers with a budget of up to \$5,000–10,000. Government officials and implementers of the financial mechanisms acknowledged that without a clear definition of size and nature of a CBO it was difficult to develop appropriate operational guidelines relevant to this sector. This was particularly pertinent when

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<sup>10</sup> Available on the Inter-Agency Task Team on Children and HIV and AIDS website, [http://www.unicef.org/aids/index\\_iatt.html](http://www.unicef.org/aids/index_iatt.html).

<sup>11</sup> Geoff Foster, *Bottlenecks and Drip-feeds. Channelling Resources to Communities Responding to Orphans and Vulnerable Children in Southern Africa* (London: Save the Children, 2005).

considering the capacity of CBOs to deliver quality services and report on funds received. This issue is explored further in the section entitled 'Making the Money Move'. One definition acknowledged internationally is 'Community-based Organisations are membership organisations that rely exclusively on volunteers and normally receive little external funding'.<sup>12</sup> For the purposes of this study, we are using the definition most commonly given by participants that remains in the spirit of the internationally acknowledged definition: *registered organisations made up of members of the local community, known and trusted by their community and seen as responding to community needs. Most were seen as having a geographical outreach of a few villages with budgets of up to \$10,000 per annum.*<sup>13</sup> Larger civil society organisations were seen as District NGOs or National NGOs, smaller groups were seen as community groups. **Without a clear, universally agreed definition of CBOs that is understood and agreed at policy maker and grassroots level, identifying whether funds are appropriately reaching this level will continue to be a problem.**

- **Definition of target groups.** This study intended to look at children affected by HIV and AIDS (CABA), a sub-group of orphans and vulnerable children (OVC). This study identified no funding provided by any donor specifically for OVC, indeed only PEPFAR appeared to specifically target OVC by ring fencing 10% of its funding for this group within its HIV and AIDS funding. However, many donors, government ministries and CSOs argued that not only is it difficult to identify CABA from other OVC, but that their support needs are often very similar and indeed that OVC, as a result of extreme poverty, are often more vulnerable than any other group. **There needs to be a clear definition agreed in-country with wide participation that shapes targeting to children who are in need and vulnerable.**
- **Cost effectiveness of the different mechanisms.** This study was not able to look at how much the various mechanisms cost to operate, with some donors being reluctant to share what was considered sensitive financial information and others having little information on the subject. However, some participants in the study were conscious of the high operating costs of some of the financial mechanisms (usually as a result of the need for large financial staff teams) and there was a general concern amongst all participants that the actual amount of money reaching OVC compared the amount of money committed by donors into the financial mechanisms was too little. This is a highly pertinent issue at present when there is an in-country perception that funds are moving away from OVC towards prevention and treatment issues. **In the interests of accountability and transparency, information on the cost of financial mechanisms ought to be made more publically available in order to develop a clearer picture of the cost effectiveness of financial mechanisms as a means of providing relevant services to OVC through CBOs.**

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<sup>12</sup> *Ibid.*

<sup>13</sup> Interestingly, CSOs in all three countries appeared to believe \$5,000–10,000 was a reasonable budget for a small to mid-sized CBO.

## 2. Changes in resource flows to CBOs working with OVC and CABA

The funding environment for CBOs has changed dramatically over the past ten years. Some key international decisions on making more money available directly to the civil society sector and CBOs in particular, have increased access to money closer to grassroots levels.

In **1999**, the World Bank launched the **Multi-Country HIV/AIDS Program for Africa (MAP)** as a 15-year commitment to scale up HIV and AIDS activities led by national strategic plans. Considerable emphasis was placed on mobilising community action by specifically focussing on the rapid expansion of CBOs, including substantial resources to build capacity of both government and the CSO sector.<sup>14</sup> By April 2010, the Bank had provided \$1.9 billion for HIV/AIDS programmes in 35 countries funding around 50,000 CSOs.<sup>15</sup> MAP particularly looked to develop innovative methods to both stimulate and fund the rapid scale-up of CBO action in programmes such as **Community-Led HIV/AIDS Initiatives (CHAI)** in Uganda, implemented by the Ministry of Health between 2001 and 2006, and with a budget of \$12.5 million.

In **2001**, at the **United Nations General Assembly Special Session (UNGASS)** on HIV/AIDS, 189 nations signed a commitment to increase resources available to change the epidemic's course. As a result, the **Global Fund to Fight AIDS, Tuberculosis and Malaria (GFTAM)** was established to provide flexible money led by proposals developed in-country by a Country Coordinating Mechanism (a multi-actor mechanism with representatives from government, donors, and civil society). CSOs are seen as key actors in both developing the GFTAM proposals and as recipients of the funds.

In **2003**, the **U.S. President's Emergency Plan for AIDS Relief (PEPFAR)** was launched which has committed approximately \$32 billion up to 2009, 10% of which is earmarked for OVC. Most of this funding has been channelled through the CSO sector, usually INGOs who may subcontract service delivery to smaller NGOs and CBOs in country.

At the same time as the amount of money for HIV and OVC activities was increasing, there was a growing recognition of the importance of the role of civil society in service delivery and support, particularly for OVC. Small CBOs were recognised as one of the main service delivery mechanisms to OVC and CABA and in-country policies looked to increase the quantity and quality of their service provision by looking to harness their work into national responses.

By **2004** this was more formally recognised within the widely endorsed **'Framework for the Protection, Care and Support of Orphans and Vulnerable Children Living in a World with HIV and AIDS'** (UNICEF, 2004). This framework outlined support to community responses as one of five priority strategies for meeting the needs of OVC and CABA, and was widely endorsed by the international community.

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<sup>14</sup> Jean Delion, Pia Peeters and Ann Kloforn Bloome, *Experience in Scaling Up Support to Local Response in Multi-country Aids Programmes (MAP) in Africa* (December 2004).

<sup>15</sup> World Bank website on MAP, 2010.

Wide scale recognition of the importance of CBOs in providing services and support to OVC and increased access to funding was further strengthened by international commitment to strengthening national ownership of HIV and AIDS responses.

In **2004**, UNAIDS launched the '**Three Ones**' principles, which provide a structure for donors, governments, and civil society to pull together towards:

- **One** agreed HIV/AIDS Action Framework
- **One** National AIDS Coordinating Authority
- **One** agreed country-level Monitoring and Evaluation System.

This provided a strong, nationally-owned framework within which CSO activity could be harnessed and supported. This was further strengthened in **2005** with **The Paris Declaration** which focused on five mutually reinforcing principles:

- **Ownership:** Developing countries must lead their own development policies and strategies, and manage their own development work on the ground. Donors must support developing countries in building up their capacity.
- **Alignment:** Donors must provide predictable aid to support the priorities outlined in developing countries' national development strategies, using local financial management, accounting, auditing, procurement, and monitoring procedures wherever possible.
- **Harmonisation:** Donors should commit to increase pooled aid.
- **Managing for results:** All parties must develop better tools and systems to measure impact.
- **Mutual accountability:** All parties, including civil society, must account for the transparent use of resources towards mutually agreed goals.

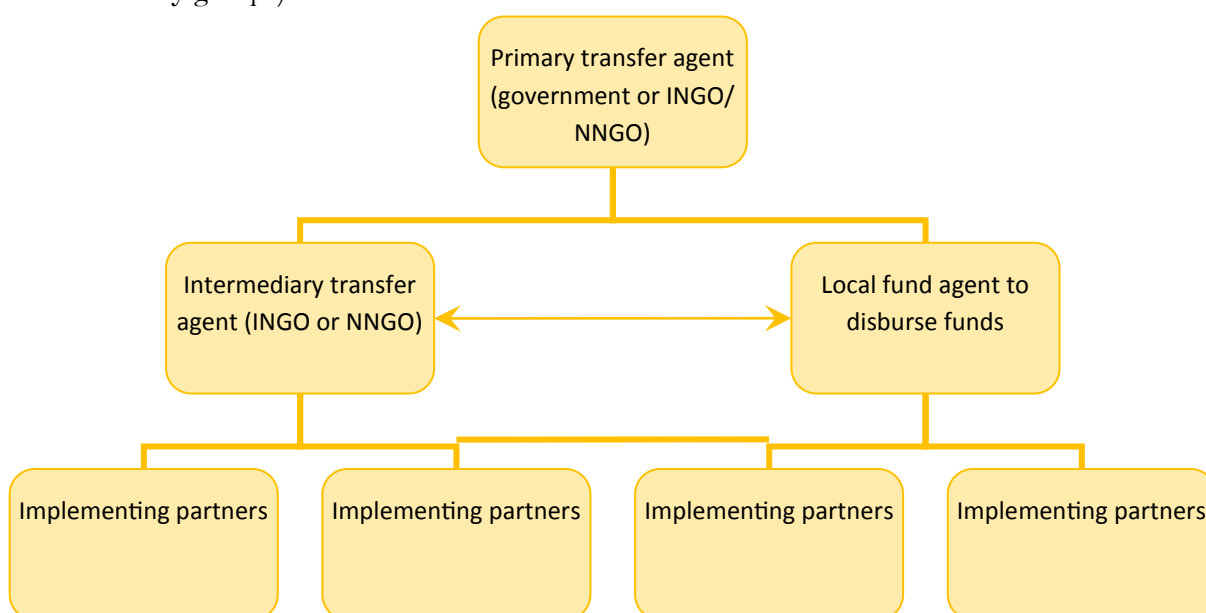
In **2008**, the **Accra Agenda for Action** reinforced these commitments with strong participation from developing country governments and civil society organisations. It reiterated the importance of governments taking stronger leadership of their own development policies and engaging fully with their citizens in shaping these policies, as well as the need for donors to support capacity building including the building of more effective and inclusive partnerships with civil society organisations.

There has been a growing commitment to strengthening CBOs through community system strengthening initiatives in order to improve knowledge of, and access to improved health service delivery. In **2008**, the **Global Fund** produced a fact sheet recognising that building strong, sustainable community-base organisations is an important element of ensuring program impact, sustainability, and encouraged CCMs to consider community systems strengthening needs in their proposal development.

These policies have helped to shape the policy and funding environment for CBOs, and have led to a degree of uniformity in all three countries of the study. In each case, donors provide direct support to the national government to develop appropriate policy environments for CBO activity by creating a minimum set of requirements for this sector. National plans of action to meet the needs of OVC and CABA have helped create coherence across nations and focus the work of CBOs into a bigger picture. The significant rise in funding and the recognition of the need for this money to get to grassroots levels along with capacity building to strengthen the scale-up of community level activities is the biggest influence on financial mechanisms reaching CBOs and is the focus of this study.

### 3. Good practice principles of onward granting mechanisms<sup>16</sup>

National level financial mechanisms have become critical elements in the architecture of channelling resources to CSOs in general with a particular interest in increasing CBO activity. There was a great deal of similarity in the structure of financial mechanisms studied in the three countries. Each mechanism is made up of a series of agents who are responsible for moving the monies efficiently and accountably guided by a series of financial management systems, policies and procedures towards agreed outcomes. The system is generally made up of four layers: the donors, a primary transfer agent (government or INGO/NNGO), secondary or intermediate transfer agent (accounting firm or CSOs closer to implementing agents) and implementers (NNGOs, CBOs, FBOs or community groups).



Each layer is guided by policies and processes pre-agreed through multi-stakeholder committees with all fund activities guided by national action plans. To look at good practices, this study draws upon the principles of aid effectiveness outlined in the Paris Declaration with a particular focus on how the mechanisms ensure monies reach the CBO level.

#### 3.1 Government ownership of financial mechanisms

*Ownership, alignment and harmonisation: Donors must coordinate their development work better amongst themselves to avoid duplication and high transaction costs for poor countries by pooling resources into predictable funding sources in accordance with national plans.<sup>17</sup>*

Substantial effort had been put into developing funding mechanisms that allow national governments to more fully exercise leadership of national OVC and HIV programmes by donors pooling their resources/monies and coordinating their aid to onward granting. Most of these mechanisms are similar, under the auspices of a government ministry (often with technical support from the ministry responsible for OVC), and managed by a multi-stakeholder steering group responsible for designing, planning and overseeing the financial mechanism.

<sup>16</sup> This section draws from research in Burkina Faso, Malawi and Uganda. Country specific studies are available on the IATT website.

<sup>17</sup> The Paris Declaration principles, 2003.

In **Burkina Faso**, the **Conseil National de Lutte Contre le SIDA (CNLS)** set up a **Global Fund Unit** to act as a pooled funding unit for HIV and AIDS monies from World Bank, Global Fund, UNAIDS, UNICEF, DED, DANIDA, and the Dutch government. Funding priorities are set within the National Strategic Framework for HIV and AIDS and reflect the priorities set by the Ministry of Social Action who have responsibility for providing support to OVC.<sup>18</sup> The Unit has existed since 2003 and has created a strong partnership between government, donors and CSOs through its advisory panel. The Global Fund Unit (GFU) is the most widely recognised mechanism for CBOs working with OVC and HIV because it has been operating for some time. Currently it is the only national level mechanism for channelling funds to CBOs working with OVC. The partnership between government and donors has allowed the mechanism to adapt to include the financial reporting requirements of different donors without the need to substantially change its procedures, systems or tools. A steering committee made up of representatives of government, donors and civil society meets quarterly to agree policy and strategic directions and review progress. Larger CSOs believed the structure of the GFU was working well and had helped create a coordinated response to OVC issues with opportunities for them to contribute to policy and strategic debates. However, smaller CSOs had little room to engage since most were not directly linked with the GFU but were sub-grantees of larger CSOs.

### **Burkina Faso Global Fund Unit key good practices:**

- Pooled funding fulfils donors commitment to harmonising aid into a predictable system that supports government ownership.
- Established a system that is widely known throughout the country.
- The system is led by government through the National AIDS Commission.
- Created a strong partnership between government, donors and civil society.

Also in **Burkina Faso**, **PAMAC (Programme d'Appui au Monde Associatif et Commautaire)** set up in 2003 to channel resources directly to CSOs originally focused on HIV and broadening to include malaria and TB. In 2005, PAMAC stopped including OVC activities in its funding portfolio focussing more on prevention, care and treatment. It set up with strong CSO input with the goal of creating a CSO friendly funding mechanism. Its main funders have been UNDP and DANIDA and it is a sub recipient of the GF (through the CNLS). Its grant making process has been developed collaboratively over the seven years of the fund's existence and it has a strong direct relationship with its grantees which has helped establish trust and flexibility between grant makers and grant recipients. CSOs argued that PAMAC had created good links with larger CSOs and had helped strengthen trust and cooperation between CSOs and funders but there were concerns that PAMAC was an expensive system and much funding earmarked for CSOs was lost in administration costs of the mechanism itself.

### **Burkina Faso PAMAC key good practices:**

- Pooled funding fulfils donors commitment to harmonising aid into a predictable system that supports government ownership.
- Strong relationships between grant givers and grant recipients improve trust and predictability of funding.
- Its mechanisms are in line with international best practice guidelines which make it relevant to a broader range of donors.
- A strong team established over time provides consistent improvement in coordination.

<sup>18</sup> 40% prevention, 30% treatment, 22% care and support and 8% for coordination.



**The Grant Management Unit (GMU) within Malawi's National AIDS Commission (NAC)** has pooled funding from government, Global Fund, World Bank, DFID, NORAD, SIDA, and CIDA. There is a strong relationship between the GMU and donors under a steering committee which undertakes joint planning and monitoring. This pooled financial mechanism has reduced bureaucracy of reporting to different donors and supports government to be more strategic in its resource allocation through formal links with the Ministry of Gender, Children and Community Development (as the technical agency responsible for children). There has been substantial progress towards donor harmonisation: M&E of the financial mechanism as a whole is done twice a year as a joint venture; the Ministry of Finance-managed HIV working group coordinates the relationship between the Malawian government and donors and is considered one of the best performing of the basket funders; there is a degree of harmony on HIV due to strong communication between the donors and government on HIV; project agreements are standardised; and Memorandum of Understanding between donors and government help clarify roles and responsibilities of each and enforce mutual accountability.

Since 2008, the GMU has significantly decentralised to District AIDS Coordinating Committees (DACC) under the responsibility of District Assemblies (DAs) in alignment with national policies to devolve responsibility for development to district level. District Social Welfare Officials provide technical support to DACCs in identifying appropriate implementing partners to fund, though the GMU has final approval of all funding decisions to ensure resources are allocated against the National Plan of Action priorities. The DAs are charged with developing District Implementation Plans (DIP) in a participatory manner starting from village development committees through to the various subcommittees including the DACC and the OVC subcommittee made up of local government and civil society partners. The Plan is aligned with the National Plan of Action on OVC, costed and sent to the Ministry of Local Planning who then send the HIV plans to NAC. CSOs seemed well informed about the changes to the Malawi GMU because so much of the grant making process was implemented at district level (firstly through INGOs and more recently through District Assemblies) and were broadly in support of the structure but had many comments and concerns about the way the system was being implemented in practice, and there was a general concern for the level of funding provided to the district assemblies to effectively fulfil their role. These challenges are discussed in more detail within the relevant sections of this report.

### **Malawi Grant Management Unit key good practices:**

- Developed a strong partnership between donors and government by donors working within Ministry of Finance working groups.
- MOUs between government and donors clarifies roles and responsibilities of each.
- Decentralised implementation of the funding mechanism links NAC and District Assemblies.
- Formal technical links between Ministry of Gender and NAC to ensure technical expertise guides funding allocation.
- Widely recognised mechanism by the CSO community.

In this study's third focus country, Uganda, the **Community-Led HIV/AIDS Initiatives (CHAI)** (2001-2006) funded by the World Bank Multi-Country AIDS Programme (MAP) was the most decentralised system studied, with a strong commitment to government and community ownership. It was implemented through a separate department within the Ministry of Health with strong collaboration with District HIV/AIDS Committees (DACs). Management of the focus and

direction of funding was extended through to community level through Community Project Committees (CPC) supported by community mobilisers. Funding decisions were led by community identified needs. Funds were channelled to CBOs from the district level, through the district project account. CBOs seemed to feel the CHAI system had been pivotal in building up the CBO based in Uganda and felt the system itself was effective. However, some of the larger NGOs were concerned that the quality of the CHAI decentralised system very much depended on the quality of the district AIDS Commissioner and that there had been too strong a focus on increasing the number of CBOs and their geographical coverage and not enough on issues of service delivery for OVC.

### **Uganda Community-led HIV/AIDS Initiatives key good practices:**

- The finance mechanism is decentralised to include District HIV/AIDS Committees.
- Used the existing financial system of government, improving accountability to national accounts.
- Programme was managed by the Ministry of Health.
- Funding decisions were led by Ugandan citizens through community project committees.

In 2007, **Uganda** moved to a pooled funding onward grant mechanism, the **Civil Society Fund (CSF)**, building on a US funded financial mechanism named the CORE Initiative. Whilst this is managed by the Uganda AIDS Commission (UAC), it is a **public-private partnership** with Deloitte & Touche (grant management) and Chemonics (M&E and capacity support). Pooled resources are provided by USAID, DFID, Ireland Aid, SIDA, Italian Cooperation and DANIDA. It is guided by a steering committee with government, donor, and civil society membership. It is seen as streamlining operations which is reducing duplication of activities by donors and it is hoped it will be able to attract other major donors in the future. It has introduced a results based framework to improve accountability. This was a relatively new mechanism and so most CBOs were not yet sufficiently familiar with its set up to comment on its structure. However, there had been considerable consultation with the CSO community in its development, particularly larger INGOs who had been part of the CORE Initiative Consortium.<sup>19</sup>

### **Uganda Civil Society Fund key good practices:**

- An open tender process managed by the Uganda AIDS Commission identified the most appropriate management system for the Fund demonstrating commitment to transparency.
- A results based framework will allow the outcome of funded proposals to be mapped against the National Plan for Action.

An equally important aspect to government leadership of financial mechanisms is the role of ministries responsible for OVC and CABA. In each country, national plans of action for OVC have been developed and costed to provide a framework for funding. In Burkina Faso, the Ministry of Social Action (responsible for OVC) with support from UNICEF and IPC has created an OVC strategy and policy that has not yet been costed, but it has developed guidelines on its definition of OVC and a training guide. It is also in the process of undertaking a mapping exercise of OVC throughout the country. Regional offices of Social Action are tasked with mapping CBO activity to improve planning and monitoring, though this is significantly constrained by financial and capacity issues.

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<sup>19</sup> The CORE Initiative ran from 2005-2009, headed by CARE Uganda in partnership with the Ministry of Gender, Labour and Social Development (MGLSD) and the UAC. It was implemented in collaboration with the International HIV/AIDS Alliance, International Centre for Research on Women (ICRW), and Johns Hopkins Bloomberg School of Public Health, Centre for Communication Programmes (CCP). The programme channelled \$15.6 million to expand targeted HIV/AIDS services for OVC and strengthened the capacity of the MGLSD to provide strategic direction, coordination, and monitoring.

Burkina Faso, Malawi and Uganda have successfully established financial mechanisms that attract funding from multiple donors which improves alignment and harmonisation of donor funding to CSOs. These mechanisms also provide an opportunity for funding to be more strategically allocated against nationally developed strategic plans of action on OVC. However, the degree of input from community level into the setting up of these mechanisms appeared to have been limited. Of the 50+ CBOs interviewed during this study, none had any knowledge or understanding of the macro-environment that had such a significant impact on their access to money. This could be seen as a shortfall in the work of networks representing their needs, but is also possibly related to the confusion around the different roles played by CBOs in national responses. Most networks represent all CSOs irrespective of size, but the needs of CBOs are significantly different from those of INGOs or even National NGOs. In Uganda and Malawi, CBOs were sometimes critical of INGOs, seeing them as representing their own interests and not those of community level organisations. In Burkina Faso a new network was being established (CORAB) to represent CBOs. Networks provide a potential opportunity for CBOs to become more engaged in national policy level issues both for information sharing purposes and to represent their perspective but these need support and nurturing to be effective.

## 3.2 Building local capacity

*Technical and institutional capacity building of government and CSOs is essential to increase ownership and implementation of national action plans, and is a hallmark of the Paris Declaration.*

There is extensive literature on the challenges to significantly scale up CBO activities for OVC and HIV.<sup>20</sup> It is often argued that CBOs lack the ability to absorb and manage rapid increases in funding because they have neither the financial nor administrative systems necessary to properly manage and account for such monies. CBOs are acutely aware of these deficiencies both technically (related to OVC and HIV issues) and institutionally (related to financial and administrative issues). In each of the three study countries, capacity building was seen as an important part of the responsibility of financial mechanisms, and donors are aware of the trade off between funds being channelled directly to OVC or being spent on capacity building of CBOs.<sup>21</sup> A wide variety of different methods have been used in building capacity of CBOs and of government.

### **Case study on capacity building: IPC & Asovdk (a CBO working with OVC) in Kombissiri, Burkina Faso**

Since 2003, IPC has been providing capacity support and funding with a grant from the GFU. Focussing on OVC they have provided training and support on technical issues such as OVC psycho-social support and life skills as well as birth registration, education, food and clothing and have facilitated linkages with government including local schools. They provided organisational support through training and mentoring in planning, proposal development, income generation, financial system strengthening and development of administrative systems including M&E. As a result Asovdk have been able to broaden their funding base and now have four funders.

<sup>20</sup> Chesnais, Lewis and Helfenbein (2005), Foster (2005), Birdsall & Kelly (2007)

<sup>21</sup> Capacity building support covered an enormous range of issues from institutional (proposal development, strategic planning, setting up financial and administrative systems, financial management and reporting, M&E) to technical (community participation, service delivery methodologies, income generation, psycho-social support, linkages with social action services, improving OVC access to education).

## 3.2.1 Sub-contracting larger CSOs to partner with smaller CBOs

In Burkina Faso, the GFU contracted 12 large CSOs to provide onward grant funding to CBOs at the same time as providing capacity support. Whilst the onward granting process was prescribed with guidelines developed by the GFU, there was more flexibility on the capacity building element of the programme. IPC provided technical and institutional support and small grants to CBOs in seven provinces starting in 1998. Its process of capacity building is guided by a needs assessment undertaken with its partners and is expected to involve building the technical and institutional capacity of CBOs to meet their own goals and expectations. It favours a long-term approach with emphasis on good communication.

In Malawi, the NAC financial mechanism for CBOs was implemented in two phases: in its first phase it contracted five NGOs to work as umbrella organisations responsible for sub-granting and capacity building to CBOs and District AIDS Commissions. **World Vision International** was one of these organisations working in seven districts of the country. NAC provided guidelines on institutional capacity building requirements (financial, organisational & M&E) for DAs and CBOs and also on sub-granting systems based on the experiences of the umbrella organisations, but there were no guidelines on how to build the technical capacity of CBOs to respond more strongly to OVC needs.

## 3.2.2 Devolving responsibility of capacity building and sub-granting to government District Authorities

In phase II of the Malawi NAC financial mechanism, the government has decentralised partial responsibility for capacity building to the **District Authorities** who are responsible for managing the identification of appropriate CBOs for funding guided by the National Plan of Action on HIV and AIDS and for using the tools developed during phase I with the umbrella organisations. Whilst this phase is in progress, there are considerable concerns about the current ability of DAs to provide capacity support to CBOs. Being technical and institutionally weak themselves, there is a clear opportunity for targeting capacity building support to both district level (DAs) and the community level (CBOs). CBOs suggested that they believed the system of the GMU working with government District Authorities had some potential but they were concerned that they would not be able to get the necessary support to improve their functionality. And some suggested they preferred working with the INGOs who they felt were more able to listen to their concerns and respond appropriately.

### Case study on building institutional capacity of CBOs: Plan International and IPC with CBOs in Gaoua, south-western Burkina Faso

Plan International and IPC have been providing technical and institutional support to CBOs. They specifically focus on strengthening CBO access to independent funding through fund raising workshops that include sessions on the role of fundraising and proposal development. Both Plan International and IPC have helped form CORAB (the newly formed national network for CBOs) to improve information flows and continue to build CBOs ability to act independently from larger CSOs. All 12 CBOs who had attended these workshops had applied to CNLS for funding in January 2010 (but were still awaiting a response in June 2010).

### **Key good practices in providing capacity building support to CBOs:**

- The GFU in Burkina Faso sought partnerships with capable CSOs to provide capacity building and grants to smaller CBOs. Capacity building was seen as an integral part of the financial mechanism.
- The GFU in Burkina Faso put equal emphasis on technical and institutional capacity building thus ensuring that CBOs improve the quality of services provided to OVC as well as their ability to report to their donors.
- The CORE Initiative in Uganda delegated capacity building to NGOs based closer to CBOs who worked with both government and CBOs thus allowing opportunities for relationship building.
- In Malawi, five umbrella organisations provided capacity support to CBOs and District Authorities, building both capacity within and stronger links between the two.
- Malawi District Authorities are to be taking a leading role in building the capacity of CBOs in their geographical area (though this expectation has yet to be realised in practice).
- SAT Malawi, International HIV Alliance in Uganda, and IPC in Burkina Faso interpret capacity building beyond a series of one-off workshops and trainings toward rather more fundamental on-the-job mentoring and support.

### **3.2.3 Capacity support at national level for the ministry**

Equally important, though receiving less attention and less funding, is the **role of capacity support at national level for the ministry responsible for OVC**. UNICEF had been working on building the capacity of the ministry responsible for OVC in all three countries visited. In Malawi, it had been providing long-term capacity support to the Ministry of Gender, Children and Community Development Unit, mainly through the Child Affairs Department. It has focussed on building their ability to plan for OVC needs and strengthening District Social Affairs Departments who are expected to provide technical support to the DACCs. They have also helped improve capacity of community-based child care centres which support OVC between the ages of three and five years. As a result of this capacity building, Malawi has a costed national plan of action for OVC and a clear governance system linking district to national levels. This has given donors greater confidence in the Ministry's transparency and accountability. UNICEF is now working with them on M&E and on aligning the national plan of action for OVC with other key Malawian action plans. However, funds for building the capacity of the District Assemblies to manage the financial mechanism itself appeared to be limited and weakened the effectiveness of the mechanism.

In Uganda, the CORE Programme established Technical Support Offices to work with **District Authorities** to develop a map of service providers and a district OVC strategic plan. This helped bridge strong relations between local CSOs and district authorities and provided national planners a clear framework in which to allocate financial resources.

### **Key good practices in providing capacity building support to government:**

- In Malawi UNICEF provided technical support to the Ministry of Gender to plan, manage and monitor OVC activities and strengthen links from national to district level.
- UNICEF's support at national level has strengthened donor confidence in the capacity of the Ministry of Gender to take technical responsibility in the area of OVC.
- The CORE Initiative in Uganda improved planning at district level thereby ensuring better service coverage for OVC.
- The CORE Initiative in Uganda delegated capacity building to NGOs based closer to CBOs who worked with both government and CBOs thus allowing opportunities for relationship building.
- The CORE Initiative in Uganda improved planning at district level thereby ensuring better service coverage for OVC.

### 3.3 The grant making process

*The purpose of financial mechanisms is to channel money efficiently and transparently to CBOs in order to fulfil nationally identified priorities. The challenge has been to develop systems that manage to meet national goals via CBOs that are small-scale and institutionally and technically weak in a way that is accountable to donors, government and communities.*

The structure of the grant making process is similar in all three countries.

#### 3.3.1 Seeking CBO proposals

The first stage is seeking proposals for funding. Key within this was ensuring that communication systems were in place that could reach CBOs effectively, including CBOs working in areas without electricity (i.e. internet) or regular newspapers (i.e. rural areas). There were a number of different methods of obtaining CBO proposals for funding, each of which demanded a different communication system:

**An open-ended approach** whereby *any* CBOs were invited to submit proposals based on community needs on an ad hoc basis at any time of the year and for any activities. This was usually communicated by the district authority and spread through word of mouth. In the **CHAI Uganda** programme, CBOs were encouraged to develop proposals with community participation and submit for funding to the District HIV/AIDS Committees. This approach had the significant advantage of putting community identified activities at the centre of proposals for funding and helped the CBO stay true to its grassroots.

**An invitation approach** whereby pre-selected CSOs only were invited to apply for funding. Programme d'Appui au Monde Associatif et Commautaire (PAMAC) in Burkina Faso used this approach to support good performance with more predictable long-term funding. There is no launch of proposals in this approach, rather it invites CSOs to submit their annual work plan (using a PAMAC template) and funds activities it identifies as falling within its remit. The process of reviewing CSOs' annual plans against PAMAC's priorities for the year can take some time which PAMAC sees as a process of discussions between the programme officer and the relevant CSO. Whilst this does make it difficult for newer CSOs to access PAMAC money, it has helped strengthen donor confidence in the CSO community by building long-term relationships

#### **Case study on call for proposals: Community-Led HIV/AIDS Initiatives (CHAI), Uganda (2001-2006)**

**Objective:** To enhance community competence to plan and undertake subprojects addressing HIV and AIDS, including orphans' basic needs.

**Methodology:** Communities were mobilized to identify, prepare and implement subprojects in line with their priority needs with the support of District HIV/AIDS Committees (DACs) and community-based facilitators. Projects were appraised and approved by DACs, and funds were channelled directly to communities through the district project account at any time of the financial year.

**Achievements:** 3,962 projects were funded reaching approximately 500,000 OVC. CHAI was a bottom up approach that actively and successfully encouraged the development of CBOs at sub-county level. It built government capacity at district level to lead the work at community level thereby operating a highly decentralised system with good links between government and communities.

and it provides greater predictability of funding access at community level. Only about five CSOs of the 180+ contracts are not renewed each year proving the success of this approach.<sup>22</sup> Whilst many CSOs enjoyed the long-term relationship this approach nurtured, they did argue that the process of developing a final proposal for funding could be extremely time consuming (one CBO said it took over five rewrites and 7 months) and only activities falling within PAMAC's remit are funded as opposed to the priorities identified by the CBO itself.

**A call for proposals approach** whereby the financial mechanism advertises for proposals on specific issues (usually in specific geographical locations) against the national plan of action. The Board of the **Civil Society Fund** in Uganda meets to determine the technical and geographical coverage of a call for proposal which is then advertised widely over the internet and in the newspapers. It states clearly areas of activities for funding and geographical coverage, grant size and proposal criteria. It bases its decisions on the regional mapping of service provision to identify poorly served communities. In Malawi, **PACT** was awarded a USAID grant to build capacity and onward grant to CSOs working with OVC. It used a call for proposals approach (website, newspapers and email contact list) and invited interested CSOs to an open day to learn more about the financial awards available. This approach is also used by IPC in Burkina Faso and is seen as a way of encouraging new CBOs to submit proposals.

### Key good practices in requesting CBO proposals:

- The CNLS in Burkina Faso advertises availability of funds widely including radio which is more accessible for remote and poorer communities than internet and newspapers.
- Plan International in Malawi includes an open day discussion to clarify the funds available and application process to encourage new CBOs to come forward.
- The PAMAC in Burkina Faso and CORE Initiative in Malawi recognise and reward high performing CBOs by providing follow-on funding.
- The CHAI in Uganda used district committees to solicit proposals.

### 3.3.2 Selecting appropriate CBO recipients

There is an inherent challenge for funding mechanisms to meet the needs of national action plans through small CBOs with limited geographical coverage. Larger organisations present many attractive features to financial mechanisms: they have better financial and administrative systems, broader geographical coverage, and stronger presence at a central level. Their better institutional capacity makes them more easily fundable because they reduce the administration burden on the financial mechanisms. However, they may lack the grassroots presence and community credibility in providing appropriate services for OVC. Consequently, many mechanisms were made up of multiple layers with financial mechanisms contracting larger CSOs to sub-grant to smaller CSOs which often themselves would onward grant to the CBO level.

The selection criteria developed by financial mechanisms was remarkably similar in all three countries. CBOs must: be formally registered with the local District Authorities and known to the authorities (have been in operation for a reasonable period of time); have a properly constituted board; have a bank account and an accounts manual that clearly demonstrates their procedures around approval of expenditure, cheque signatories, audited annual accounts etc.;

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<sup>22</sup> As of 2005, PAMAC did not fund OVC activities due to problems in targeting this group. Its funding was redirected towards HIV prevention and treatment.

must have a strategic plan and their project must relate to the district plan; must have a recognisable financial system of recording expenditure; have a human resources manual. The similarity of the selection criteria used between such different countries could be because these reflect international best practice on CSO selection or could be because they are preconditions of the donors funding the financial mechanisms.

Most financial mechanisms have attempted to manage the challenge of identifying appropriately credible CBOs who match up to the criteria through two different approaches:

**Flexible criteria:** In Burkina Faso, Malawi and Uganda the financial mechanisms had instituted flexible criteria depending on the size of grant being requested. The criteria for smaller grants reduced the degree of sophistication needed for some of the financial and administrative information, for instance, handwritten financial records would be acceptable for grants below a certain value and strategic plans etc. could be action plans. In Malawi, this flexibility has been taken one step further by devolving responsibility for smaller CBO project selection to the district level who have stronger links with relevant CBOs and who have responsibility for building their capacity, including their eligibility to apply for funds.

**Case study on selection of CBOs – partnerships between INGOs, NGOs and CBOs: SAT Malawi and SASO, Salima, Malawi**

SAT Malawi have been working with SASO for six years building their technical and institutional capacity to their current position as a NNGO with an annual budget of over \$300,000 that now itself works with CBOs. SAT Malawi absorbs the financial risk of the CBO, providing it funding to undertake activities until it is able to take responsibility for financial management. SASO now accesses funding directly from the GMU and other donors. This approach allows the financial mechanism to disburse funds to community level quickly whilst simultaneously building their ability to access funding directly.

**Case study on selection of CBOs – a flexible approach. District AIDS Coordinating Committees decentralized approach in Malawi**

The GFU has made two funding tracks, one for larger CSOs who must apply directly to them, and a fund allocated by District AIDS Coordinating Committees (DACCs). DACCs release calls for proposals for simple interventions to fulfil the District Implementation Plans (DIP) which are aligned to the National Plan of Action on OVC. The DACC is made up of local government and civil society partners who support CBOs through this process to ensure both broad geographical coverage and quality of activities is improved. Whilst this system is not yet ideal (capacity of many DACCs is still weak and funding for their running costs is too limited to allow them to properly select CBOs in all parts of the district) it has the potential of being a flexible and locally relevant system of CBO selection.

**Funding larger CSOs to channel funds through to CBOs:**

Again, all three countries had examples of working with INGOs to channel funds (and usually capacity building) through larger CSOs to CBOs. In Malawi, PACT was funded by USAID to sub grant to smaller CSOs. It selected to work with larger CSOs with good capacity to meet the needs of its OVC programme whilst simultaneously building their capacity to act as trainer-of-trainers to get support down to smaller CBOs. One of PACT's partners, SAT Malawi, was awarded a grant in which is sub contracted two CBOs who had a good background in OVC service delivery but were institutionally weak. SAT Malawi took responsibility for building the capacity of the CBOs and managed the monies used by these



CBOs to undertake their activities. In other words, SAT Malawi absorbed the financial risk associated with the CBOs until they are able to be self sufficient.

In Burkina Faso, the GFU of the CNLS was funding approximately 140 CBOs through 12 NNGOs. The system has been designed to get money out faster whilst building capacity of smaller CBOs. The CSF in Uganda has also channelled part of its funding for CBOs through larger NNGOs who had a good track record with the donors (TASO, AIDS Info Services, Straight Talk, PACE, Nafofaho, Kitovo Mobile Home Care, THETA, UNASO). This increased to 20 (mostly Kampala based NNGOs) and has increased to around 120 organisations in 2010 in a bid to get funding out to CBOs throughout the country.

The fundamental weakness of the mismatch between CBOs institutional capacity and the selection criteria of the funding mechanisms is that many good quality community service delivery bodies may be unable to access any kind of external funding. And the channelling of funding through larger CSOs through to CBOs may involve so many layers that the quantity of funds that are disbursed is significantly reduced. One donor in Uganda conjectured that probably less than 20% of funds earmarked for OVC actually reached to children or their carers. Interviewees in Malawi and Burkina Faso expressed similar concerns suggesting that as little as 30% and 40% respectively actually reached the target populations.

An exception to the selection criteria approach was that used by the CHAI in Uganda which had extremely light CBO criteria: one member had to be literate, the CBO had to be registered, have a rudimentary record system that could work in areas without access to electricity, be able to prove broad community involvement and be able to report on its activities (with photographs as evidence). Proposals could be submitted at district level (to make it easier for CBOs to submit proposals) using one page summary sheets that were easy for smaller CSOs to understand, but still provided sufficient detail for CHAI to make a financial decision. Different proposal formats could be used for different amounts of money. This light touch system was partially because one of the goals of the CHAI programme was to stimulate CBO development. This light touch approach does not appear to have resulted in any more problematic challenges than the more rigorous approach of other mechanisms in terms of selecting appropriate CBOs for funding.

### **Key good practices in CBO selection:**

- The CSF in Uganda and CNLS in Burkina Faso publish clear eligibility criteria along with the Call for Proposals.
- PAMAC in Burkina Faso and NAC in Malawi have flexible eligibility criteria depending on the size of grant being sought particularly around financial systems.
- The NAC in Malawi allows CBOs to apply for funds locally to reduce unnecessary costs.
- The NAC in Malawi uses stronger CSOs to bear some of the financial risks associated with onward granting to CBOs with weak systems and to provide capacity building to weaker CBOs.

### 3.3.3 The grant approval process

The grant approval process is at the core of funding mechanisms and focuses on three main issues: that CBOs are who they say they are, that they have clear costed programmes and that these programmes fit within national plans of action on OVC and CABA. The method of checking if this is the case is through a series of committees with clear guidelines. In almost all cases, CBOs were invited to submit an initial Expression of Interest (EOI) in the form of a short proposal form outlining their programme goals. This would be checked at district level to see if it met initial eligibility criteria. In **Uganda**, the **Civil Society Fund** invited EOIs to be submitted centrally to the CSF which were then sent through to the relevant District HIV Officer to cross check CSO activities against the District Strategic Plan as well as check the CBO is eligible. Once CBOs have passed this phase they are invited to develop a full proposal with guidance notes on expectations. CBOs saw these guidelines as useful and not too difficult to follow. Once CBOs had been accepted for funding, they were expected to attend a one-day workshop to learn the CSF rules and regulations, reporting requirements and templates.

The **CNLS in Burkina Faso** used a similar system where CBOs would be invited to submit applications to provincial level which would assign programme officials to work with CBOs to complete appropriate applications. Once the provincial level was satisfied with the quality of the proposal, it would be submitted to central level for approval.

In **Malawi**, the **NAC** grant approval process has been significantly decentralised to District AIDS Coordinating Committees (multi-sectoral teams of government and CSO officials) which is expected to develop stronger links with CBOs to help in the selection process. Concept notes would be submitted to district level who would invite successful applicants to develop full proposals. CBOs would often struggle with the development of appropriate concept notes and would request support from the DACC in this however, shortage of funds to the DACC for capacity building was seriously hampering it from playing this role fully. These proposals would be reviewed at district level before being sent to the NAC in Lilongwe for final sign-off. In many cases, a Programme Officer would be assigned to work with potential CBO partners to fine tune their proposals.

The **PAMAC programme in Burkina Faso** used a system whereby it would invite selected CSOs to submit their annual plans which it checks against PAMAC's priorities for the year (which relate to the national action plan and available funding). Whilst this process is time-consuming, it allows for both national and local priorities to be fulfilled therefore giving considerably more voice to community led programme activities. Full proposals are then submitted to a central level.

#### Case study on INGO grant making process: PACT Malawi

PACT is responsible for a USAID-funded programme to build capacity and fund CBOs working with OVC.

**Selection criteria** are published in the calls for proposals which are advertised widely. CBOs are invited to a regional meeting to learn more about the grant.

**Concept notes** are submitted and a team (technical, M&E and financial officials) undertake the first sift.

Approved concept notes then go to an **Evaluation team** (PACT, USAID, Ministry of Health, Ministry of Gender, Ministry of Finance and NAC) for checking against a pre-agreed points system that places equal weight on technical issues and institutional/financial capacity.

**Successful applicants** are invited to submit a full proposal. There is no proposal form. PACT's technical team support the development of proposals at this stage.

All stakeholders at every level complained of the time this process took. In no country was there a pre-publicised timeframe for the process from soliciting proposals to approval and disbursement of funds. In each country, hold ups had become the norm, though for a variety of reasons: delays in submission of funds from donors' HQ to country level was often cited as a challenge, as were changes in donor priorities; poor quality CBO funding proposals was another significant delay in the system; and weak communication between the various different stakeholders of mechanisms (particularly for decentralised systems) would hold up the decision making and communication processes.

### Key good practices in the grant approval process:

- The **Burkina Faso CNLS** programme used clear and transparent eligibility criteria which reduced confusion. This reduced wasted effort from both CBOs and the Funding Mechanism.
- The **Uganda CSF** provides documents and trainings in rules and regulations, reporting requirements and templates which helped CBOs report on grants received.
- The **CNLS in Burkina Faso** assigned programme officials to work with CBOs to complete applications building a relationship of trust between funder and grantee.
- The **Malawi funding mechanism** has decentralised to District AIDS Coordinating Committees (multi-sectoral teams of government and CSO officials) which provides CBOs with an opportunity to develop relations with a consistent body over time. However the decentralisation process is still patchy in its quality and needs substantial capacity development.
- The **PAMAC programme in Burkina Faso** invited selected CSOs to submit annual plans which it checked against PAMAC's priorities for the year (related to the national action plan and available funding). This allows proposals to both be community led and fulfil national priorities.
- The **CHAI Uganda** system involved the community by signing grant agreements with CBOs in their own community which encouraged public involvement.

### 3.4 Making the money move

*Effectiveness of the mechanisms depends on funding being predictable, available and relevant to CBOs, though this must balance with issues of efficiency and accountability.*

In all the financial mechanisms reviewed, the process of making the money move was the most frustrating problem encountered. The conflict between the need to get services to OVC efficiently once proposals had been approved, and the need for money to be appropriately accountable has plagued all financial mechanisms to a similar degree. On the surface, some changes have been introduced to make the money move, but delays of 6-12 months are common and whilst this clearly affects all stakeholders, the biggest losers are OVC and their carers who remain without services and support despite money having been allocated to CBOs to provide these.

The most common reason given for problems in flow of resources was the weak capacity of CBOs and the lack of trust between donors and smaller community organisations. Donors talked about corruption in previous grant disbursement mechanisms that led to the tightening of financial procedures with the hope of improving CSO credibility. Others talked about poor financial management capacity within CBOs which limited the size of grants that could be awarded directly to them. CBOs talked about their confusion with regards to reporting requirements and poor communication between themselves and grant recipients and grant managers, but they had

not attempted to work with their networks to address these challenges. Interestingly, in all three countries government officials working most closely with CBOs could see that institutional capacity support made a big difference in the CBOs' ability to manage funds and this had improved financial reporting. In Burkina Faso, government felt the funding delays had much to do with changing donor commitments to the financial mechanisms which reduced monies available for OVC issues. This was corroborated by donors in Burkina Faso, though, interestingly, the CCM of the Global Fund had not prioritised funding for OVC in its Round 10 proposal which was on-going during the research.

CBOs in Uganda pointed out the challenges they faced in funding delays. For instance, the Mbarara Post-Test and Discordant Couples Association had a programme extension granted by the CSF in January 2010 but as of May no funds had been transferred. As a small CBO they do not have cash reserves to cover the period without funds so they cannot start the programme. Even though

**Case study on making the money move:  
Mayanja Memorial Hospital Foundation,  
Mbarara District, Uganda**

The Foundation has been a recipient of Core and CSF funds for three years and see improvements in the funding process. The Core programme helped build its capacity providing seamless support with regular visits and as a result their funding rose year on year from \$50,000 to \$80,000 (with a 15% administrative overhead).

Disbursements were made quarterly and amounts allowed the hospital's administrative and financial systems to grow slowly to absorb greater funding. The Foundation became an OGM to smaller CBOs and adopted many of the same systems and policies, adapting them to the simpler systems of CBOs.

They believe slow measured growth with good quality capacity building has been the hallmark of their success at reporting along with a commitment of the CSF to develop good guidelines on financial procedures etc.

They think the CSF could promote more innovation by encouraging newer CBOs into the system. They notice a growing fatigue at community level as CBOs submit proposals but get no feedback if they are unsuccessful, and this may start leading to a reduction in service delivery.

the funds for the work have not arrived, the timeframe of the grant remains the same, in this case January to January. This means when they receive the money they will be expected to undertake all the costed tasks in the proposal in the time remaining. So if money arrives in July they have six months for their 12 month programme, if it arrives in September, they have three months.<sup>23</sup> The same situation was raised in Burkina Faso. In Malawi, the District AIDS Coordinator said these delays created a fundamental dilemma for CBOs as some of the activities would no longer be relevant, but they would still be expected to deliver the proposed activities as outlined. Unfortunately, no solution was suggested in any of the three countries of this study but needs to be addressed. Not only does this cause poor quality service delivery to OVC, but it undermines the ability of CBOs to improve their performance and thus build their credibility.

It is worth noting that money moved significantly faster in single donor mechanisms (as opposed to pooled funding mechanisms) such as CHAI in Uganda, or in INGO managed grant management such as Save the Children in Burkina Faso or Catholic Relief Services in Malawi. And funds flowed significantly smoother to CBOs in mechanisms that used INGOs as intermediary recipients (possibly because they had the ability to find money from other sources to backstop funding disbursement delays).

<sup>23</sup> In every CBO visited, staff worked with or without salaries and do what they can using their membership contributions out of a commitment to their communities and in the belief that money would arrive eventually.

There are strict controls in place to manage the release of funds to CBOs whose funding has been approved. Each control is expected to meet international standards of good financial practice and some attempts have been made to make these applicable to small grant sizes and to CBOs working in geographical locations with limited resources.

Upon approval of proposals, CBOs are expected to open a separate bank account in which to put funds. In Burkina Faso, this was presenting a challenge to CBOs as many rural banks were unable to offer electronic fund transfers. PAMAC lifted this restriction paying CBOs by cheque which significantly reduced the bureaucracy involved in accessing money.

All grants could only release funds for purchases upon receipt of three quotations. This presents a significant challenge for CBOs either in rural areas, or parts of the country where there are not three suppliers of some goods. The CSF in Uganda increased the ceiling for three quotations to \$8 to reduce bureaucracy.<sup>24</sup> The CHAI system in Uganda encouraged local purchases approved through the District AIDS Office to reduce delays, and encouraged local business.

Funds are usually disbursed quarterly, with the next tranche of funds becoming available upon successful financial and narrative reporting on previous tranches. This is often a significant block in flow of funds as CBOs either produce their reports late or do not complete them fully. The CSF in Uganda provides training in how to complete financial and narrative on reports, provides written guidelines and has simplified the forms to reduce the bureaucracy involved. This has also helped reduce incomplete forms being returned to CBOs for further information. In Burkina Faso, the disbursement of funds between the INGO intermediary partners of the CNLS system and CBOs was accompanied with long-term capacity building in financial reporting. This helped build institutional capacity and improved the quality of reports emanating from CBOs. And in Malawi, many INGOs absorbed the task of financial reporting from the CBO by taking responsibility for the management of the grant to implement their activities until such a time as they were ready to take on this responsibility themselves.

One core challenge of financial disbursements is the capacity of the local fund agent (managing the grant) to move the contracts and fund transfers quickly. This is a particular challenge for financial mechanisms that have used a Call for Proposals approach to identifying projects for funding as it puts the system under strain during certain periods of the cycle: proposal selection,

### **Case study on making the funding flow: Credo in Burkina Faso**

Credo has been able to grow as a CBO due to the successful way the CNLS has funded its activities. They have taken time to not overwhelm Credo and allow it to grow naturally. They have both simplified the financial procedures manuals and provided some guidance on how to make the money flow better such as relaxing procurement procedures.

However, there are also some fundamental problems: CNLS does not allow for overhead costs and restricts the purchase of some items such as computers or printers, which impacts professional standards from CSO.

Disbursement delays are often due because of problems between the Global Fund and CNLS but these are transferred to the CSO who must deliver programmes to OVC. There is an urgent need for donors to look at their expectations to reduce these delays which are affecting the lives of OVC.

<sup>24</sup> Whilst this ceiling is extremely low, it is higher than before demonstrating a willingness to review ceilings.

issuing contracts, and financial disbursements. The PAMAC in Burkina Faso uses an invitation only system of partner selection which appears to have reduced periods of bottlenecks in fund disbursements and also has a substantial staff team to meet demand. The CHAI system in Uganda used a more open process which solicited proposals all year and the decentralised nature of the mechanism reduced bottlenecks on the financial mechanism itself by devolving decision making and implementation to district level authorities. Systems implemented by INGOs seem to have far fewer problems in disbursement delays, which may be due to the more limited outreach of their programmes and the more flexible systems they have for making financial disbursements.

All financial mechanisms have strict stipulations on which administration costs are allowable (often salaries, rent, office overheads, capital items and travel costs) which make it difficult for the CBO to practise transparent financial management or recruit sufficiently qualified staff to manage the grant. The NAC in Malawi recognised the contradictory message this created, but requiring on the one hand strong CBOs with good quality proposal and budget development skills but on the other hand not providing funds to cover the full operational costs of programmes. It has increased its ceilings on staff salary payments to help reduce these challenges.

### **Key good practices in making the money move:**

- Funds appear to move faster in single donor mechanisms.
- In Burkina Faso, the PAMAC paid CBOs by cheque which significantly reduced the bureaucracy involved in opening bank accounts in rural parts of the country.
- The CSF in Uganda increased the ceiling for three quotations to reduce bureaucracy.
- The CHAI system in Uganda encouraged local purchases approved through the District AIDS Office to reduce purchase delays, and encouraged local business.
- The CSF in Uganda provides focussed training in how to complete financial and narrative reports, provides written guidelines, and has simplified the forms to reduce the bureaucracy involved.
- In Burkina Faso, INGOs act as intermediary partners providing long-term capacity building support to CBOs, improving the quality of reports.
- In Malawi, many INGOs absorb the task of financial reporting from the CBO by taking responsibility for the management of the grant to implement their activities until such a time as they are ready to take on this responsibility themselves.
- The PAMAC in Burkina Faso reduces bottlenecks in its financial system by using an open approach to proposal receipts and fund disbursement.
- The PAMAC in Burkina Faso has a staff team of sufficient size to reduce delays.
- The CHAI system in Uganda used an open process which solicited proposals all year and the decentralised nature of the mechanism reduced bottlenecks on the financial mechanism itself by devolving decision-making and implementation to district level authorities.
- INGOs seem to have far fewer problems in disbursement delays, which may be due to the more limited outreach of their programmes and the more flexible systems they have for making financial disbursements.
- The NAC in Malawi recognised the need for CBOs to employ sufficiently qualified staff to improve their capacity to deliver reports etc. and increased its ceilings on staff salary payments.

## 3.5 Collecting and sharing data

*Collecting data about the uses of AIDS funding and results achieved is a critical component of managing for results.*

It was difficult to thoroughly assess the different elements and levels of M&E as that was outside the brief of this study. However, it was apparent that most M&E focussed on the performance of the grant awarded and outputs of the programme funded. Most CBOs interviewed had a poor understanding of M&E in terms of results or improved quality of lives for OVC and CABA. UNICEF was working with the ministry responsible for OVC in each of the three countries to strengthen their M&E systems so that monitoring of OVC would go beyond looking at their numbers and geographical location towards their service access.

Both Malawi and Burkina Faso were in the process of moving towards results-based monitoring and evaluation but the researchers were not able to explore how this would affect CBOs nor how, or even if, they would be included in developing the results-based framework. Sadly, no examples were mentioned where staff of intermediary organisations or the financial mechanisms would meet with communities of OVC and their carers to take a more qualitative look at the performance of CBOs. This is a missed opportunity for improving accountability of the programme.

Some good practices in the current output focussed M&E systems were apparent:

- Pooled funding mechanisms working within one national plan of action have significantly improved consistency of data and reduced the likelihood of duplication of data. In all three countries, government authorities felt that pooled mechanisms had helped them get a stronger control of national responses.
- In Malawi, joint working arrangements of donors into the pooled mechanism had led to joint M&E reviews twice yearly which significantly reduced the strain on national governments.
- In Malawi and Burkina Faso, UNICEF was working closely with the Ministry of Social Action/Gender in improving its data collection on OVC by improving data storage and



links with district offices. They were also helping ministries move away from collecting numbers of OVC in the country towards the services provided to OVC and changes in the quality of their lives. Unfortunately, due to lack of funds, district authorities were often unable to go into villages to collect this data and instead must rely on villagers coming to its offices. However, the expectation is that eventually there will be a national system of data collection to monitor OVC and their service access which will be used to both monitor the progress of funding to CBOs and also ensure the relevance of the National Plan of Action on OVC on targeting funding decisions.

- Poor monitoring and evaluation was often given as a reason for disbursement delays to CBOs. In Uganda, the CSF is looking at how to provide relevant M&E training to CBOs following on from the work undertaken by the technical support offices of the previous CORE Initiative. They are realising that for CBOs to better understand M&E, capacity building must go beyond trainings towards more mentoring and on the ground support. Programme Officers visit the CBOs quarterly or six monthly to work with them on reporting and data collection. In Burkina Faso the intermediary NGOs have put significant emphasis on building CBOs understanding of the role of M&E and its implementation. It has recognised that to improve data collection and reporting will likely take significant time and resources. Again, no examples were mentioned where staff of intermediary organisations or the financial mechanisms would meet with communities of OVC and their carers to take a more qualitative look at the performance of CBOs. This is a missed opportunity for improving accountability of the programme.
- In Burkina Faso, PAMAC programme and financial monitoring was undertaken simultaneously and by the same staff. This provided an opportunity to properly link programme outputs with funds spent.

### **Key good practices in monitoring and evaluation:**

- Pooled funding mechanisms improve consistency of data and reduce the likelihood of duplication.
- Pooled funding also provides donors the opportunity to conduct joint M&E reviews which significantly reduces the workload on national governments.
- Ministry of Social Action improvements in data collection and storage, with a shift towards access to and quality of service provision to OVC, helps strengthen the policy environment for funding CBOs and moves mechanisms one step closer to be results focussed.
- Capacity building in monitoring and evaluation by intermediary organisations or the funding mechanism itself increased CBOs' ability to report appropriately thus reducing disbursement delays.
- Regular contact between the funder and grantee builds trust and confidence and can help strengthen M&E more effectively than one-off trainings.



## 4. Recommendations

This study set out to identify good practices within existing financial mechanisms that facilitated the flow of funds to CBOs. Each mechanism in each country had examples to share that could be used by other financial mechanisms, and a general picture has emerged of what potentially makes a stronger mechanism. Using the same framework as the findings of the study, recommendations fall into two types, good practices from existing mechanisms and areas for further development.

### 4.1 Government ownership of financial mechanisms

- **Pooled funding mechanisms** fulfil commitments to harmonising aid into a predictable system that supports government ownership and creates a strong partnership between donors, government and civil society. They help improve the long-term potential of financial mechanisms and provide a more transparent source of money for CBOs as they are available in country and are accessed based on merit (as opposed to personal contacts).
- **Donors and governments should develop strong MOUs** that clarify the roles and responsibilities of both parties and can be shared with the civil society sector to improve transparency and accountability. These MOUs should put some timelines on commitments made and be viewed as contracts to be adhered to over a period of time.
- **There should be a stronger commitment to decentralised systems that work through existing government structures.** This helps improve the potential for linking service providers to financial mechanisms. The more decentralised the system, the fewer the delays and the stronger the potential to develop relations between CBOs and district authorities. **However, this needs appropriate resourcing and support to provide a credible and effective system.**

### Unresolved issues

Pooled funding mechanisms can be extremely time-consuming to develop and result in unwieldy reporting requirements that slow down the flow of funds. It took between eighteen months and two years in both Burkina Faso and Uganda to establish the financial mechanisms. It was not clear whether donor agencies had been able to compromise on any of their individual reporting requirements in developing pooled systems. **Donors should pay more attention to the Paris Declaration commitments to harmonisation by significantly reducing financial reporting requirements to the maximum necessary to provide good financial accountability. This would reduce the bureaucratic burden on the system in general and have a significant impact downstream on CBOs.**

In all three countries, the financial mechanisms channelled funds according to agreed action plans of government. However, in each country there appeared to be a problem between funding commitments made against these plans and actual practice. For instance, a number of donors appeared to ring fence their pooled funds for specific activities which limits government's ability

to deliver against mutually agreed action plans. The uncertainty of the funding environment made it difficult for the financial mechanism implementers to plan which had a significant impact on the speed of making decisions. **All stakeholders should make a greater effort to provide long-term funding against the plans to create a more accountable and predictable funding environment.**

Government ownership of the mechanisms had been well demonstrated in each of the countries, but citizen involvement, particularly CBO involvement was less evident. The main mechanisms for including CSOs in the planning, implementation and monitoring of financial mechanisms was through CSO networks or some large INGOs. But many CBOs and NGOs did not believe the INGOs always worked in their best interest (being more concerned with consolidating a role for themselves in onward granting than strengthening resource flows to CBOs) and most of the networks were poorly resourced with limited outreach to CBOs. **INGOs and CSO networks need to specifically consider how to improve linkages with CBOs and improve their opportunities to engage in the planning and monitoring of OVC related programmes, not just in their implementation. Funders should be committing specific funds to allow networks to play this role and encourage the use of citizen participation tools such as consultation exercises or citizen's juries.**

### 4.2 Building local capacity

- **Large CSOs with a strong track record in both technical and institutional capacity building should be supported to build CBOs to become stronger.** However, it is important to select CSOs with a successful track record, as poor selection causes as many problems as it solves. The CSO sector in each country was the most successful partner in providing such support as opposed to government, the financial mechanism itself or the private sector as it was seen as more responsive to the needs of the CBOs.<sup>25</sup>
- **Institutional capacity building needs to be broad and deep if it is to help build the long-term capacity of CBOs, including proposal development, planning, administrative and financial systems, participatory methodologies, financial management and M&E.** Capacity building that simply focuses on grant management has little impact on the sustainability of the CBO since it leaves out essential skills necessary to build an organisation. **In-country CSOs with a background in institutional capacity building should work with CBOs and financial mechanism managers to research and advocate a relevant institutional capacity building package in conjunction with the ministry responsible for OVC and their carers.**
- **Technical capacity building should be included along with institutional support to encourage CBOs to improve the quality of their work with OVC and their carers.** Financial mechanisms with a strong commitment to long-term relationships and working with CSOs appeared to put more emphasis on technical support and particularly to increasing the range of activities undertaken by CBOs on behalf of OVC and their carers. The government ministries responsible for OVC and their carers could work with the CSO sector to determine stronger outcome and impact indicators to guide the technical capacity expected of CBOs.

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<sup>25</sup> However, an important caveat to this is that CSOs without a strong track record in this type of work were viewed very poorly by the CBOs and can create a schism within the CSO community.

- **Government ministries responsible for OVC and their carers need specific support to improve service delivery outcomes to OVC and their carers through CBOs.** In all three countries UNICEF worked with the relevant ministry and the results were evident in terms of planning that influenced the strategic directions of the funding mechanism. This focus should continue and perhaps grow in terms of improving communication between the ministry responsible for OVC and the government body responsible for allocating funding. **Government ministries need to clarify their training and development needs and lobby for support with relevant organisations, including from INGOs.**
- **Donors should consider funding capacity building as an end in itself rather than redirecting money allocated to OVC to CBO capacity building.** As international recognition grows for the need to build and nurture a strong, independent civil society sector, the importance of capacity building of CBOs becomes more apparent. **The Global Fund has acknowledged the need to specifically earmark funding for the civil society sector, but to ensure this reaches to community level, money should be explicitly set aside to strengthen CBOs into strong and independent organisations who bring a community perspective to the OVC and HIV national responses.**

### Unresolved issues

In situations of limited resources, there is a trade-off between putting resources into building CBO capacity in the long-term expectation of improved service delivery to OVC and their carers, and channelling money more directly to OVC. **There should be stronger debates on these long-term versus short term approaches properly identifying the value of building the CBO sector's ability to both deliver services to OVC and their carers and represent their needs to influence government**

There is a conundrum in building the capacity of CBOs, in that the more they grow, the further they move away from the community and the less they represent the

community they were from - though it would be naive to believe that all CBOs are grassroots led and focussed. **CBOs need training in participatory techniques to ensure that as they grow they do not lose their strong focus on grassroots issues and retain broad community involvement.**



## 4.3 The grant making process

- **Financial mechanisms should adopt an open call for proposals approach which allows CBOs to apply for funds throughout the year.** This reduces bottlenecks in the grant approval process and allows CBOs to apply for funds based on needs identified by themselves in conjunction with their communities. This would reduce problems of CBOs chasing funding or developing applications for donor as opposed to community identified programmes. A strong national OVC action plan maintains an essential oversight of funding disbursements.
- **Communication channels need to use a mix of methods such as radio, newspapers, community meetings, written guidelines, websites and word of mouth to improve outreach of information on the availability of funds.** For CBOs, word of mouth is an important communication technique which usually can only happen when funds are predictable. Another successful method can be to hold an open day at district level inviting CSOs to learn more about funds available and the application process. **CSO networks could get more actively involved in communication to improve information flows.**
- **Funding mechanisms should decentralise the call for proposal processes to allow greater room for flexibility and innovation in activities. This encourages CBOs to identify their own needs rather than respond to externally-identified priorities.** A balance needs to be struck between allowing CBOs to request funding for activities identified by the community to fit their needs, and the need to fulfil the national plan of action on OVC. There is a danger that the current push towards a Call for Proposals approach has led CBOs to become sub-contracted service providers of financial mechanisms rather than dynamic community oriented CBOs.
- **Clear criteria on CBO eligibility and the funds available are essential to reduce lengthy application processes.** One of the greatest sources of delays in funding mechanisms was the poor quality proposals of CBOs. Capacity building efforts need to prioritise support in this area to improve the quality of proposals. **Stronger communication between the financial mechanism and grantees with feedback on their application forms would help in this process.**
- **Strong performing CBOs should be rewarded with multi-year funding.** This not only rewards good performance, it sends a clear message to other CBOs interested in accessing funding from the same source to prioritise institutional capacity and it significantly strengthens the CBO's ability to plan and deliver better quality programmes.
- **Mechanisms should apply flexible eligibility criteria to encourage a range of CSOs (from national NGOs through to CBOs) to apply for funding.** This should include expectations of the proposal development itself, using agreed formats. For instance, simple proposal and budget formats with easy to collect monitoring requirements for straight forward programmes should be encouraged. Partnership arrangements between CBOs and larger CSOs have successfully channelled money to CBOs but this can be an expensive methodology and reduce funds actually reaching community level.

- **Financial mechanisms must ensure that there is minimal cost to CBOs when applying for funding by allowing them to submit proposals in their geographical location, absorbing postal costs of original copies of proposals or allowing them to include these costs in their proposal.** In some systems, CBOs were expected to take an original application to the headquarters of the financial mechanism which barred them from applying.

### Unresolved issues

Selection criteria in all three countries expected a high degree of financial and administrative management which is believed necessary to ensure grants are awarded to the most financially capable CBOs. However, the evidence for this is limited, and systems that used far less rigorous financial criteria such as the CHAI system in Uganda did not appear to result in any more, or less, cases of financial misuse. **Research should be conducted to see whether setting these high criteria identifies the best OVC focussed CBOs and whether flexible criteria would have a damaging effect on CBO credibility or on overall grant performance.**

Selection criteria appear to focus more on issues of legitimacy than performance. **Selection criteria should include a performance element.**

### 4.4 Making the money move

- **Pragmatic guidelines on financial good practiscs based on an initial in-country analysis of the civil society sector are necessary for funding to reach organisations of different capacities.** It was striking how similar the financial guidelines were in each country, suggesting they reflected donor requirements rather than national standards of good financial practice. For instance, in countries with limited bank coverage and poor local access to goods and services, procurement procedures should be adapted so that the flow of services to OVC is not unnecessarily delayed. For instance, payment to CBOs by cheque (rather than bank transfer) and increasing the ceiling for three quotations significantly reduces bureaucracy and improves service delivery.
- **When applicable, larger CSOs could act as banker to CBOs to improve funding flows whilst strengthening their ability to receive funds directly.** Partnerships between larger and smaller CSOs was a common approach and often worked well at ensuring funds flowed more smoothly to CBOs.
- **Disbursement schedules should be developed and communicated between all parties within the financial mechanisms (from donor through to CBO) to improve forward planning around financial disbursements to reduce delays and improve accountability between grant giver and grantees.** These schedules should take account of bottlenecks in the timeframe.

- **Donors and financial mechanisms should look to build up in-country financial reserves to reduce disbursement delays. Penalty clauses could be imposed for late disbursement of funds at the different levels within the mechanism as a spur to improved financial planning, and CBOs.** Funding delays were the norm in every country, the average delays being between six and twelve months. However, CBOs were still expected to deliver within the contracted timeframe resulting in activities being implemented in very limited timeframes. Financial mechanisms should look to issue contracts with a start date of first receipt of funds to allow programmes to be delivered appropriately.

### Unresolved issues

Funds move faster in single donor mechanisms as opposed to pooled funding mechanisms. This appears to be because the reporting systems are simpler. However, pooled funding mechanisms fulfil Paris Declaration principles of accountability. **There is an urgent need for donors to look at how they can better streamline reporting requirements to reduce delays. There is also a clear need for CBOs to improve their commitment to monitoring & evaluation and reporting so that they fulfil expectations.**

Funds flowed significantly smoother to CBOs in mechanisms that used INGOs as intermediary recipients, possibly because they had the ability to find money from other sources to backstop funding disbursement delays. **Larger CSOs play an important role in financial mechanisms in providing capacity support and improving resource flows to community level. However, the cost of providing this service can be prohibitive and without clear standards in-country, the performance of the larger CSOs can be patchy.**

There is an inherent contradiction in all financial mechanisms studied. On the one hand, each expected high performance of the CBO in terms of administrative systems and financial and narrative reporting. On the other hand, most financial mechanisms had strict limitations on institutional overhead costs. **CBOs and CSOs should lobby for the true institutional overheads of CBOs to be covered as it is unlikely that capacity of CBOs can significantly improve without the resources to pay for it.**

### 4.5 Collecting and sharing data

- **Pooled funding mechanisms working within one national plan of action have significantly improved consistency of data and reduced the likelihood of duplication.** In all three countries, government authorities felt that pooled mechanisms had helped them get a stronger control of national responses. Donor collaboration on M&E reviews reduces the strain on national governments.
- **Building the capacity of the government ministry responsible for OVC and their carers in data collection from district offices, storage and sharing helps in the development of more evidence based plans.** This work could be further improved by strengthening links with CBOS and communities to include their perspective into the national data collection system.

- **Results based monitoring and evaluation** would help move financial mechanisms towards a more outcome focussed approach.

### 4.6 Overarching issues

- **Before looking to channel funds to CBOs, there needs to be in-country agreement on the definition of a CBO that covers their institutional, technical, and geographical capacity.** This would not only clarify a capacity building strategy for CBOs but also ensure a more transparent funding environment for CBOs of different sizes.
- **There needs to be a clear definition agreed in-country with wide participation that shapes targeting to children who are in need and vulnerable.** This definition should be guided by an open debate on the different needs of OVC and CABA and pertinently how best to identify the targeted group in a way that is transparent and does not lead to stigmatisation.
- **Research is needed to compare the cost effectiveness of financial mechanisms (which include an element of capacity building) to other methods of channelling funds to OVC and their carers such as social cash transfer schemes.** In a time of economic austerity, and where stakeholders are increasingly committed to developing policies and strategies based on evidence, it is striking that the bureaucratic costs of methods to channel funds to CBOs has not yet been investigated.



## 5. Appendices

### Appendix 1: List of people interviewed

#### Burkina Faso

Organisation	People Interviewed	Position
Action pour l'Enfance et la Santé au Burkina Faso (AES)	Boniface Sombie	Executive Director
Assn Hiriporo	Mr Some Vokile	CBO Coordinator
APASP	Mr Poda Desne	CBO Coordinator
APFG	Mr Hien Aline	CBO Coordinator
Ass Vie Solidaire de Gaoua	Mr Renault Hambine	CBO Coordinator
ATT	Mr Kambou Sirwane	CBO Coordinator
AVESO	Mr Joseph Hien	CBO Coordinator
ASJTB/P	Mr Sinare Irosper	CBO Coordinator
Assn des Anciens et Nouveaux Malades de la BVV	Mr Tourc Lacma	CBO Coordinator
Assn Charité	Mr Francois Kambou	CBO Coordinator
Asovdki	Simroie Amadou and Ilboudo Yamba Amidou	President and Secretary General
AYA/PN	Mr Somda Nousobepouore	CBO Coordinator
BiFANGA	Mr Hien Warhante	CBO Coordinator
Buud-Sugrij	Gawadoro Oussen	President
Conseil National de Lutte Contre le VIH/SIDA, Global Fund Unit	Seydou Kabre	Coordinator
CREDO	Luc Mrangaye	Executive Director
FEBAH		Executive Director
Global Fund Unit	Dr Wamarou Traore	Coordinator
Initiative Privée et Communautaire contre le VIH/SIDA (IPC)	Lydia Saloucou and Dieudonne Bassonon	Executive Director and Manager of Technical Support Facility
Ministry of Social Action	Cyrille Ganou	Coordinator for Ministerial Committee for AIDS and STDs
Plan International	Dr Kaba Issoumaila	Health Programme Adviser
Programme d'Appui au Monde Associatif et Communautaire (PAMAC)	Dr Fode Simaga	Coordinator
Royal Netherlands Embassy	Dr Jan van der Horst	Health Adviser
Save the Children (Canada)	Mr Peguewende Savadogo	Programme Officer, Child Work
URCB (network of faith-based organisations)	David Lompo, Mone Theophile	Coordinator
UNICEF	Haritiana Rakotomamonjy	HIV Section Head
Zinaire District Office of Social Action		Coordinator
Zinaire Regional office of Ministry of Education	Ouindcouni Ouedraogo	Regional Director



**Malawi**

Organisation	People Interviewed	Position
Catholic Relief Services	Michael Tewolde	Head of Programming
DFID	Sarah Mtonya	Health, HIV & AIDS Adviser
DFID	Mulle Chikoko	Social Development Adviser (Social Protection)
Every Child	Anela Kalonga	Sponsorship and Grants Coordinator
Kanjuwi CBO, Salima District	Moses Chipokosa, Zekeliya Kafulatina, Patricia Kachgamba, Mtisunge Robert and John March	Coordinator and staff
Malawi Network of AIDS Service Organisations (MANASO)	Donald Makwakwa	Acting National Coordinator
Ministry of Gender, Children and Community Development	C. Jeke	Deputy Director, Child Affairs Department
Ministry of Gender, Children and Community Development	Harry Satumba and Malla Mabona	OVC Coordinator and ex Finance Officer
National AIDS Commission	Mr Owen Banda and Kamgwira Yohane	Head of the Grants Management Unit, Head of District Coordination Unit
NOVOC (Network of Organisations for Vulnerable Orphaned Children)	Joyce Somba and Josephine Mabira	Finance Manager and Administrator
PACT Malawi	Bronex Kathyola	Senior Grants Manager, Community REACH Programme
Salima District Authority	Smith Mnenula	District AIDS Coordinator
Salima District Social Office	Nixon Chawinga and Claire Richardson	District Social Welfare Officer, United Nations Volunteer (Social Worker) Ministry of Gender
Samala CBO, Salima District	Misozi Banda, Lincoln Jana, John Phiri, George Kamyeneba, Grace Yassin, Felix Mbalule and George Kanyema	Coordinator and staff
SASO	Stephen Mfuni and Chiyembekezo Chabru	Executive Director
SAT	Tiwonge Loga	Executive Director
Sele CBO, Salima District	Grace Chicky, Edson Banda, Humphrey Moses, Sandria Makanjira, Isaac Afety, Kilion Osman and Mosen Chikemba	Coordinator and staff
UNICEF	Jacqueline Kabambe	Head OVC Department
UNICEF	Mayke Huijbregts and Taylor Spadafora	Head Social Protection, Consultant Social Protection
USAID	Chitule Ndasowa	HIV Specialist
World Bank	Mrs Kamwendo	Operations Manager
World Vision International	Mrs Ethel Kapyepye	OVC Manager

**Uganda**

Organisation	People Interviewed	Job title
ACORD	Mary Katushabe	Director and Technical Support Office (TSO) for the Core Initiative
AIDS Integrated Model Programme of USAID 2001-2006	Medi Makumbi	Coordinator
Alliance Uganda	Leonard Okello and Juliet Maara	Country Director and Accountant
Alliance Uganda	Lazarus Omakubariho	ex OVC Manager
Care International	France Lule, Lillian Mpabulungi and Sozi Sessanga	CORE Initiative Technical Support Hub Officer, Advocacy Manager, Finance and Administrative Director
Chemonics	Wilson Kisubi, Peter Kabagambe and Stephen Kintu	Chief of Party, OVC Specialist, Grants Specialist
Deloitte and Touche (Civil Society Fund)	Jean Kafuko Kaweesa and Isharaza Musiime	Senior Finance Manager, Senior Grants Manager
DFID	Mercy Mayebo	Programme Officer
Kashawyarazi Network (HIV+ network)	Ashaba Phamia, Godfrey Muhwezi and Kato Paul	Coordinator and accountant
Mayanja Memorial Hospital Foundation, Mbarara District	Dr Bernard Mayanja and Ahebwe Micey	Director and Programme Manager
Mbarara Post-test and Discordant Couples Organisation	Asimile Amon, Alison Nakuya, Bofache Griva and Mr Peres	Programme Manager, Administrator, M&E Officer, Accountant
Mbarara District Health Office	Mase Rekaumar	HIV/AIDS Focal Person in Local Government
Ministry of Gender, Labour and Social Development	George Beekunda	Director Social Protection and Commissioner Equity & Rights
Ministry of Gender, Labour and Social Development	John Okiror	Director of Planning, Labour and Social Development
Mwizi Anti-AIDS Association	James Tuhame, Andrew Christmas, Phoebe Rubarema and Inocent Twebuze	Chair, Secretary, Treasurer, Member
Save the Children	Warren Tumukwasibwe	Technical Manager
SIDA	Dr Solome Nampewo	National Program Manager, HIV/AIDS, Health Sector
TASO Mbarara (The AIDS Service Organisation)	Muhereza Naboth	Acting Centre Manager
Uganda AIDS Commission	Dr David Kihumuro Apuuli	Director General
Uganda Network of AIDS Services Organisations (UNASO)	Namanya Bharan	Executive Director
UNICEF	Wilbroad Ngambi, George Didi Bhoka and Richard Oketch	OVC Unit
USAID	Herbert Mugumya	OVC Manager
World Vision	Geofrey Isingoma, Patrick Tumusiime, Rosette Kesande and Isingoma Geogrey	Director of Ministry Services, National Partnership Coordinator, Associate Director, Monitoring and Evaluation Manager

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## Appendix 3: Terms of Reference for review

### Terms of Reference

#### Study to document good practice of funding agencies providing resources to community based organisations supporting the care and protection of children affected by HIV & AIDS

##### 1. Background

One of the three working groups established by the Inter-Agency Task Team on Children and HIV and AIDS (IATT) is on Communities and Resources (C&RWG). This working group with representatives from UN, civil society and donors has agreed to undertake work in four areas:

- Making the case for community based organisations
- Resource flows
- Resource tracking
- Alignment and coordination.

It is widely agreed that communities and Community Based Organisations (CBOs) are providing much of the front line care and protection needed by households and vulnerable children affected by HIV and AIDS. Many of these organisations are fully extended and operating with little or no access to the increasing amounts of funds available to support the needs of vulnerable children.

Bottlenecks have been identified, particularly at provincial and district level, which limit resource flows to CBOs.<sup>26</sup> Funding agencies are currently taking steps to remove these bottlenecks, in particular, building capacity of government and civil society to move funds and revising granting procedures and protocols to allow for easier access by CBOs to increased and predictable financing. There is an urgent need to determine how effective these initiatives are in order to facilitate widespread scale-up and to document these experiences, conduct comparative analysis and disseminate lessons learned.

The study will also look at how to address the trade off between reducing fiduciary risk of monies being misspent whilst at the same time avoiding disproportionate and onerous levels of accounting and reporting for relatively small sums of money. The study will look at innovative ways to get small amounts of money to small CBOs with fairly 'light touch' accounting mechanisms and mechanisms to measure impact.

The study will be commissioned and funded by UNICEF-HQ and World Vision UK, as members of the Communities and Resources Working Group of the IATT on Children and HIV and AIDS, in collaboration with the Regional Inter-Agency Task Teams on Children and AIDS for Eastern and Southern Africa and for West and Central Africa.

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<sup>26</sup> The need to develop mechanisms for flexible drip-fed funding to meet community needs was one of the recommendations of the Global Partners Forum on Children Affected by HIV and AIDS. UNICEF, UNAIDS and DFID, February 2006.

## 2. Objective

The proposed study will identify, document and encourage the implementation of good practice adopted by agencies (government, donors and non-government) in developing sustainable and effective resource disbursement mechanisms to ensure that CBOs can access funds for the care and support of children affected by HIV and AIDS. The ultimate goal is to use the good practice identified to improve the flow of resources to CBOs by means of revising organisational policies, principles, procedures and resource disbursement mechanisms.

Specific objectives are:

- To document the good practices developed by funding agencies (government, donors and non-government) for improving the disbursement of resources to CBOs supporting the care and protection of children affected by HIV & AIDS in 3 countries in East, Southern and West Africa (Uganda, Malawi and Burkina Faso). The documentation will focus on the policies, principles, procedures and resource disbursement mechanisms used by the funding agencies, including a discussion of how these practices can be implemented at scale.

## 3. Methodology and scope of work

The consultants will:

1. Develop a detailed methodology for the research, and work plan with timeline, and agree this with the Reference Group overseeing the project. Following the preparation of the detailed methodology, the consultants will have a discussion by phone with members of the Reference Group to finalise the methodology, work plan with timeline.
2. Conduct a desk review of relevant literature and conduct key informant interviews on the policies, principles, and procedures, especially any innovations, for effective funding of CBOs generally and as related to both HIV and AIDS and children in particular.
3. Conduct field research in the three countries (Burkina Faso, Malawi and Uganda), which will involve meeting key stakeholders including representatives of bodies such as: the national HIV and AIDS coordinating bodies and their district level equivalents, national committees for children affected by HIV and AIDS, government departments including those responsible for children affected by AIDS such as Ministries of Social Welfare, donors including Global Funds Principal recipients and Sub-recipients, INGOs, NGOs, and CBOs including community based child care centres.<sup>27</sup>

Key steps will include:

- a. identify the key organisations at different levels responsible for funding CBOs that are supporting the care and protection of vulnerable children;

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<sup>27</sup> The consultants will work in conjunction with host organisations that have been identified by the RIATT for each country.

- b. conduct interviews with the key organisations to document their policies, principles, procedures and mechanisms for allocating resources to CBOs, including examining the basis of these policies and procedures to identify what are parameters e.g. legislative requirements and what are variable that can be changed. Also note particular steps taken to improve the effectiveness and efficiency of resource allocation as well as the scale of CBO funding achieved (including ensuring timely, predictable and cost-effective funding of interventions: how do granters assess cost effectiveness and what rules of thumb are used, if any?);
- c. interview CBOs and other key stakeholders in selected districts to document their experiences of accessing funds from the key funding organisations, noting in challenges, and whether resource flows have improved as a result of revisions made to funding mechanisms, whether other constraints e.g. internal capacity may continue to reduce access to funds and recommendations for improving resource flows.

Issues to be covered in the field research include: What is and isn't working in terms of getting disbursement mechanisms running effectively and what key gaps need addressing. If possible, identify what are current levels of funds received, timescale and amounts of disbursement and from whom, what is the percentage of overhead in each fund granting, current level of investment in capacity building and delivery mechanisms at district level and who is currently providing technical or capacity building support to NGOs in the areas of organisational development, coordination, community mobilisation and granting; analyse the link between funding policies and actual CBO resource allocation in the following 3 key areas: to direct services, capacity building, local level advocacy; level of donor harmonisation, geographic spread of interventions, availability of direct funding at district level. Identify how to address the issue of funding through umbrella NGOs to reach smaller organisations whilst ensuring that value of the grant doesn't get eroded by the intermediary partners. Ask donors whether have any policies or procedures that review CBO's child protection policies to safe guard that the use of these funds does not violate child rights.

4. Identify simplified systems that have been developed and are being used, and identify how donors came to agree to simplify and relax funding procedures; identify factors that contributed to success in terms of getting disbursement mechanisms running effectively.
5. At the conclusion of the country field visits, organise stakeholder action planning workshops that will review the consultant's draft findings and agree future recommendations/actions. These workshops will be organised by the host organisation together with country cooperating partners.
6. Reports will be produced for each of the three countries and a synthesised final report with the synthesised data and results from the three countries.
7. Produce a short document and Power-point presentation setting out sub-granting principles and guidelines based on the research, which can be used by the IATT and RIATT to encourage foundations and donors to review and revise their sub-granting policies and principles.



## 4. Outcomes, outputs and activities of the project

**Outcome 1:** Clearer understanding of what good practices exist in sub-granting in 3 countries in East, Southern and West Africa.

**Output 1:** Initial reports for each of the three countries.

**Outcome 2:** Understanding of the methodologies and strategies for scaling up the response to children affected by AIDS in 3 countries through sub-granting.

**Output 2:** Report on the good practice of funding agencies in 3 countries in East, Southern and West Africa. The report will be a maximum of 25-30 pages, including executive summary, and excluding annexes. The reports for Malawi and Uganda will be written in English and in Burkina Faso the report will be written in both English and French. Specific recommendations for funding agencies and relevant regional bodies, e.g. RIATTs, for implementing and monitoring the use of the sub-granting good practices in each of the 3 countries targeted by the study.

**Outcome 3:** Advocacy tools and materials that can be used practically to encourage partners to revise sub-granting policies and principles.

**Output 3:** A short document setting out sub-granting principles and guidelines, based on the research, which can be used by the IATT and RIATT to encourage foundations and donors to review and revise their sub-granting policies and principles. This document will be a maximum of 5-6 pages.

## Appendix 4: Guiding questions for interviews

### 1. Which are the major donors prioritising funds to reach children?

- What are the levels of funds on offer?
- Over what timescale?
- What is the level of overhead allowed for the OGM implementer?

### 2. What are the financial system they are using?

- i.e. an onward granting mechanism, cash transfers, savings and loans.

### 3. How are the systems set up?

- What is the structure of the funding mechanism (i.e. organisations between donor and CBOs)?
- How is the system implemented?
- Are there existing guidelines on disbursement of funds on geographical lines (related to percentage of need)?
- What regulations guide the capacity building needs of CBOs and how are these provided over what timescale?
- If intermediary organisations or umbrella organisations are used, are there guidelines on their role and what proportion of funds must be passed through to CBOs?
- What is the process of onward granting?
- What checks and balances are in place to support good financial accountability?
- Are there guidelines/expectations on financial recording keeping and financial staffing within CBOs?
- Within the CBOs what administrative and financial systems exist to account for the monies?
- How has the system attempted to marry donor financial reporting requirements and CBO capacity issues?
- How does the system comply with donor harmonisation efforts?
- How does the system ensure national ownership of the mechanism?
- What is the timeline of the system?
- How does the funding mechanism include child protection issues?

### 4. How effective is the financial mechanism and what makes it effective?

- Is the financial mechanism itself being considered in terms of its effectiveness at getting resources successfully to vulnerable children?
- How is its effectiveness being considered by the funder and what systems exist to access feedback from different stakeholders?
- Is the financial mechanism sufficiently flexible to adapt based on evidence?
- What is the method used to publicise new funds, and how effective are these?
- How does the mechanism support the capacity development of recipient CBOs, are they required to be audited?

- What system is in place to see that the money going to the CBO goes to benefit vulnerable children (and/or their carers)?
- What mechanisms exist to feed back analysis of its effectiveness and how have the mechanisms adapted over time?
- Were these adaptations to speed up flows, make it easier for more CBOs to access funds, and increase the range of activities that can be funded? Provide capacity building support with funding? Absorb some of the financial risk allowing the CBO to focus on programmatic issues?

### 5. Questions for CBOs

- Did they have to change the way they worked in order to access monies?
- Did they have to change their financial record keeping?
- Did they have to change their activity record keeping i.e. filing, report writing?
- Did they need capacity support to access this money and was it forthcoming?
- Was this funder/implementing agent good at communicating in a timely manner?
- Were there expectations that it was hard to fulfil in their district/area?
- Was communication easy between the CBO and implementing agent (i.e. email, letter, fax, phone, meetings etc.)?
- Did they need training to implement administrative and financial systems?
- Did accessing this money change the balance of effort between delivering services and managing the funds?
- Did the money arrive in a timely and predictable fashion?



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