

GRANTS MANAGEMENT POLICY

NOTE: This framework is considered a work in progress. Mercy Hands intends to incorporate lessons learned from upcoming activities in informing future modifications to its grants management policy.

Project methodology will be based on the **Area Based Recovery Approach (ABRA)**, an inclusive, participatory and flexible approach to ensure certain issues are addressed (gender equality and women’s empowerment, risk reduction and management, and protection of the most vulnerable groups). Through this holistic approach, the “Do-No-Harm” principle will be guaranteed.

The five stages of ABRA are:

- Stage 1 – Define the area-based recovery interventions (collect background data on the area and identify vulnerable groups in the community)
- Stage 2 – Assess the recovery and development situation (Conduct Value Chain Study and Rapid Market Assessments)
- Stage 3 – Plan interventions (Coordination meetings with key stakeholders to develop a Community Action Plan and adapt activities to gender, age, vulnerability, ethnicity, etc)
- Stage 4 – Implement Community Programs (include various community groups to implement CAP)
- Stage 5 – Monitoring & Evaluation (community-based M&E exercises)

BENEFICIARY SELECTION

Beneficiaries will be chosen using transparent criteria, widely communicated within the target areas.

Vulnerability criteria will include, but are not be limited to:

- Female-headed households (widowed, separated)
- Elderly-headed households
- Households with members with disabilities (physical or mental)
- Households with a large number of members and low income
- Recently returned households that need support for income generation or starting a small business.

Host community members will also be taken into consideration, to promote and enhance social cohesion.

At least 40 % of the selected beneficiaries should be women. Various ways to encourage women's participation will be considered, as well as ethno-religious affiliations.

TYPES OF GRANTS AVAILABLE

Productive Grants – One/several inputs in the anticipation that the inputs will help the beneficiary achieve higher income from an economic activity. It covers a variety of economic activities and takes into account the beneficiaries' personal profiles (skills, profession, education), previous experience (or lost business – asset replacement), and geographic location (urban, peri-urban, rural), to respond more effectively to their needs.

Productive grants are generally divided into three categories: agriculture, trade and craft. Inputs for agriculture and craft grants are generally assets ranging from livestock to tools, whereas the inputs for trade grants are mostly consumer goods which the beneficiary purchases in bulk and resells at a margin.

Vocational Training: Training aimed at upgrading the professional skills of selected beneficiaries in order to improve their employment possibilities or their ability to start their own businesses. Cash stipends may be provided to the trainees.

Micro-finance – Cash distribution. Recipients are typically self-employed, in existing Small to Medium Enterprises, or for start-ups. This is most effective in targeting the middle and upper segments of the poor.

Note - Productive grants, vocational training and micro-finance are not mutually exclusive; they can be implemented in parallel.

Grants may also be defined by the type of recipient:

1. Individual
2. Group
3. Collaborative Partners (where MH partners with a local business or beneficiary and work together to develop and use the grant)

IMPLEMENTATION

Throughout the entire project duration, coordination with local authorities, MoLSA, local communities, Mukhtars and other stakeholders will be ensured. Mercy Hands will also collaborate with the relevant Clusters to ensure coordination and prevent overlap or duplication.

- Define the start and end date of the project, and its timeframe (work plan)
- Recruit the required staff and train them in the necessary components of the project
- Commence the required assessments, depending on project activities and already available assessments (RMA, Value Chain Study, GA, Risk mapping, SEVAT, People with Disabilities). The results of the assessments will inform the details of the activities, e.g. Identifying gaps in the local market, market capacity to absorb increased supply, type of grant required, etc.
- Collaborate with the relevant government offices and other key informants within the community for the necessary permissions and assistance to implement activities
- Launch a call for grant applications using various media; i.e. social media, posters, public announcements, etc.
- Select beneficiaries according to criteria and in consultation with the donor. Potential for success of businesses and employability is one of the key considerations in final selection of grant BNFs
- Upon provision of a “No Criminal Records” certificate and a Guarantor, sign agreements with each beneficiary to set parameters for using the business grant. Mercy Hands Legal Counselors will be involved in the drafting of the Grant Agreements.
- Distribute toolkits for asset replacement / In-kind-or-cash grants to support existing SMEs or for start-ups. Consider costs of mentoring, coaching and business skills training, where required.

NOTE: Grants will be disbursed in installments. Specific milestones must be met before a subsequent instalment is disbursed.

- Provide mentoring to beneficiaries in the start-up phase (including for registration, marketing and financial systems)
- Monitor compliance with the agreement and follow-up on business developments.

All project staff and contractors will sign and receive training on MH Complaints Procedures and PSEA Policy. Furthermore, MH will ensure respect of social sensitivities, with female trainers and mentors employed where required.

Payment Method - AsiaHawala, a cash transfer service which relies on a mobile phone network and money transfer agents, will be used for disbursement of payments. Mercy Hands will facilitate AsiaHawala Wallet during the beneficiary registration process and ensure that selected beneficiaries have access and control over mobile phones. Electronic Reports will be provided, to strengthen accountability and transparency, as well as decrease the possibility of fraud.

RISK MANAGEMENT AND MITIGATION STRATEGY

Providing any sort of resources in conflict environments is risky and one of the risks is that parties to the conflict may divert resources intended for humanitarian purposes and use them to fuel the conflict. There are four phases in the grants life cycle:

- Pre-award - review grant applications, make funding decisions, and prepare the grant award notice.
- Award - create the legal documentation required to make the grant award and notify the grantee of the terms and conditions of the funding.
- Post-award - program staff conduct various administrative, financial, and oversight activities.
- Closeout - grantee reports on the fiscal, programmatic, and other grants-related activities completed, whilst program staff conduct activities to ensure that the grantee has complied with all guidelines.

All stages present different elements which need to be assessed in order to ensure the optimal targeting and minimize the risk of diversion and misuse of funds. What is needed is good analysis of the comparative risks and strong measures to be put in place to monitor and mitigate risks.

During the **pre-award process**, risk management will involve the use of data, information, and analytics before the grant is awarded. The types of data and information collected to inform the selection criteria have been discussed in the above paragraphs and will be normally obtained through a vulnerability assessment- including gender analysis- to shortlist beneficiaries who match the required Internal and Donor's Minimum Requirements for the selection. In the targeting phase, there is a risk that insufficient Due Diligence might result in communities colluding with programme staff to sign up the 'wrong' beneficiaries, create 'false' beneficiaries, or demand that beneficiaries hand over a portion of aid in exchange for inclusion in the project. To mitigate this risk, the internally shortlisted candidates will be

referred to the Donor to double-check the assessment criteria and compare the list against the UN Sanction List or other internal lists of non-eligible candidates.

During the **award phase**, program officers will engage in risk mitigation and define the types of supports necessary to ensure the effective and compliant administration of the funds. This phase will be normally preceded by a market assessment in the areas where the grants transfer will take place. If available, already existing studies and reports will be integrated to the internal analysis. The market assessment will establish whether the candidates propose business projects in line with market needs and, therefore, whether the chances of success of the enterprise are good. During this phase, the main factors to take into consideration are diversion, corruption or fraud and misuse of funds. Other minor but related risks pertain the risk of inflation, risk of inadequate targeting, possible tensions created by the distribution of grants within communities. To mitigate such eventualities, distribution practices that maximize security will be adopted, such as providing beneficiaries with several installments rather than a single transfer to allow regular monitoring of fund usage. Where assets are transferred, ensure that the procurement process is in line with internal and Donor's procurement policies.

During the **post-award phase**, risk management will involve continued oversight of grantees with careful attention given to how they execute their grants management responsibilities. During this phase, there is a likelihood that poor value for money for the funds granted is detected, the money/assets are not utilized for the purposes stated in the business plan, the grantee implements activities poorly, and/or the grantee is not compliant with the agreed framework. In such cases, regular monitoring through surveys and field visits, as well as business mentoring, will mitigate the risks associated to voluntary or involuntary misallocation of funds. In case fallacies are detected, the disbursement of further tranches is delayed or suspended until these are corrected.

During the **closeout process**, risk management will involve making sure that all required reporting has been completed.

FOLLOW-UP PROCEDURES

Reporting - MH MEAL Department will coordinate closely with the donor and the project management. The MEAL Department reviews all project reports, as well as submits independent M&E reports. Output

level data will be collected and analyzed on an ongoing basis and a corresponding indicator tracking table with disaggregated data will be shared as required.

Complaints Feedback and Response Mechanism (CFRM): Mercy Hands has CFRM Policy and Procedures that will be followed for every project. The CFRM will be managed independently by the MEAL Department to ensure beneficiary feedback is incorporated through the course of the project and that complaints are handled transparently and appropriately. The mechanism may include a hotline number, suggestion boxes, an online complaints form (to MH MEAL Department in HQ) and an email address (to MH MEAL Department in HQ). MH will provide beneficiaries with clear guidance on how to log complaints during project activities and ask if they prefer alternative methods to submit complaints. Complaint mechanism information will also be disseminated to community leaders and advertised in project locations.

Lessons Learned - MH will ensure that learnings from the project are recorded, shared with stakeholders, and used for decision-making. Internal review meetings will be held regularly, as well as more formal reviews after the midline and endline assessments, to analyze evaluation results and discuss necessary course corrections. These lessons will be shared with the donor and added to Mercy Hands' internal lessons log. Feedback from beneficiaries will also be shared as part of CFRM monthly reports, and included in internal reviews to guide decision-making and course corrections.

Mercy Hands will ensure that all Reporting guidelines set forth by the donor are followed, and submit the relevant reports according to donor deadlines.

EXIT STRATEGY

This will be implemented in two phases: Phase 1 will involve the 'phasing down' of the project and will support and compliment Phase 2, which will be the 'phasing out' of the project.

Phase 1 will be implemented based on active monitoring of project outputs and activities and will begin once the majority of the indicators outlined in the work plan are achieved. Phase down will include:

- Informing the communities targeted at the start of implementation of the planned phase down of operations
- Forming linkages with local entities to strengthen sustainability of the Project

- Close monitoring of project activities to ensure that proper data is being collected to accurately time the 'phasing down' of the Project
- Setting up adequate processes to ensure the involvement of the targeted beneficiaries regarding the proper timing of the phase down

Phase 2 will be the 'phasing out' of the project and will involve:

- Effective implementation of the 'phasing down' component of the Exit Strategy
- Demonstrated local connections have been formed for the target communities to sustain the project once 'phase out' has been accomplished
- Close cooperation and input of the beneficiary population to ensure that the timing of this phase is accurate and does not harm the delivery of services

SUSTAINABILITY

This will involve close monitoring and evaluation to ensure that the project has spurred enough economic development within the targeted communities to remain sustainable post-phase out.



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