

**NGO GRANT PROGRAMS:
EFFECT ON INSTITUTIONAL CAPACITY,
PROJECT ACCOMPLISHMENT, AND SUSTAINABILITY -
THREE CASES FROM THE JSI-SUPPORT TO AIDS AND
FAMILY HEALTH PROJECT (STAFH)**

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EXECUTIVE SUMMARY

JSI-STAFH launched an NGO grants program in February 1995, eventually making grants to 24 NGOs to carry out family planning and HIV/AIDS and STD service delivery projects. Each NGO's grant agreement with JSI-STAFH includes a project description and specific objectives to be achieved as well as strict policies and procedures to be followed to ensure financial accountability, following the USAID Standard Provisions and eligibility requirements for grantees. JSI-STAFH has provided technical assistance to enable the NGOs to meet the terms and conditions of their agreements throughout the grants management process.

The NGO grants program has had mixed results in terms of meeting expectations for NGO management performance and project accomplishment. Some NGO grantees have been able to follow grant management procedures while others have struggled with them; some projects are running on target while others have fallen behind.

The purpose of this study is to examine and describe how JSI-STAFH's grant management process has impacted on NGO institutional development, project accomplishment and sustainability. The study draws from the experience of three NGOs grantees of the JSI-STAFH project, following them through the various stages of the grant management process - from proposal development through project start-up, project implementation, and project closure. The case studies describe NGO performance in relation to the various JSI-STAFH technical assistance interventions and grant management systems as a means to identify successful ways of encouraging NGO institutional development as well as effective program delivery.

The study addresses these key questions:

- 1. What are the factors affecting the relationship between JSI-STAFH and the NGO grantee, and in what ways does it affect project accomplishment?**
- 2. What is the potential for sustaining impact of the grant-funded projects?**
- 3. How does the grant management process impact on the institutional development of the NGO?**

The study results indicate that an NGO's ability to achieve project objectives and manage a grant are dependent to a great degree on the level of basic planning, monitoring, evaluation, supervision and reporting skills of the NGO staff. In two of the cases, these skills were very weak and affected grant management performance and project achievement accordingly. A key factor in sustaining project impact and/or service deliver is continued donor funding support; even NGOs that are committed to and possess the skills to undertake project activities are dependent on donors to finance their efforts on a continuing basis. Potential for sustainability is also affected by whether a project fits within the NGO's mission.

JSI-STAFH's technical assistance was intended to support NGOs in achieving project goals and objectives and in properly managing their grants. Over the course of administering the NGO grants program, it became clear that in addition to providing project- or issue-specific assistance, some capacity-building would also be required to increase the level of basic skills of the NGOs. Thus, JSI-STAFH initiated a set of capacity-building activities for a selected group of NGO grantees. The

study found that these activities had a positive impact on those NGOs in terms of clarifying their mission and providing them with a sense of direction and set of long-term plans. While these institutional development interventions helped identify what NGOs needed to enable their further organizational growth, the duration and focus of the JSI-STAFH grants program did not allow for practice of skills or establishment of systems needed to increase capacity. Capacity-building is a time-consuming, labor-intensive process.

Findings, conclusions and recommendations related to many facets of the JSI-STAFH NGO grants program are outlined in the pages that follow. There is at least one over-riding conclusion that has emerged from the study, however: ***if donors desire NGO-implemented projects to be sustainable, either through continuation of activities or impact, they must prioritize capacity-building as an initial phase of a more comprehensive, holistic approach to NGO grants programs.*** Experience of the three NGO cases showed that even NGOs with commitment, initiative and skills are limited by their financial situation and the funding and social environments. Malawi is a difficult environment for NGOs to operate and flourish in almost all respects. If donors desire to implement and sustain projects through NGOs they must be willing to invest time and funding resources up front and at a significant level in order to build NGO capacity.

I. Cross-Case Analysis

A. Purpose of the Study

Donor agencies design grant programs with the intention that funded projects will achieve certain impacts on a development problem. Often an explicit secondary purpose of grants programs for indigenous non-governmental organizations (NGOs) is to strengthen the grant recipients' institutional capabilities so that project impacts can be sustained for the long-term; managing grants will help institutions gain resources and experience that will enable them to independently carry on similar and/or enhanced programming after their grants expire.

The JSI-STAFH Project implements an NGO grants program that aims to "support strengthening the capacities of local NGOs to carry out AIDS control and family planning activities." JSI-STAFH project grants are meant to "strengthen the capacity of Malawian organizations to design, implement, account for, monitor and evaluate CS [Child Spacing] and AIDS services". This support should include "strengthening the financial, administrative, management, and technical skills of local NGOs." Strict financial accountability must be upheld by JSI-STAFH in administering grants to local NGOs as stipulated in the USAID Standard Provisions. NGOs must meet specific minimum requirements related to financial systems and reporting procedures as part of their grant management responsibilities.¹

The JSI-STAFH NGO grants program has had mixed results in terms of meeting expectations for NGO management performance and project accomplishment. Some NGO grantees have been able to follow grant management procedures while others have struggled with them; some projects are running on target while others have fallen behind. JSI-STAFH would like to learn more about how the grant management process is undertaken by NGOs, the issues that commonly arise and how they are or potentially could be overcome, and what the donor can do to make the grant management process more supportive to the NGOs and to achieving project goals and objectives. Building capacity of the NGOs - to enhance sustainability of local institutions - is also a goal of the process.

The purpose of this study is to examine and describe how JSI-STAFH's grant management process has impacted on NGO institutional development, project accomplishment and sustainability. The study draws from the experience of three NGOs grantees of the JSI-STAFH project, following them through the various stages of the grant management process - from proposal development through project start-up, project implementation, and project closure. The study addresses these key questions:

- 1. What are the factors affecting the relationship between JSI-STAFH and the NGO grantee, and in what ways does it affect project accomplishment?**
- 2. What is the potential for sustaining impact of the grant-funded projects?**
- 3. How does the grant management process impact on the institutional development of the NGO?**

¹ JSI-STAFH Contract 632-0238-C-00-4058-00, pp. 50-51.

Results of this descriptive study will hopefully provide donors and NGOs with insights that will help in designing grants programs and improving the grants management process.

B. Methodology

Three cases were developed as the basis for the study. The study traced four defined phases of grant management for each of three NGOs to observe similarities in types of problems or issues encountered, how problems and issues were handled and/or resolved, ways in which JSI-STAFH was supportive to or hindered the process, and how grant management procedures and requirements may have enhanced or impeded progress toward project goals and objectives. The study has also attempted to identify commonalities between NGOs regarding aspects of the grant-funded projects which have potential to sustain (e.g., project benefits, mechanisms for continuing project activities, expanded or enhanced service delivery to clients, linkages with other organizations, etc.) as a direct result of the grant.

The NGOs were selected on the basis of geographic location and indigenous origins. Each of the three regions of Malawi are represented among the case study NGOs. All were established as Malawian institutions, not as local affiliates of an international organization. Beyond these simple criteria, the desire was to explore a range of institutional characteristics that might exist among the set of NGOs with which JSI-STAFH works. The NGOs are:

- * Malawi AIDS Counselling and Resource Organization (MACRO)
- * National Association of People Living With HIV/AIDS in Malawi (NAPHAM)
- * Phwezi Foundation (PF)

Each case covers the period from when the NGO first interacted with JSI-STAFH to apply for a grant (proposal development) through project start-up, implementation, and finally, closure. Three field visits were made to each NGO to take "snap-shots" at different points in time. (See Field Visit Schedule - Appendix 1.) The field data collection began in October 1997 and was completed one month prior to completion of grants, conducted over an eight-month period. Information on the early phases of grant management - proposal development and project start-up - was collected retroactively. Where key NGO staff involved in proposal development and start-up were no longer employed by the NGO, they were sought out and interviewed in all cases.

By virtue of the purpose of the study - trying to understand the issues NGOs face in managing a grant - NGO perspectives and perceptions are highlighted. The study relied heavily on interviews with a range of NGO management, staff, partners, and project participants. (See Appendix 2 - List of Persons Interviewed.) JSI-STAFH personnel also served as key informants.

C. Background on the JSI-STAFH NGO Grants Program

The JSI-STAFH contract with USAID provides specific guidelines and objectives for implementing the NGO grants program: "STAFH project grants are meant to: improve and increase CS and AIDS services; provide CS and AIDS training;

conduct and utilize operations research related to developing CS and AIDS policies and appropriate approaches and interventions; and strengthen the capacity of Malawian organizations to design, implement, account for, monitor and evaluate CS and AIDS services.” Quantitative targets were set in the contract for the number of grants to be awarded and their average size: up to 16 grants, averaging \$125,000, primarily for child spacing CBD activities; up to 8 AIDS prevention grants averaging \$50,000 each.²

Criteria for grantee eligibility and selection are also specified in JSI-STAFH’s contract agreement. JSI-STAFH was required to utilize a Rapid Institutional Appraisal method of identifying eligible NGOs: “This Rapid Institutional Appraisal (RIA) method consists of an assessment of the potential grantee’s administrative systems and their institutional and organizational capacity. The RIA is usually carried out in tandem with a financial audit . . . it can be used to determine potential STAFH grantee’s eligibility for the grants program.”³

USAID rules and regulations, consolidated in the USAID Standard Provisions, are passed down to any party receiving a grant utilizing US Government funding. Thus, JSI-STAFH grantees are required to observe USAID regulations and requirements. JSI-STAFH was responsible for ensuring that NGO bookkeeping and accounting procedures were in place to properly account for funds; that they were prepared to undergo annual audits according to USAID guidelines; that they would provide annual inventory reports on project equipment and materials; and that the NGO had systems in place to track NGO contributions to the grant-funded project.

The JSI-STAFH contract with USAID contains many specific targets and objectives for number of NGO grants to be awarded, size of grants, types of projects, and eligibility requirements for grantees. The contract is not clear, however, about the priority of the NGO grants program, whether it is capacity-building or projects.

D. Phases of Grant Management

The study defines four phases of grant management:

- **Proposal development**, from submission of the Rapid Institutional Assessment (RIA) form, which was an application requirement, until the project was approved by the Proposal Review and Approval Committee (PRAC) and a grant agreement signed with JSI-STAFH.
- **Project Start-up**, from the date of signing the grant agreement through the first 3-6 months of the grant during which administrative and program management systems should have been established and project activities initiated.
- **Project Implementation**, when activities are well-underway and grant management systems should be operational, approximately from the sixth month of the grant until approximately 3-6 months before completion of grant.
- **Project Closure**, approximately 3-6 months prior to completion of the grant when activities should either be winding down in an orderly fashion, phased over through a sustainability mechanism, or self-sustaining.

² *Ibid.*, pp. 66-67.

³ *Ibid.*, p. 69.

During each phase of the project, JSI-STAFH provided technical assistance or support to establish the systems and implement the projects, as stipulated in the contract with USAID. The key JSI-STAFH interventions along these lines are outlined below by grant phase.

1. Proposal development

Proposal development was a very intensive period of technical assistance provision from JSI-STAFH to the grantees.

The JSI-STAFH NGO grants program was officially launched in February 1995 at a meeting organized for NGOs and US Private Voluntary Organizations (PVOs) to explain the objectives of the grants program, the application and eligibility requirements, and the steps in the proposal development process.⁴

JSI-STAFH personnel clarified their eligibility and "match" contribution requirements: ". . . STAFH is interested [in an NGO's availability of funds and offices] because NGOs are required to provide 25% contribution in cash or kind. STAFH is interested in funding well established NGOs or those who require minimal strengthening."⁵

The expressed desire was to work with already-experienced NGOs that had systems and personnel in place, enabling quick start-up and implementation of the project. The emphasis was on getting the projects up and going as quickly as possible rather than focusing on capacity-building.

Steps in the JSI-STAFH proposal application and development process included:

1. submission of the Rapid Institutional Assessment form by NGOs
2. invitation to and participation in a proposal development workshop for eligible NGOs
3. submission of a concept paper to JSI-STAFH by the NGO
4. submission of a proposal to JSI-STAFH by the NGO
5. review of proposal by JSI-STAFH technical staff and follow-up on 1st draft review
6. provision of technical assistance to meet technical quality required for funding approval
7. financial assessment of NGO by JSI-STAFH
8. submission of final draft to the Proposal Review and Approval Committee
9. approval by PRAC (assuming it is approved)
10. incorporation of PRAC comments into the final proposal
11. grant signing

All NGOs in attendance at the launch meeting were asked to fill in a Rapid Institutional Assessment form which was scored by JSI-STAFH reviewers. On the basis of their score, NGOs were then invited to attend one of the three proposal development workshops carried out in April, June and October 1995, respectively.

NGOs developed their concept papers and/or proposals during the workshop, with technical assistance and input from JSI-STAFH. They were provided with proposal formats to use in developing their proposals. There were opportunities for

⁴ JSI-STAFH. Meeting to Launch the NGO/PVO Grant Management System (Lilongwe, February 1995).

⁵ Ibid., p. 6.

participants to ask questions and receive clarification on various grant management requirements and project guidelines. NGOs were informed that they were required to provide at least 25% of total project costs, in cash or kind. They were also given guidance to allow about 30% of actual costs for contingency, to accommodate increases in prices.

In responding to questions about funding of personnel salaries, vehicles and equipment, it was explained to NGOs: "... although JSI-STAFH was primarily designed to fund activities, not to strengthen the institutional capacity of NGOs, if the NGO could clearly demonstrate the need, STAFH would consider providing funds to meet transport and personnel needs."⁶ In fact, JSI-STAFH was flexible, responding to each NGO's request on a case-by-case basis.

NGOs participating in the first proposal development workshop made some suggestions for improvements in the process, such as conducting preliminary site visits to the NGOs to hold discussions with the NGO staff members who are likely to participate in implementing the projects as a way to facilitate integration of activities. In some cases thereafter, consultants were assigned to work intensively with NGOs on developing their proposals on-site.

After review of an NGO's draft proposal had reached the point of PRAC review, JSI-STAFH conducted a pre-grant financial assessment to assure that the NGO was able to properly manage grant funds. NGOs had been briefed on the content of the visits at the NGO launch meeting and proposal development workshops. Personnel policies, accounting records and accounting procedures were reviewed on-site at the NGO. If there were any systems that did not meet the USAID regulations, JSI-STAFH provided recommendations to the NGO to enable them to revise their systems in order to meet the requirements.

Following a nod of approval from the financial assessment, the proposal was submitted to the PRAC. In general, approvals were received within a month of submission.

The whole process took many months, during which JSI-STAFH personnel and consultants were available to assist the NGOs with their proposals, often going through multiple reviews and drafts,

2. Project Start-up

The project start-up was less intensive than proposal development. Upon signing a grant, for which there was a ceremony, JSI-STAFH provided a half-day financial management orientation to each NGO to familiarize them with the requirements for financial reporting and compliance. The NGOs were also given a memorandum outlining program reporting guidelines to follow in completing their quarterly program reports and a set of indicators to use in monitoring their projects over the life of the grant.

Each NGO was required to set up a separate bank account for JSI-STAFH funding. This would enable quarterly fund transfers from JSI-STAFH to the NGO..

⁶ JSI-STAFH. NGO Workshop on Proposal Development I (Lilongwe, April 1995), p. 10.

3. Project Implementation

JSI-STAFH interventions during the project implementation phase of grant management included the following:

- Quarterly site visits were conducted by a JSI-STAFH NGO Associate who would review project progress and provide project- or activity-specific technical assistance. Preparation for the visits included a review of the latest NGO program reports, if they were available. Duration of visits was 1-2 days and allowed time to visit the project site and talk to project participants.
- The JSI-STAFH Financial Analyst made quarterly site visits to review financial systems and ensure they were managed according to requirements. Problems with the financial management were addressed during the visits through on-the-spot technical assistance. The financial system consisted of the monthly financial report, a quarterly advance request and quarterly financial report. If the quarterly financial report was not accurate, it delayed the advance until problems could be resolved. If the advance request was not estimated correctly, shortfalls could result and an interim advance would be required. The system was fairly sophisticated for most NGOs and required good budget monitoring and planning skills.
- NGO quarterly meetings were initiated during Year Two of the grants program. The first meeting was held in March 1997; five more meetings followed in May, August and November 1997, and February and June 1998. The purpose of the meetings was to give NGO grantees an opportunity to interact with other organizations implementing similar projects and to provide a forum for discussion on issues related to grant management. There was usually some theme to each meeting to address certain aspects of grant management, such as financial management, monitoring, supervision and evaluation. The proceedings of the meetings were documented and copies shared with NGOs. The financial management meeting was conducted as a workshop and focused on financial management and compliance issues.
- Each NGO was required to undergo a mid-term audit. This was arranged by JSI-STAFH and undertaken by a local external audit firm. The NGOs were required to cooperate with the auditor and provide any information requested.
- The NGOs were required to conduct an internal mid-term review of their projects, due in November 1997. They were given instructions and formats to follow during the August 1997 NGO quarterly meeting. A follow-up memorandum was sent with additional instructions.
- A set of capacity-building exercises were undertaken with some selected NGOs later in Year Two of their grants. They consisted of a thorough institutional assessment to look at all facets of the NGO and determine the level of development of each as the basis for a strategic planning workshop. The strategic planning workshop resulted in an action plan to address institutional development priorities. The workshops were variously carried out by JSI-STAFH NGO staff and consultants.

4. Project Closure

Procedures for closure of grants was provided in an oral briefing at the February NGO quarterly meeting. At that time, the hope had been raised that there may be an extension of grants for some NGOs, so it was unclear whether or not grants would actually be closed at the scheduled date of 30 June 1998.

No written instructions were provided to the NGOs on closure as JSI-STAFH waited for a definite decision from USAID regarding the possible extension of grants.

Instructions given at the February 1998 NGO quarterly meeting focused on financial closure of the grants. There were no specific guidelines given on closure of project activities.

5. JSI-STAFH NGO Grants Program Staffing

The JSI-STAFH NGO grants program is one of several components of the overall JSI-STAFH program. The section managing the grants program is headed by the NGO/PVO Coordinator. Structure of the staff has changed over time, starting with only three full-time staff to run the entire grants program during the launch and proposal development phases. When reality dictated that more staff should be added in order to manage the grants program, the structure included the Coordinator, two NGO Associates, two Financial Analysts, an NGO Management Associate, and a secretary at its peak. They administered 24 NGO grants.

Staffing patterns in the NGO section have varied from time to time. There have been three Coordinators over the course of the three-and-a-half years the program has been underway. For a lengthy period at the beginning, financial aspects of the grants were managed out of the JSI-STAFH Finance/Administration office. One Financial Analyst was finally assigned to work specifically with the NGO unit early in 1997; another joined him in late 1997 but was only in the unit for a period of about four months. There was one NGO Associate until June 1997 when another Associate joined the unit. An NGO Management Associate was added in July 1997 to assist with capacity-building activities; he resigned early in 1998. JSI-STAFH staffing has been very thin during much of the time. Original estimates of the number of people required to manage the grants program were grossly underestimated.

6. JSI-STAFH Constraints in Managing the NGO Grants Program

Several major constraints have confronted JSI-STAFH in managing the NGO grants program:

- JSI-STAFH staff turnover, as described in the above section, caused some lack of continuity and some confusion for the grantees, especially in the proposal development phase. Some grantees found that the different managers of the unit had their respective programming biases which affected review of proposals. Proposals were read by one Coordinator who gave comments, then changed by the next. It seemed to create extra work and caused confusion about the rules and program priorities guiding proposal development.

- It has not always been completely clear whether the focus of the NGO grants program was on capacity-building or projects. The JSI-STAFH contract mentions capacity-building in several instances, but most documentation regarding the NGO grants program, as well as the JSI-STAFH staffing structures that have been established and the type of interventions provided by JSI-STAFH, seem to indicate an emphasis on projects, with a heavy overlay of compliance. Capacity-building initiatives were initiated late in the grants program.
- There was some indication from USAID to JSI-STAFH early in 1998 that there may be the possibility of an extension of their contract agreement, in which case it may be possible to extend the NGO grants. However, USAID has wavered on making a definite decision in this regard. The indecision has delayed some programmatic decision-making regarding the NGOs. More would have been done on capacity-building activities if a decision to extend had been made in a timely way.

E. Descriptive Overview of the 3 NGOs

The three NGOs chosen for this study represent a range from among the JSI-STAFH NGO grantees. Some basic information regarding them is provided in Table 1:

TABLE 1: CASE STUDY NGOs - DESCRIPTIVE OVERVIEW

	MACRO	NAPHAM	PHWEZI FDN
Date established	1992-93	1994	1981
Origins	Started as National AIDS Control Program (NACP) initiative	Initiative of People Living with AIDS (PLWA)	Private citizens' initiative for education
Location/s	Centers in Blantyre (also the Secretariat) and Lilongwe	Chapters in Lilongwe (also the Secretariat), Mzuzu, Phalombe, Salima, Nkhata Bay, Blantyre	Phwezi, Rumphi District
Number of Professional Staff	12	5	80, of which 4 are assigned to the JSI-STAFH grant
Main Activities of the NGO	Free AIDS counseling and testing	AIDS counseling and educational outreach; home care for PLWA members	Private secondary and polytechnic education
NGO clients	General public who volunteer for free testing	PLWAs and general public	Phwezi school students and staff and communities in five surrounding areas
Funding sources	Grants	Grants and membership dues	Tuition fees of students and grants
Stable funding source (Yes/No)	No	No	Yes

F. NGO Grant Management Process and Effectiveness of Support

The type and effectiveness of JSI-STAFH interventions and systems at each phase of grant management is presented in the following sections, comparing the three cases.

1. Proposal Development

The three NGO cases entered into the proposal development phase at different times. A summary of information regarding their respective proposals is presented in Table 2:

**TABLE 2: PROPOSAL DEVELOPMENT SUMMARY
FOR CASE STUDY NGOS**

	MACRO	NAPHAM	PWHEZI FDN
Rapid Institutional Assessment (RIA) Score	61	61	77
Duration of Proposal Development (from submission of RIA)	14 months	17 months	4 months
Number of Proposal Drafts	5	5	4
Concept Budget Total	\$65,000	\$36,000	\$179,500
Concept "Match" Contribution of NGO	23%	None	16%
Approved Budget Total (including NGO "Match" Contribution)	\$138,184	\$93,655	\$112,071
Approved "Match" Contribution of NGO	49%	25%	36%
% Operations Budget covered by NGO*	65%	47%	79%
% Program Budget covered by NGO**	None	None	None
Major Changes from Concept to Approved Proposal	<ul style="list-style-type: none"> • shorter duration • included research and STD/family planning education 	<ul style="list-style-type: none"> • shorter duration • focus on community education rather than member services 	<ul style="list-style-type: none"> • no transport • community management structure

*Operations costs include general operating expenses (rent, utilities, phone, etc.) salaries, equipment and supplies, audit fees.

**Program costs include training, workshops/seminars/meetings, IEC activities, research.

Information provided on the RIA forms was sketchy at best. NGO performance during the grant did not correlate with the scores which were given. PF, which had the highest score, performed least well both programmatically as well as operationally. PF was noted on the RIA to have "strong financial management," but one of the biggest impediments to project accomplishment was the difficulty experienced with financial management. At least one NGO expressed that project

accomplishment could have been improved if a thorough institutional assessment had been carried out during the proposal development phase; project design could have taken institutional development needs into consideration while developing project activities.

A common comment from NGOs regarding the process is that there were many reviews and reviewers. The process itself was organized, but each reviewer had a different idea or perspective about what should be included in the project. This led to many changes throughout the process. For example, one reviewer liked the idea of lots of trainings while the next reviewer did not.

In the case of MACRO, where a consultant was assigned to work specifically with the NGO during the process, MACRO felt that it provided an opportunity for JSI-STAFH to truly understand the working context and resulted in a more sensible product. Project performance of MACRO was relatively high compared to the other two NGOs.

Duration of the proposal development process from submission of the RIA through approval of a final project document was long in two of the three cases. Performance of those two NGOs was relatively better than the NGO which prepared a proposal in a shorter time. The NGOs appreciated the intensiveness of technical assistance they received during the process even though they endured many changes. It made them feel valued by JSI-STAFH.

This was the most intensive period of interaction between JSI-STAFH and its grantees. The NGOs generally feel that JSI-STAFH's emphasis at this phase was on the project rather than institutional development.

There was a general sense among the NGOs that JSI-STAFH was imposing certain interventions on them. In the case of PF, the inclusion of a complex community management structure was a major problem in project implementation; problems between PF and the community plagued the project. (Regardless of who was right or wrong - PF or the community - the project design did not work as planned.) Similarly, MACRO did not feel a sense of ownership over the research component which was included in their project at JSI-STAFH's insistence.

On the other hand, MACRO and NAPHAM believe that their service delivery has been enhanced with the incorporation of family planning education and condom promotion, both of which came about through the proposal development process. This has had a positive impact on the institutional development of both NGOs (e.g., range of services offered).

MACRO believed that JSI-STAFH was trying to impose project activities as a way to justify higher overall budgets; their approved project budget was twice as much as their concept and included twice as much match contribution. MACRO will be able to meet their match requirement by the end of their grant, but has been operating in a state of financial crisis throughout the duration. While MACRO's overall performance was good, it might have been much better if their match had been reduced by a concomitant increase in JSI-STAFH's coverage of operational costs. NAPHAM did not specifically comment on hardship caused by the "match" requirement, but their ability to pay for operations was also quite low.

In all three cases, the approved match was at least twice as much as that proposed (NAPHAM had proposed no match) and was applied almost entirely to operations costs. In all three cases, the NGOs had difficulty in meeting this requirement, which distracted from project implementation. PF's inability to meet the match is more questionable because they are a self-sustaining organization with considerable physical infrastructure and a stable source of income, but MACRO and NAPHAM demonstrated commitment to meet their obligations and struggled to do so.

Match was only possible for NAPHAM and MACRO because they had other donors able to provide operations support at the time the proposal was being written. That support waxed and waned at various times over the period of the grant, creating financial crises. It points to the need for "match" to be attached to a stable source of support for operations - not a single donor. If a stable source of support is not there, project accomplishment can be impeded as well as institutional development.

JSI-STAFH paid 100% of program-related costs of the project in all three cases. This has implications for sustainability of projects. In the cases of MACRO and NAPHAM there is a commitment to continue some project activities which have been well-incorporated into their service delivery - if money can be found to support continuation. While commitment is there, their ability to cover the costs is not.

Recommendations for proposal development:

1. Conduct a thorough institutional assessment at the very beginning of the proposal development process. The Rapid Institutional Assessment (RIA) was not a useful measure of NGO institutional development, nor did it give an accurate reading of potential performance. A more comprehensive assessment should be done to prioritize areas for institutional support throughout the grant. It should serve as the basis for planning project *and* capacity-building interventions.
2. While the lengthy duration of the proposal development process did not seem to be a problem for the NGOs, multiple reviews by many people resulted in a great deal of work. JSI-STAFH's effort to streamline the process by assigning a consultant to work intensively with the NGO throughout the process worked well in the one case where this approach was used. Assignment of one donor staff or consultant to work intensively with the NGO throughout the process may avoid unnecessary changes in the proposal as well as give an opportunity to develop greater understanding of the working context and a sense of value of the NGO.
3. Proposed interventions of the donor should be carefully fitted into the NGO's program and experience. The family planning and condom promotion activities which were incorporated into programs in two cases worked very well and were a natural fit with overall programs.
4. The "match" concept and limitations of donors' coverage of "running costs" (operational expenses) needs to be revised in recognition that most Malawian NGOs operate on a shoestring. If institutional development is the focus of a grants program, an institutional assessment should indicate the level of infrastructure and resources that an NGO has available. The "match" requirement should take this into account and the donor should be prepared to assist in providing basic infrastructural and operations support. This could be phased out over time as the NGO gains more ability to meet match. The donor and grantee could strive to see "match" contribution increasing over time - within the NGO's capacity - rather than specifying a required amount.

5. If sustainability of project activities is expected, the project design should consider the NGO's ability to cover recurrent costs of operating the project after the end of the grant. If they cannot cover the cost, the donor should provide appropriate institutional development support to assist in increasing the NGO's capacity to do so.

2. Project Start-up

JSI-STAFH gave very intensive support during the proposal development phase which dropped off drastically during the project start-up phase.

All of the NGOs received a half-day briefing on financial and administrative systems shortly after their project agreements were signed. All of the NGOs believe that this orientation was too brief to prepare them for managing their grants. In all cases there have been problems in proper budget monitoring, which has resulted in some problems and delays in preparing their financial reports and quarterly advance requests. While performance has improved over time in at least two cases, all of the NGOs would have liked a more thorough orientation on the financial and administrative systems to clarify expectations, particularly regarding grant compliance.

Turnover of key staff during start-up was a problem in two cases - MACRO and PF. This did not immediately affect project start-up in MACRO's case, but was a problem over time because of the thin staffing structure left in place to manage the project. In PF's case, the key technical person resigned and his replacement knew little about the project, nor was she given proper orientation or copies of project documents. In addition, some important start-up activities were implemented by the administrative manager of the project rather than technical staff. This resulted in some inappropriate program decisions and steps which led to bad precedents being set (e.g., paying allowances to community people to attend meetings). It was a major constraint for implementing staff.

The focus of the orientation provided by JSI-STAFH was on finance and compliance, with very little information provided on program other than a memorandum with a format for completing quarterly program reports. This helped to create the impression that JSI-STAFH was more oriented toward compliance than capacity-building. PF received a fair amount of technical input on the STD training component of their project, but the key person trained then soon resigned; that aspect of PF's project has been weak. The implementing staff later said that they would have benefited from more intensive JSI-STAFH input on the program at this stage. MACRO staff also felt they did not receive the expected level of program orientation during the start-up phase.

Recommendations for project start-up:

1. Project orientation by the donor should be thorough, clarifying expectations and providing training for skills development to enable grantees to meet expectations. If budget monitoring skills are required in order to ensure smooth operation of financial systems, skill levels should be assessed and support given to develop skills if adequate capacity is not there already. If compliance is an over-riding concern of the donor, training and written materials should be

provided at the outset. Donors should ensure that implementing staff are involved in project orientation as well

2. Program orientation should be just as strong as for finance and administration. Intensive assistance should be provided to NGOs during the start-up phase of the project to ensure that projects and systems get off to a strong start, avoiding bad precedents and avoidable mistakes and to send a message that program is equally as important as finance.

3. Project Implementation

Financial Reporting

Skill level of accounting staff was raised as a problem by all three NGOs. In all three cases, JSI-STAFH provided on-site technical assistance to help the NGOs improve their performance. In all three cases, financial reporting improved in varying degrees.

The NGOs had more difficulty in implementing the quarterly advance request system. All of the NGOs reported that the system did not work smoothly for them and that they often experienced cash shortfalls between the time they requested an advance and the time they received a fund transfer. This appears to be a problem of complexity of the system, which requires good budget management skills. The NGOs were given training on this, but appear to have needed more in order to work the system.

In all three cases, compliance issues arose in relation to the USAID Standard Provisions. The NGOs inadvertently broke regulations stipulated in the provisions. JSI-STAFH provided training that covered a review of compliance issues in relation to the USAID Standard Provisions almost one year (or more, in PF's case) after the projects had been operating. By that point, many mistakes had been made. The workshop was very helpful to the NGOs; they voiced that it should have been done at the beginning of the project as part of an intensive orientation on financial management.

Some handouts were given at the finance workshop, and a workshop report included a review of the workshop proceedings and information about the USAID Standard Provisions. In addition, JSI-STAFH has occasionally sent out memoranda on specific issues such as policy on setting allowances/per diem rates. These written materials appear not to be fully utilized by the NGOs since they continue to bring up questions that have been answered through the materials. They are not using the written materials as references. NAPHAM expressed that the materials were overwhelming, so they have not been able to absorb the contents.

MACRO and NAPHAM both liked the financial reporting system and will likely adapt it for their ongoing use after the grant. Financial management and control was improved in these two cases as a result of the financial systems put into place to manage the JSI-STAFH grants, thus enhancing the development of that aspect of their operations. But all of the NGOs noted that technical assistance on financial management has been directed toward improving compliance, in their perception, rather than taking a holistic approach to improving financial management.

A key factor affecting the level of technical assistance provided to the NGOs was the small number of JSI-STAFH staff assigned to the NGO section. A financial analyst was assigned only after some grants had already been operating for a year. He was joined by another for several months, but by the end of the grant was solely handling financial management of the whole NGO grants portfolio. This did not allow him to give the attention needed by the NGOs to handle all of their specific financial issues and problems, much less take a systemic approach to developing their financial management.

Program Reporting

Skill levels among NGO staff at NAPHAM and PF were low to undertake monitoring, reporting and evaluation at expected levels. Program reporting has been irregular in all cases for different reasons. MACRO felt over-stretched and was unable to submit quarterly program reports in a timely way, though the quality of reporting was good and improved over time with additional guidance from the JSI-STAFH PVO/NGO Coordinator. NAPHAM and PF were unable to submit reports in a timely way and quality of reports was poor. All of the NGOs voiced a desire to receive more training and technical assistance on program monitoring, evaluation and reporting.

Only MACRO was able to complete the mid-term review report as required. NAPHAM submitted one six months late; PF did not submit a report, though they met with project participants to collect data for one. Monitoring, reporting, and evaluation were covered at several of the NGO quarterly meetings, one which focused specifically on preparations for the mid-term review. Discussions and instructions are documented in the meeting reports. In addition, a memorandum was sent out to the NGOs with a format for the mid-term review report.

All of the NGOs reported that the mid-term review exercise was useful in helping point out their accomplishments and weaknesses. MACRO had some planning systems in place prior to the grant. They used the results of the mid-term review to help develop action plans toward meeting the project objectives and started monitoring plans more frequently than previously. They began to place an even greater emphasis on planning, involving all staff. NAPHAM and PF staff did not have the same level of planning skills, nor were effective planning systems in place. In these cases, they needed more intensive technical assistance to learn skills in planning and in institutionalizing a planning system.

As with the information available to the NGOs for financial management, the written materials provided by JSI-STAFH seemed not to be used by the NGOs except MACRO. NAPHAM said that the memorandum about the mid-term review had different instructions than what they had understood at the quarterly meeting. They were confused by the written instructions given.

Submission of program reports is not tied to any specific JSI-STAFH response or reactive intervention as in the case of financial reporting. If financial reports are not submitted in a timely and accurate way, the NGO does not receive a quarterly advance - the carrot and stick approach. JSI-STAFH reminded NGOs to submit their program reports on occasion, but no structured action to assist the NGO in preparing reports was given. In two cases, the NGOs said they had never received a response from JSI-STAFH about reports they had submitted and inferred that maybe they were not read.

Site Visits

JSI-STAFH provided on-site assistance to the NGOs on a quarterly basis or more. The NGOs appreciated having the grant managers visit them to see their activities; they feel it helped JSI-STAFH to better understand the realities of their working situation. The NGO Associates, each of who handled 6-9 NGOs, largely focused on project activities in providing technical assistance (e.g., advice on CBD training).⁷ The NGO Financial Analyst focused on finance and compliance issues. NGOs were reminded of administrative and program requirements during the visits as well. The visits were oriented more toward project monitoring than institutional development specifically.

All of the NGOs reported finding the site visits to be learning experiences and appreciated the attention they were being given by JSI-STAFH. They would have liked more frequent visits.

NGO Quarterly Meetings

All of the NGOs participated in the NGO quarterly meetings. They especially appreciated the opportunity "to compare" their performance with other NGOs. The quarterly meetings also gave them an update on current events in the technical fields in which they were working. None of the NGOs mentioned that substantive collaborative relationships were emerging from the meetings, however.

The quarterly meeting which the NGOs felt was most useful was the financial management workshop. More time - 4 days - was given for this meeting/workshop; the others were 1-2 days. It also utilized a participatory style and was directed toward development of solid skills that were of immediate relevance to the NGOs.

Capacity-Building Activities

MACRO and NAPHAM had very positive responses to the capacity-building activities that were conducted by JSI-STAFH. Both NGOs expressed that they gained a stronger focus on mission as a result of the strategic planning workshops. Their previous perception that JSI-STAFH was focused mostly on compliance and project changed to a belief that JSI-STAFH was more directed toward institutional development. They were disappointed that the capacity-building exercises had not taken place during the early phase of the project.

Capacity-building was carried out sooner for MACRO, so there was time before the end of the grant to assess progress toward strategic objectives. MACRO was able to make progress on some areas of their activity plan independently. In other areas, JSI-STAFH had committed to assist, but was limited by its own over-stretched staffing structure in offering needed support. As a result of limited external support, less progress was made in meeting some strategic objectives.

⁷ Memorandum from JSI-STAFH NGO/PVO Coordinator to NGO Program Managers, 29 August 1997.

NAPHAM underwent the capacity-building activity very late. NAPHAM staff have less experience in planning and monitoring than MACRO. Their capacity to carry out their strategic plan without external facilitation will be difficult.

In general, all of the types of interventions and grant management systems provided by JSI-STAFH were found to be helpful, some aspects in particular. Timing and intensity were criticized however. The NGOs believe that capacity-building should have been the focus of the interventions from the beginning. They would have liked more intensive attention from JSI-STAFH, through participatory workshops and more frequent site-visits. Their efforts to complete program reports were frustrating because they knew they lacked the requisite skills. They would have liked JSI-STAFH to provide more guidance, through workshops and user-friendly written materials and site visits, in the areas of monitoring, reporting and evaluation.

Recommendations for implementation interventions and systems:

Financial Reporting

1. Donors should not only approach financial management training with a view toward ensuring compliance, but as an institutional development initiative. Financial workshops and materials development are an opportunity to address overall financial management needs. Compliance can be included as one part of financial management, not as the major aspect.
2. Financial management, especially budgeting, may be improved with intensive training that is directed toward clarification of donor expectations and skills development. Since systems management is such a heavy emphasis of donors, this training should be given adequate attention and emphasis at the beginning of a grant.
3. Written materials need to be provided in an appropriate format and language so as to not overwhelm the NGOs at their level of capability. The materials should supplement information provided through participatory workshops during which NGOs have an opportunity to practice skills and ask questions. The materials should be designed in such a way that they serve as a reference; in other words, user-friendly. Field-testing of "how-to" manuals to ensure that they will be referred to and used effectively is recommended.
4. The USAID Standard Provisions are highly legalistic and oriented toward serving the US Government, not NGO institutional development. NGOs have difficulty translating the terms and conditions into their everyday situation and level of experience. Donors which are applying such specific provisions should make an attempt to translate them into the local context. A manual with local examples of how to apply the provisions should be developed and field-tested.

Program Reporting

1. Program reporting should be given the same priority as financial reporting. While a punitive response is not necessary (i.e., withholding advances), technical assistance to improve monitoring, evaluation and reporting skills should be given, especially in those cases where no or low skills existed before the grant. This would be an important skills development intervention by the donor.
2. Written instructions and lectures did not effectively address the needs of the NGOs for program reporting. Workshops, carefully timed, should be carried out specifically on developing skills in monitoring, evaluation and reporting. Written materials to accompany the workshops should be provided as well. Most important is to give the NGOs an opportunity to practice skills under tutelage

rather than expecting them to do it on their own if they have no skills to do so. The NGOs may not have instilled these systems into their operations and program delivery and will need practice over time to do so. Providing instruction and guidance intensively, then less so over time, may help them institute the systems and gain more from them.

Site Visits

1. Donor site visits should be tied to a comprehensive plan to provide institutional development assistance and support rather than strictly monitoring activities. The donor representative making the site visit should take a holistic approach as opposed to focusing only on accomplishment of project activities or fixing specific financial problems. Activities and problems should be addressed within the overall framework of institutional development. If specific assistance is required for a technical aspect of the project, the donor representative can assist in identifying and arranging an appropriate source of assistance, if necessary.
2. Donor staffing structure to support NGOs should reflect the overall emphasis on capacity-building. Donor staff should be well-versed in institutional development concepts, tools and techniques and use them to guide their interventions, taking a holistic approach to the NGO.

Quarterly Meetings/Workshops

1. Workshops should, to the extent possible, be participatory and focused on developing knowledge and skills that can be directly and immediately applied. Duration of the workshops should be long enough to adequately address skill areas, as with the JSI-STAFH financial management workshop.
2. NGO meetings should be structured so that NGOs can benefit from comparing their performance in a non-threatening way (which it seems JSI-STAFH was able to do). Further, the meetings should also facilitate greater collaboration between organizations since this appears to be a very weak aspect of their institutional development. In the instances where NGOs have developed collaborative linkages, it has greatly enhanced their service delivery.

Capacity-Building Activities

1. Capacity-building should be the framework in which all other technical assistance is given. Grant management systems should encourage institutionalization of regular planning, monitoring and evaluation by the NGO, not only reporting to donors. Intensive technical assistance should be given at the outset of a grant to build skills in planning, monitoring, implementation and evaluation for both program and operations.

4. Project Closure

All of the JSI-STAFH grantees received a verbal briefing about procedures for closing their grants at an NGO quarterly meeting five months before project completion. The three case study NGOs perceived that the main steps in closing the project related to clearing up financial affairs. They also understood from the meeting that there may be a possibility for some of the NGOs to receive a short-term extension of their grant - "bridging funds" - to tide them over until they could find another donor. JSI-STAFH had given this tentative message to the NGOs because it appeared there may be an extension of JSI's contract with USAID, in which case JSI-STAFH could provide extended funding to some of the NGO

grantees. The NGOs did not perceive that any instructions had been given regarding phasing over or winding down their projects.

One month prior to grant completion, none of the three case study NGOs had taken steps to wind down project activities or ensure continuation of their projects. MACRO and NAPHAM are committed to continue some project activities even without donor support, but have not made specific plans for how they will be able to do so. None of the NGOs had scheduled a final evaluation for their project even though it was required within the terms and conditions of their respective grant agreements with JSI-STAFH. MACRO said that they were planning to conduct a final review even though JSI-STAFH had not provided specific instructions on what procedure to follow in doing so. NAPHAM indicated that they were waiting for instructions from JSI-STAFH. PF had met with the community committee with which they worked, at the initiative of the community committee, to discuss phase-over of the project, but the discussion mostly centered around transfer of assets from PF to the community. PF has taken no further action on phasing over the assets, nor has PF or the community devised an plan for maintaining the assets or sustaining the project activities. The PF Project Coordinator has attempted to solidify linkages with the district-level Family Planning Coordinator in order to promote continued training support for the CBDs training under their project, but this was done late in the project.

The concept of sustainability of projects does not seem to be well-established among the NGOs. There appears to be little awareness of the need to plan ahead for closure of the projects; all of the NGOs were waiting for instructions JSI-STAFH. The message about "bridging funds" also raised expectations of NGOs and distracted them from a focus on closing their respective grants in an orderly manner. Guidance from JSI-STAFH has been limited partly because of USAID's indecisiveness on extending the overall JSI-STAFH contract.

Recommendations for grant closure:

1. Procedures and guidance for closure of projects need to be addressed in a manner that will enable the NGO will develop an understanding and appreciation for the concept of sustainability. Expectations regarding project closure must be clarified with written procedures and guidelines as well as technical assistance to ensure NGO understanding of the process.

G. Effect of Grant Management on Project Sustainability

JSI-STAFH was the catalyst for enhancing service delivery of MACRO and NAPHAM. Both NGOs incorporated new activities into their ongoing programs: family planning education and condom promotion. JSI-STAFH also provided the impetus and resources for MACRO to introduce outreach activities into its services.

MACRO is at present completely dependent on donor funding to carry out its operations and programs; NAPHAM has a strong volunteer base but is mostly dependent on donor funding for all of its activities. Both NGOs have an organizational commitment to continue programming in the areas for which they received a grant - HIV/AIDS and family planning. HIV/AIDS and family planning "fit" within their respective organizational missions and general experience. They intend

to continue undertaking HIV/AIDS and family planning activities - depending on funding availability.

PF has sources of private funding and a fairly diversified funding base with which to carry out its core programs and activities. PF's primary mission is to provide quality education, for which it has an excellent reputation. HIV/AIDS and family planning programming require PF to stretch its mission. Prior to the JSI-STAFH grant, PF's health experience was limited to providing basic clinical services to the PF school population. Commitment to sustaining the JSI-STAFH-funded project has not been demonstrated through soliciting further funding from donors or providing project support from PF's private funds.

MACRO and NAPHAM are committed to continuing some of their key grant-funded activities, but sources of funding were not certain by the end of their JSI grants. Sustainability of the projects is dependent upon continued donor funding with the exception of condom promotion. Both NGOs plan to continue promoting and selling condoms and have done so successfully during the life of their respective projects. PF has not been able to manage the revolving fund aspect of the Chishango condoms; accounts were not kept up to date during the project and the CBDs did not follow the procedures for maintaining the Chishango revolving fund.

NAPHAM will continue to provide counseling and outreach - key features of their project - but at a much lower level without donor funding. NAPHAM can rely on its volunteer base to provide counseling and outreach. MACRO relies on paid counselors to provide counseling; if there is no source of income to pay the counselors, this activity will likely cease.

MACRO has demonstrated an ability to produce quality IEC materials, an activity which was supported through their JSI-STAFH grant. In their case, they did not require skills training to undertake this activity. They are able to develop and reproduce IEC materials as long as they can access donor funding to pay for materials, reproduction and dissemination costs. NAPHAM's grant provided support for development and reproduction of IEC materials as well, but staff skills were lacking to carry out this activity at the expected level. PF was also unable to reach its IEC objectives. In the latter two cases, staff skills development was needed before undertaking the activity.

Recommendations to enhance sustainability of projects implemented through NGOs:

1. Experience and mission of the NGO are factors in sustaining a project and can affect the level of commitment that an NGO has to continuing an activity. Donors should carefully review with the NGO whether a project fits within the NGO's mission and is within the NGO's level of expertise. This should be done at the proposal application stage.
2. A staff skills assessment should be undertaken prior to planning a project activity. Donors should ensure that staff capacity is in place prior to including an activity in a proposal. This would be part of the institutional assessment that should be done during the proposal development phase of the grant. If skills are deemed inadequate, support for skills training should be included within the project being funded.
3. Sustainability of most project-funded activities is dependent upon funding, except in the cases where revolving funds or fee-for-service schemes are

established. Donors must decide if they are satisfied investing for short-term impact or if they want project activities to continue beyond the life of the project. If sustainability is the goal, the donor must assist the NGO to develop a sustainability mechanism during the life of the project.

H. Effect of Grant Management on Institutional Sustainability

1. Human Resources

JSI-STAFH was seeking already well-established NGOs that could more quickly begin project implementation and manage systems. The reality among the NGO cases is that human resources were not at expected levels, either because the NGO was short-staffed and/or they lacked skills needed for the project implementation and grant management.

Key areas where the JSI-STAFH grant affected human resources of the NGOs was in payment of some staff salaries and in training of staff and project participants to improve technical and/or project-specific skills.

JSI-STAFH agreed to pay part of MACRO's program staff salaries after intense negotiation during the proposal development phase of the grant. One of NAPHAM's program staff was fully paid by the grant and several other partially paid, while none of PF's program staff were paid. In all three NGOs, accountants' salaries were paid by the grant. NGOs have a perception that donors are more concerned with paying for staff positions that related to compliance than to institutional support.

Staff skill levels of the three NGOs varied. MACRO staff skill levels were fairly high at the start of the grant. MACRO's human resources were constrained by several staff resignations during the course of the grant, however, and remaining staff had to take on additional responsibilities since there was no funding to replace the vacated positions.

NAPHAM staff skill level is limited by their hiring policy of only employing NAPHAM members. They have observed that it is mostly low-skilled people who are willing to publicly admit their HIV+ status, not trained professionals. They would like to attract a more highly-educated membership in order to increase the pool of qualified personnel, but have not been successful so far.

PF project staff are professionally-trained health personnel, but much of their project management responsibility involves community development - not within their experience bank. The communities with which they work are critical of this deficiency and believe it may have had an impact on their ability to manage the project.

MACRO staff were intended to have staff exchange visits between the LACE and BACE centers, but these were not carried out as planned, apparently because it was not prioritized by management. The Director and one counselor made an international trip for resource-sharing. Another counselor received training in HIV rapid testing, but resigned thereafter. Other counselors, on their own initiative, found resources to obtain additional counselor training. Staff also received Chishango training.

NAPHAM staff received training in HIV/AIDS, STDs, and family planning training and Chishango social marketing which enhanced their outreach skills and activities. Their project had called for development of a cadre of PLWA medical personnel who could then serve as trainers for the NAPHAM members and others, but this was canceled because of the inability to identify qualified PLWA medical personnel and qualified trainers who were willing to work at the prescribed fee rate.

PF's project provided considerable training for a number of community volunteers as well as MOHP Health Center technical staff, with considerable assistance from JSI-STAFH in organizing trainings.

In two cases - NAPHAM and PF - the NGOs believed the JSI-STAFH assistance was key to being able to implement their planned trainings and that the trainings could not have been done without JSI-STAFH assistance.

Training activities of the NGOs were affected by limited availability of qualified trainers, ability of NGO staff to organize the training, and payment of adequate allowances to trainers and participants. JSI-STAFH provided substantial assistance to both NAPHAM and PF in organizing trainings by identifying trainers, assisting with reproduction of materials, and providing technical input.

Human resource development interventions by JSI-STAFH were largely directed toward ensuring that projects were implemented and managed; institutional development of the NGO was a secondary priority until the capacity-building activities were undertaken with MACRO (including the visit to Uganda's AIDS Information Centre) and NAPHAM.

Recommendations for human resource development:

1. While project-specific technical skills may be essential to achieving a particular project's objectives, basic skills in planning, monitoring and supervision, evaluation and reporting for staff of NGOs is critical to the long-term survival of the organizations if they are to continue managing projects. Donors must develop these skills among the NGO staff and management, building it into grant programs and project management systems. Institutionalizing these skills will enable the NGO staff to identify and prioritize their own technical needs as required to implement specific projects.
2. In general, it is an NGO's program achievements that attract donor attention and funding. JSI-STAFH's flexibility in agreeing to fund some NGO program staff positions was essential in order to carry out some key project activities. Most Malawian NGOs operate with a shoe-string staff and cannot be expected to expand their service delivery without compensating program staff as well as project administrators and accountants. Donor funding policies that restrict the type of staff that can be funded through a grant limit the ability to develop institutional capacity in program areas.

2. Governance

All three NGOs suffer from a weak governance structure in terms of the support they receive for project activities from their executive boards. Strong governance is fundamental to institutional development and affects institutional sustainability as well.

The executive boards of MACRO and NAPHAM have rarely achieved quorum despite the many meetings that were called. Staff of both NGOs surmise that the main reason for inactivity of their respective Boards is that they are not paid sitting allowances to attend meetings. Policy decision-making and support from the Boards are altogether lacking.

In NAPHAM's case this has affected their ability to legally register as an NGO. JSI-STAFH allowed NAPHAM to receive a grant under the condition that they work on obtaining their registration. This flexibility was greatly appreciated, but NAPHAM has not been able to garner the necessary Board support to get the registration.

PF's board is quite active with the educational side of the organization, but has held a "hands off" policy with the JSI-STAFH-funded project.

The JSI-STAFH capacity-building activities conducted for NAPHAM and MACRO addressed the issue of weak governance as a major constraint to institutional development. JSI-STAFH agreed to assist both organizations in performing a constitutional review as a first step before addressing the issue of board strengthening. There will be little time to follow through before completion of the grants however.

Recommendation for governance:

1. Governance would likely only be addressed by a donor if the focus of the grant program was on institutional development. Governance does not necessarily have a direct impact on project implementation, but it can affect sustainability if the executive level does not support the management and implementation staff. Thus, it behooves donors to learn the status of the NGO's governance structure and level of support. If it is insufficient, this should be addressed in the project plan and external assistance provided to facilitate improvement in governance.
2. Timing of the JSI-STAFH capacity-building activities did not allow for provision of adequate follow-up support. Donors should address institutional development needs at the outset and prioritize within the project work plan accordingly.

3. Linkages

The JSI-STAFH grant promoted development of linkages through NGO quarterly meetings and some program interventions.

All of the three NGOs participated in quarterly meetings. They appreciated the meetings for the opportunity to hear what other organizations are doing and to compare performance. None of the three developed collaborative working relationships as a result of the meetings. MACRO and NAPHAM commented that donor support was required to facilitate such meetings; otherwise, it would not happen.

NAPHAM and MACRO had strong ties with each other prior to the JSI-STAFH grant. MACRO believes this link was strengthened as a result of the grant and will continue to work with NAPHAM even without donor assistance. It is also a priority link for NAPHAM since MACRO refers PLWAs to them for further counseling and membership opportunities.

Both NAPHAM and MACRO have developed a mutually-beneficial relationship with PSI as a result of the JSI-STAFH grant. MACRO and NAPHAM have provided outreach support to PSI for condom promotional campaigns while PSI provided logistical support to do the outreach. There are plans to work together in the future on similar campaigns.

Most other linkages tend to be *ad hoc* and only occasional rather than substantive, regular working relationships.

PF has not developed any substantive relationships as a result of the grant. The Project Coordinator has attempted to develop a link between the district-level Family Planning Coordinator and the CBDs who were trained through the project in order to encourage ongoing supervisory and training support from MOHP. However, the community management structure which will, in theory, take over project implementation has not been involved in developing the relationship.

Recommendation for encouraging NGO linkages:

1. Provide opportunities to develop strong working relationships in addition to fora for information-sharing. JSI-STAFH was able to facilitate development of some collaborative relationships between NGOs that were mutually-beneficial to the partners, enhancing their respective programs (e.g., NAPHAM, MACRO and PSI conducting condom promotion campaigns with each organization bringing their unique expertise and resources to the collaboration). Quarterly meetings may be a venue for developing partnerships, but must be facilitated in a way that helps NGOs identify substantive areas for collaboration, not just information-sharing. An investment into arranging such fora may add value to the donor's overall grants program.

4. Ability to Deliver: Implement Projects and Grant Management Systems

Among the three NGOs, there was a range of ability to achieve project goals and objectives and implement program and financial management systems of the grant.

MACRO demonstrated ability to implement their project and the grant management systems in spite of a thin management structure and financial crisis. They were able to leverage other grants to supplement the JSI-STAFH grant and believe the stamp of approval from JSI-STAFH is why they were able to attract other funding. Though they made some mistakes in the learning process, they have been able to implement the financial management system required by JSI-STAFH without significant difficulties and intend to adapt parts of it for their own use after the grant. They were able to meet a fair number of their grant objectives; notable exceptions were those over which they had little or no control (i.e., HIV Rapid Testing) or ownership (i.e., research). They made some progress in attracting more clients, particularly toward the end of the grant, by revising their publicity strategy and improving their outreach.. Though some program reports were submitted late, MACRO demonstrated a commitment to planning and review that was evident by the quality of their program reports and the knowledge level of all staff members about program status and activities.

NAPHAM was able to implement the financial management systems of the grant, also with some mistakes along the way but with an earnest effort and desire to comply. NAPHAM, like MACRO, has been able to adapt the financial reporting system for use with other donor reports. Program reporting has been ineffective, however, and is related to NAPHAM's lack of skills and experience in planning, supervision, monitoring, reporting and evaluation. The grant provided funding for these activities, but NAPHAM did not demonstrate capacity to undertake them at expected levels even with funding support through the grant. Further training in these skill areas is needed in order for NAPHAM to carry them out adequately.

The JSI-STAFH grant enabled NAPHAM members to improve their outreach skills and capacity and reach a large number of people with HIV/AIDS and family planning education messages, key objectives of their project. Other objectives were only partially achieved, largely due to skill limitations to undertake a particular activity. NAPHAM has been unable to recruit a significant number of members in relation to size of potential membership. The outreach component of the grant was intended to impact on the membership of NAPHAM, but there was only negligible growth. The stigma attached to HIV/AIDS is still strong and they believe they need to develop more techniques and tools for recruiting members of a higher professional level, both to help eliminate stigma and develop a stronger skill bank within the membership.

PF demonstrated difficulty in implementing the financial management system for the grant, despite significant assistance from JSI-STAFH, and argued that this was the main cause for inability to achieve most program objectives. Program accomplishments were largely in training community volunteers, but the concomitant supervision and monitoring systems were not established to assess impact of the training on the project target groups, again because of low staff skills. Program reporting was also hampered by this limitation. The highly centralized management structure of PF contrasts with NAPHAM and MACRO, both of which utilize a participatory management style.

Key constraints affecting ability of the NGOs to deliver can be summarized as follows:

- MACRO - Funding
- NAPHAM - Lack of staff skills in planning, supervision, monitoring, evaluation, and reporting; funding; membership development
- PF - Financial management; mis-match between mission and project; lack of staff skills in planning supervision, monitoring, evaluation and reporting.

Recommendations for enhancing NGOs' ability to deliver programs and implement systems:

1. Hindsight is more accurate than foresight, but an institutional assessment could help in addressing some of the factors affecting delivery of services and implementation of grant management systems and should be carried out as an initial activity in grant development.
2. Planning, monitoring, and evaluation are the most basic skills an NGO needs to survive - along with funding. Achieving financial sustainability is much less likely if the NGO does not have these skills and systems well-established. Donors should build these skills through a technical assistance strategy that requires use of the skills, and is reinforced through the grant management systems.

5. Strength of Vision/Mission

MACRO and NAPHAM both benefited from the capacity-building exercises they underwent through the JSI-STAFH NGO grants program, largely because it offered the opportunity to analyze their programs in relation to their mission and to consider revisions or refinements. The strategic planning exercises gave them a sense of direction and purpose, resulting in a more positive attitude about their respective organizations and their sense of mission.

MACRO had some time prior to the end of their grant to begin implementing their strategic plan, with mixed results. There are some areas which will require external assistance to facilitate change, such as revising the constitution and governance structure. Such external assistance is not certain at the time of this writing.

NAPHAM's skill levels in planning, supervision, monitoring and evaluation are low and may significantly limit their ability to carry out their plans without intensive assistance from a facilitator/advisor.

PF did not undergo JSI-STAFH capacity-building workshops. PF has a strong sense of mission and accomplishment in the field of education, which is evident by their highly-regarded schools. Health is not within their organizational mission. They have not demonstrated a commitment to continue health programming within their program.

Recommendations for enhancing NGOs' focus on mission:

1. Donors should consider whether or not a project naturally fits within an NGO's mission and/or whether the NGO has the staff skills and commitment to stretch their mission and incorporate a project into it. If there is not a fit, the project should either be dropped or a strategic planning exercise that examines organizational desire, strengths and weaknesses to revise the mission should be carried out by the NGO.
2. Providing opportunities to regularly review mission can have a positive impact on attitude and morale of NGO staff by enhancing their sense of focus and direction. Regular planning in relation to strategic organizational objectives should be incorporated into the donor's grant management systems in order to support institutionalization of regular mission review.

6. Financial Viability

The NGOs have varying degrees of skill in fund-raising. PF has a relatively long history of grant funding and is more experienced in finding donors; a Senior Projects Development Manager is on the PF staff specifically to develop projects and identify donors. MACRO and NAPHAM have less experience, though MACRO was able to use the recently-devised strategic plan as the basis for conducting a fund-raising drive with Malawi-based donors. NGOs complain that they do not have information about donor grant programs and procedures to help them plan fund-raising strategies. Different donors have different funding priorities and they do not make them readily known or available.

MACRO has demonstrated an ability to raise funds in crisis situations and to leverage grant funding to attract donors, but the overall funding situation has been very tenuous since it was established in 1993. The basic physical infrastructure and skilled staff are in place to attract further funding, and a strategic plan is in hand to help guide the organization. MACRO could be more productive if management were not constrained by staffing shortages and the need to spend so much time on addressing the financial crises. There is no stable source of funding, and fees-for-service do not seem feasible in the near future. The JSI-STAFH grant has been able to assist MACRO in strengthening its program and financial management systems and in providing an opportunity to focus on institutional development. These have enhanced MACRO's potential for attracting funding.

NAPHAM is in a less viable position. Funding has been very sporadic, and it is only the strong volunteerism of its members that enables them to continue basic operations between donors. The JSI-STAFH grant has helped them maintain during the period of the grant, but their lack of human resources to draw from for needed skills is a very limiting factor in their ability to manage program and operations, despite their good intentions and spirit of volunteerism. This constraint was fully recognized by NAPHAM during the capacity-building exercise conducted by JSI-STAFH, but there was no time to address the problem within the time frame of the grant. Financial viability has not improved with the grant.

PF is financially viable. The grant has not affected their position in this area of institutional development.

Recommendations for improving financial viability of NGOs:

1. Oftentimes donors implement the same eligibility requirements and grant restrictions in their grants programs in all countries - a blue-print approach. The Malawian context is different than in other places. Donors must recognize the limitations of the funding environment in Malawi and take this into consideration in their support to NGOs. Institutional development is a long process and must be undertaken over a reasonable period of time in order to see significant progress toward sustainability. NGOs will not become sustainable with a two-year (or less) grant that only funds specific activities and operations costs. The organization needs to be nurtured in all its parts, prioritizing areas and monitoring progress with hard indicators of progress.
2. Donors who are interested in funding NGOs should develop written guidelines and procedures regarding their grant programs and make them easily accessible for NGOs. This would have benefits for both the donors and the NGOs by helping to weed out inappropriate project proposals. It would allow NGOs to be more strategic in their fund-raising.
3. An NGO donor forum should be established with the purpose of sharing information about NGO grants and support programs (which could be as specific as building a database of NGOs and their grant management performance) and coordinating on areas where support can be provided in order to make the NGO sector more effective. Donors should be strategic in their support, focusing initially on strengthening institutional and sectoral development of NGOs as a step toward building NGO capacity to serve as effective implementing organizations. Donor fora have been established in some countries, linking with NGO umbrella organizations as a way to network and build knowledge and resources on both sides - donor and grantee. This could be an objective for a donor forum in Malawi.

Conclusions/Recommendations to Donors and NGOs

This study was designed to answer three major questions regarding NGO grants programs:

1. What are the factors affecting the relationship between JSI-STAFH and the NGO grantee, and in what ways does it affect project accomplishment?
2. What is the potential for sustaining impact of the grant-funded projects?
3. How does the grant management process impact on the institutional development of the NGO?

Conclusions and recommendations are provided below according to each question.

There is at least one over-riding conclusion that has emerged from the study: *if donors desire NGO-implemented projects to be sustainable, either through continuation of activities or impact, they must prioritize capacity-building as an initial phase of a more comprehensive, holistic approach to NGO grants programs.* Experience of the three NGO cases showed that even NGOs with commitment, initiative and skills - like MACRO - are limited by their financial situation and the funding and social environments. Malawi is a difficult environment for NGOs to operate and flourish in almost all respects. If donors desire to implement and sustain projects through NGOs they must be willing to invest time and funding resources up front and at a significant level in order to build NGO capacity.

The level of commitment needed from a donor may be substantial in order to get an NGO to a point where it is operating at a stable and well-managed level. Capacity-building is a time-consuming, labor-intensive process. A useful process for donors to conduct in determining whether or not they want to invest in a particular NGO is a comprehensive institutional assessment such as the one JSI-STAFH conducted for MACRO and NAPHAM utilizing an institutional development assessment tool developed by the USAID-funded SHARED Project. The assessments pointed to significant institutional constraints facing the two NGOs which may stymie their efforts to sustain their projects and their institutions. If the assessments had been conducted sooner, there may have been time to address and ameliorate the constraints during the course of their grants.

The conclusions and recommendations below are based on the assumption that donors are committed to sustainability of projects and, as such, are willing to prioritize NGO capacity-building.

What are the factors affecting the relationship between JSI-STAFH and the NGO grantee, and in what ways does it affect project accomplishment?

The bureaucratic policies, procedures and systems that JSI-STAFH was required to enforce through the NGO grants program tended to dominate JSI-STAFH's

relationship with the NGOs until the last year of the project. The bureaucratic strictures and systems influenced the staffing structure of the JSI-STAFH NGO unit as well as the type of technical assistance program and grant management systems that were implemented. Technical assistance tended to be either project or compliance-focused rather than holistic in order to ensure that NGOs were following the rules and regulations stipulated in the Standard Provisions, the purpose of which are to ensure that US Government funds are spent properly - not to build organizational capacity of NGOs.

The JSI-STAFH grant management systems helped put some basic systems in place within the NGOs, largely because those systems are required by USAID Standard Provisions. The concept behind the provisions and systems - developing accountability - is a healthy standard to achieve. Implementation of the systems is one step toward institutionalizing them, but more training and materials are needed by the NGOs in order to understand the concepts and practice the skills needed to maneuver them successfully.

The Standard Provisions, written in US legal terminology, are rigid and not easy to understand or apply. Donors need to consider how much flexibility they can afford within bureaucratic guidelines and develop mechanisms that minimize the heavy-handedness of compliance as they are applied. They also need to translate the provisions in a way that can be understood by NGOs, not an English version of a legal document. Understanding can be enhanced through participatory workshops and appropriate "how-to" materials.

The relationship between JSI-STAFH and the NGOs differed at various stages of the grant management process. During proposal development, the focus was on project. JSI-STAFH was directed toward ensuring that proposal content and outputs would help meet the USAID contract agreement while NGOs were concerned with how they would be able to cover the operational costs that were required in order to get funding for programs. While both parties' concerns relate to some aspect of institutional capacity, they were not placed within a capacity-building framework. Use of consultants to work with some of the NGOs on-site helped JSI-STAFH to develop a better understanding of the NGO working situation. Ultimately JSI-STAFH showed more flexibility in considering some of the NGOs operational needs during the process. This was much appreciated by the NGOs and helped to nurture a friendlier, more open relationship even though there was still a perception that compliance was a driving force. It points to the need to ensure enough flexibility - room for negotiation - in implementing a grant management program.

The relationship during implementation was influenced both by compliance and project. Technical assistance during this phase was a mixture of financial and project backstopping by the JSI-STAFH NGO unit staff. While the staff are well-coordinated and carry out their obligations to the NGOs according to plan, they have addressed project- or finance-specific issues. This changed for some NGOs when JSI-STAFH began capacity-building activities with some NGOs. At that point, the NGOs chosen for capacity-building exhibited a distinct change in their perception of what influenced the donor/grantee relationship: institutional development. It is interesting to note that the change in strategy made a remarkable difference in NGO perceptions and attitudes about their relationship with their donor and in their sense of mission and confidence about their organizations.

Assuming that donors are going to focus on capacity-building as a priority activity for NGO grants programs, below are listed the specific recommendations related to phases of grant management based on the JSI-STAFH NGO grants program:

Proposal development

1. Conduct a thorough institutional assessment at the very beginning of the proposal development process. The Rapid Institutional Assessment (RIA) was not a useful measure of NGO institutional development, nor did it give an accurate reading of potential performance. A more comprehensive assessment should be done to prioritize areas for institutional support throughout the grant. It should serve as the basis for planning project *and* capacity-building interventions.
2. While the lengthy duration of the proposal development process did not seem to be a problem for the NGOs, multiple reviews by many people resulted in a great deal of work. JSI-STAFH's effort to streamline the process by assigning a consultant to work intensively with the NGO throughout the process worked well in the one case where this approach was used. Assignment of one donor staff or consultant to work intensively with the NGO throughout the process may avoid unnecessary changes in the proposal as well as give an opportunity to develop greater understanding of the working context and a sense of value of the NGO.
3. Proposed interventions of the donor should be carefully fitted into the NGO's program and experience. The family planning and condom promotion activities which were incorporated into programs in two cases worked very well and were a natural fit with overall programs.
4. The "match" concept and limitations of donors' coverage of "running costs" (operational expenses) needs to be revised in recognition that most Malawian NGOs operate on a shoestring. If institutional development is the focus of a grants program, an institutional assessment should indicate the level of infrastructure and resources that an NGO has available. The "match" requirement should take this into account and the donor should be prepared to assist in providing basic infrastructural and operations support. This could be phased out over time as the NGO gains more ability to meet match. The donor and grantee could strive to see "match" contribution increasing over time - within the NGO's capacity - rather than specifying a required amount.
5. If sustainability of project activities is expected, the project design should consider the NGO's ability to cover recurrent costs of operating the project after the end of the grant. If they cannot cover the cost, the donor should provide appropriate institutional development support to assist in increasing the NGO's capacity to do so.

Project Start-up

1. Project orientation by the donor should be thorough, clarifying expectations and providing training for skills development to enable grantees to meet expectations. If budget monitoring skills are required in order to ensure smooth operation of financial systems, skill levels should be assessed and support given to develop skills if adequate capacity is not there already. If compliance is an over-riding concern of the donor, training and written materials should be provided at the outset. Donors should ensure that implementing staff are involved in project orientation as well

2. Program orientation should be just as strong as for finance and administration. Intensive assistance should be provided to NGOs during the start-up phase of the project to ensure that projects and systems get off to a strong start, avoiding bad precedents and avoidable mistakes and to send a message that program is equally as important as finance.

Project Implementation

Financial Reporting

1. Donors should not only approach financial management training with a view toward ensuring compliance, but as an institutional development initiative. Financial workshops and materials development are an opportunity to address overall financial management needs. Compliance can be included as one part of financial management, not as the major aspect.
2. Financial management, especially budgeting, may be improved with intensive training that is directed toward clarification of donor expectations and skills development. Since systems management is such a heavy emphasis of donors, this training should be given adequate attention and emphasis at the beginning of a grant.
3. Written materials need to be provided in an appropriate format and language so as to not overwhelm the NGOs at their level of capability. The materials should supplement information provided through participatory workshops during which NGOs have an opportunity to practice skills and ask questions. The materials should be designed in such a way that they serve as a reference; in other words, user-friendly. Field-testing of "how-to" manuals to ensure that they will be referred to and used effectively is recommended.
4. The USAID Standard Provisions are highly legalistic and oriented toward serving the US Government, not NGO institutional development. NGOs have difficulty translating the terms and conditions into their everyday situation and level of experience. Donors which are applying such specific provisions should make an attempt to translate them into the local context. A manual with local examples of how to apply the provisions should be developed and field-tested.

Program Reporting

1. Program reporting should be given the same priority as financial reporting. While a punitive response is not necessary (i.e., withholding advances), technical assistance to improve monitoring, evaluation and reporting skills, should be given, especially in those cases where no or low skills existed before the grant. This would be an important skills development intervention by the donor.
2. Written instructions and lectures did not effectively address the needs of the NGOs for program reporting. Workshops, carefully timed, should be carried out specifically on developing skills in monitoring, evaluation and reporting. Written materials to accompany the workshops should be provided as well. Most important is to give the NGOs an opportunity to practice skills under tutelage rather than expecting them to do it on their own if they have no skills to do so. The NGOs may not have instilled these systems into their operations and program delivery and will need practice over time to do so. Providing instruction and guidance intensively, then less so over time, may help them institute the systems and gain more from them.

Site Visits

1. Donor site visits should be tied to a comprehensive plan to provide institutional development assistance and support rather than strictly monitoring activities. The donor representative making the site visit should take a holistic approach as opposed to focusing only on accomplishment of project activities or fixing specific financial problems. Activities and problems should be addressed within the overall framework of institutional development. If specific assistance is required for a technical aspect of the project, the donor representative can assist in identifying and arranging an appropriate source of assistance, if necessary.
2. Donor staffing structure to support NGOs should reflect the overall emphasis on capacity-building. Donor staff should be well-versed in institutional development concepts, tools and techniques and use them to guide their interventions, taking a holistic approach to the NGO.

Quarterly Meetings/Workshops

1. Workshops should, to the extent possible, be participatory and focused on developing knowledge and skills that can be directly and immediately applied. Duration of the workshops should be long enough to adequately address skill areas, as with the JSI-STAFH financial management workshop.
2. NGO meetings should be structured so that NGOs can benefit from comparing their performance in a non-threatening way (which it seems JSI-STAFH was able to do). Further, the meetings should also facilitate greater collaboration between organizations since this appears to be a very weak aspect of their institutional development. In the instances where NGOs have developed collaborative linkages, it has greatly enhanced their service delivery.

Capacity-Building Activities

1. Capacity-building should be the framework in which all other technical assistance is given. Grant management systems should encourage institutionalization of regular planning, monitoring and evaluation by the NGO, not only reporting to donors. Intensive technical assistance should be given at the outset of a grant to build skills in planning, monitoring, implementation and evaluation for both program and operations.

Grant Closure

1. Procedures and guidance for closure of projects need to be addressed in a manner that will enable the NGO will develop an understanding and appreciation for the concept of sustainability. Expectations regarding project closure must be clarified with written procedures and guidelines as well as technical assistance to ensure NGO understanding of the process.

What is the potential for sustaining impact of the grant-funded projects?

The major conclusion regarding potential for sustaining grant-funded projects is that it is dependent to a large degree on continued sources of funding and demonstrated organizational commitment to continue the activities. If an organization has commitment, but no funding, it is not possible for them to sustain a project, even with a strong volunteer base as in one case. If an organization has funding, but no

commitment, the project will flounder due to lack of attention; commitment was closely correlated to fit with the organizational mission among the three NGOs. Donors should assess whether an NGO has the funding viability and commitment or mission fit at the beginning of the proposal development process as a way to decide which NGOs to commit their resources to for the duration of a capacity-building relationship.

Donors can be important catalysts for institutional development. They can influence organizations to modify or add to service delivery as in the two cases where family planning and condom promotion were successfully added. In these two cases, the particular intervention not only strengthened the NGOs but helped JSI-STAFH toward achieving its own contract deliverables to USAID.

Imposing an intervention can backfire however. All three NGOs felt they had been pressured to include activities or aspects of project design and, in general, those aspects of their project were weakest. Donors must explore what is feasible within an NGO's mission, experience and potential capacity. It is potential capacity where the donor can have the greatest effect on institutional development of the NGO.

One of the major problems noted by the NGOs as a deficiency was a lack of skilled staff to implement the systems and project activities. This should be addressed within a project, ensuring that staff receive the training they need to clarify expectations and do their job. Staff development should not be given lip service; adequate funding needs to be made available and expectations set so that NGO managers will ensure that staff development activities are organized and implemented.

Staff development includes not only staff meetings, but ensuring that key staff have copies of project documents and guidelines for referral and that authority is devolved to the appropriate people. Staff involved in implementation need to be especially targeted for staff development. In cases where the key managers are distant from some implementation staff, they must be required to put mechanisms into place for regular visits for supervision - an important aspect of staff development.

Specific recommendations for sustaining impact of grant-funded projects based on the JSI-STAFH experience are:

1. Experience and mission of the NGO are factors in sustaining a project and can affect the level of commitment that an NGO has to continuing an activity. Donors should carefully review with the NGO whether a project fits with the NGO's mission and is within the NGO's level of expertise. This should be done at the proposal application stage.
2. A staff skills assessment should be undertaken prior to planning a project activity. Donors should ensure that staff capacity is in place prior to including an activity in a proposal. This would be part of the institutional assessment that should be done during the proposal development phase of the grant. If skills are deemed inadequate, support for skills training should be included within the project being funded.
3. Sustainability of most project-funded activities is dependent on funding, except in the cases where revolving funds or fee-for-service schemes are established. Donors must decide if they are satisfied investing for short-term impact or if they

want project activities to continue beyond the life of the project. If sustainability is the goal, the donor must assist the NGO to develop a sustainability mechanism during the life of the project.

How does the grant management process impact on aspects of the institutional development of the NGO?

Duration of grants was too short to expect NGOs to build significantly greater capacity during the life of their projects. Institutional development is a long-term process and requires a long-term commitment from the donor. Conducting a thorough institutional assessment early in the process of grant management will enable a donor to learn where the NGO is in terms of the level of development and to consider carefully if they are willing to invest the time, funding and other resources necessary to develop the NGO into a viable, well-managed organization.

Donor staffing structure and job responsibilities should be designed to ensure an emphasis on capacity-building. Compliance and project-oriented technical assistance may be components of an overall capacity-building package, but they should be placed within the context of institutional development. Donor staff need to be able to conduct institutional assessments and facilitate organizational development planning with the NGO. If specific sectoral technical expertise is required to assist in developing an aspect of the NGO's program, consultants can be called on to provide assistance, but the donor staff should possess general management skills and should maintain a holistic approach to the organization's plans and activities. Progress can be monitored over time and donor assistance decreased as the NGO demonstrates increasing capabilities.

An adequate number of donor staff should be available to provide the required intensity of support. The level of support should decrease over time as the NGO demonstrates increasing capability. The decreasing intensity and frequency of support can be agreed in mutual planning between donor and grantee. The would clarify expectations about the time frame for donor support.

Some specific recommendations for capacity-building of NGOs based on lessons learned through the JSI-STAFH case NGOs are:

1. While project-specific technical skills may be essential to achieving a particular project's objectives, basic skills in planning, monitoring and supervision, evaluation and reporting for staff of NGOs is critical to the long-term survival of the organizations if they are to continue managing projects. Donors must develop these skills among the NGO staff and management, building it into grant programs and project management systems. Institutionalizing these skills will enable the NGO staff to identify and prioritize their own technical needs as required to implement specific projects.
2. In general, it is an NGO's program achievements that attract donor attention and funding. JSI-STAFH's flexibility in agreeing to fund some NGO program staff positions was essential in order to carry out some key project activities. Most Malawian NGOs operate with a shoe-string staff and cannot be expected to expand their service delivery without compensating program staff as well as

project administrators and accountants. Donor funding policies that restrict the type of staff that can be funded through a grant limit the ability to develop institutional capacity in program areas.

3. Governance would likely only be addressed by a donor if the focus of the grant program was on institutional development. Governance does not necessarily have a direct impact on project implementation, but it can affect sustainability if the executive level does not support the management and implementation staff. Thus, it behooves donors to learn the status of the NGO's governance structure and level of support. If it is insufficient, this should be addressed in the project plan and external assistance provided to facilitate improvements in governance.
4. Timing of the JSI-STAFH capacity-building activities did not allow for provision of adequate follow-up support. Donors should address institutional development needs at the outset and prioritize within the project work plan accordingly.
5. Provide opportunities to develop strong working relationships in addition to fora for information-sharing. JSI-STAFH was able to facilitate development of some collaborative relationships between NGOs that were mutually-beneficial to the partners, enhancing their respective programs (e.g., NAPHAM, MACRO and PSI conducting condom promotion campaigns with each organization bringing their unique expertise and resources to the collaboration). Quarterly meetings may be a venue for developing partnerships, but must be facilitated in a way that helps NGOs identify substantive areas for collaboration, not just information-sharing. An investment into arranging such fora may add value to the donor's overall grants program.
6. Hindsight is more accurate than foresight, but an institutional assessment could help in addressing some of the factors affecting delivery of services and implementation of grant management systems and should be carried out as an initial activity in grant development.
7. Planning, monitoring, and evaluation are the most basic skills an NGO needs to survive - along with funding. Achieving financial sustainability is much less likely if the NGO does not have these skills and systems well-established. Donors should build these skills through a technical assistance strategy that requires use of the skills, and is reinforced through the grant management systems.
8. Donors should consider whether or not a project naturally fits within an NGO's mission and/or whether the NGO has the staff skills and commitment to stretch their mission and incorporate a project into it. If there is not a fit, the project should either be dropped or a strategic planning exercise that examines organizational desire, strengths and weaknesses to revise the mission should be carried out by the NGO.
9. Providing opportunities to regularly review mission can have a positive impact on attitude and morale of NGO staff by enhancing their sense of focus and direction. Regular planning in relation to strategic organizational objectives should be incorporated into the donor's grant management systems in order to support institutionalization of regular mission review.
10. Oftentimes donors implement the same eligibility requirements and grant restrictions in their grants programs in all countries - a blue-print approach. The Malawian context is different than in other places. Donors must recognize the limitations of the funding environment in Malawi and take this into consideration in their support to NGOs. Institutional development is a long process and must be undertaken over a reasonable period of time in order to see significant progress toward sustainability. NGOs will not become sustainable with a two-year (or less) grant that only funds specific activities and operations costs. The organization needs to be nurtured in all its parts, prioritizing areas and monitoring progress with hard indicators of progress.

11. Donors who are interested in funding NGOs should develop written guidelines and procedures regarding their grant programs and make them easily accessible for NGOs. This would have benefits for both the donors and the NGOs by helping to weed out inappropriate project proposals. It would allow NGOs to be more strategic in their fund-raising.
12. An NGO donor forum should be established with the purpose of sharing information about NGO grants and support programs (which could be as specific as building a database of NGOs and their grant management performance) and coordinating on areas where support can be provided in order to make the NGO sector more effective. Donors should be strategic in their support, focusing initially on strengthening institutional and sectoral development of NGOs as a step toward building NGO capacity to serve as effective implementing organizations. Donor fora have been established in some countries, linking with NGO umbrella organizations as a way to network and build knowledge and resources on both sides - donor and grantee. This could be an objective for a donor forum in Malawi.

CASE STUDY: THE NATIONAL ASSOCIATION OF PEOPLE LIVING WITH HIV/AIDS IN MALAWI (NAPHAM)

A. Organizational Background of NAPHAM (Status prior to JSI-STAFH grant)

The formation of the National Association of People Living with HIV/AIDS in Malawi (NAPHAM) is a classic example of a "grass-roots" initiative, established by a small group of people with a common cause who together developed a mission and vision for their assemblage. It was little more than a club at the beginning, with only four founding members. The initiator and future Coordinator of NAPHAM was the first Malawian woman to publicly declare her HIV+ status, a courageous and risky action at a time when the stigma attached to HIV/AIDS ensured that anyone known to have the disease would be considered a social pariah. She had been abandoned by her husband after diagnosis and had experienced the pain of social isolation because of her status. She was determined to find a way to provide support to others who were in the same situation.

The Government of Malawi's National AIDS Control Programme (NACP) asked the (future) Coordinator to attend an international conference of women with HIV/AIDS in 1993. That same year, the young man who later became NAPHAM's Bookkeeper was also asked by the NACP to represent Malawi at an international AIDS conference for youth focused on living positively with HIV/AIDS. He had been diagnosed with HIV/AIDS in June that year after testing at the Lilongwe AIDS Counseling and Education (LACE) center. At first, he did not want to accept his HIV+ status. He didn't tell his wife about his illness and "lived in denial." At the youth conference, he realized he was not alone in his predicament. He decided to no longer try and hide his status as a result of the empowering information he gained at the conference.

After returning from their respective conferences, the two participants were referred to each other by the NACP to share information and provide mutual support. They were soon joined by two more People Living with AIDS (PLWAs). The small group began meeting together in early 1994 to lend psychological support to one another. They had all received counseling from LACE after testing, but LACE only offered assistance during the diagnosis phase of their illness. What they wanted and needed, however, was continuing support to help them live positively. The nascent group convened their meetings under the shade of a big tree in Lilongwe's Area 10, chosen because it was quiet, pleasant, available at no cost, and equidistant from the members' homes. Over the first 3-4 months of meeting together, they developed the concept of NAPHAM and a broad mission statement: "to promote health through self-care and support for people with HIV/AIDS."⁸

A Nigerian diplomat who was resident in the neighborhood grew curious about this small group he observed meeting regularly every Sunday. He inquired about their gathering and learned that they had formed their own HIV/AIDS support group. Shortly thereafter, he put them in touch with contacts that eventually led to some financial support from Action Aid's Strategies for Action (SFA), a program that

⁸ NAPHAM Constitution (draft), Art. 2 - undated.

provided financial and training support for HIV/AIDS initiatives. SFA provided a small amount of funding to help support membership development, specifically aimed at encouraging the psychological support goal of NAPHAM. The small grant from SFA provided money for transport to help members get to the weekly group therapy meetings. They received assistance in finding a more weather-proof meeting place at the Regional Health Office (RHO).

Membership recruitment has been difficult for NAPHAM from the beginning because of the stigma attached to HIV/AIDS. Membership slowly grew from 4 to 8 Lilongwe-based members, at which time the organizational vision was further refined to look at how NAPHAM could address discrimination against HIV/AIDS victims. They decided that community education would be an important component of NAPHAM's program along with the primary purpose of providing moral and physical support to members through regular group therapy and home care.

In 1995, NAPHAM received financial assistance from UNICEF and SFA to convene a national conference for People Living With AIDS/HIV (PLWAs) that would raise awareness of the plight of PLWAs and promote formation of other similar support groups around Malawi. SFA further provided funds to NAPHAM to help start chapters in 5 other districts: Blantyre, Phalombe, Nkhata Bay, Mzuzu, and Salima. The chapters were established with a few members in each location; Blantyre started with 9 members, Mzuzu with 6 members, while other chapters began with as few as 2 members.

The NAPHAM founder was elected as Coordinator of NAPHAM at the conference, and the Bookkeeper was elected as Treasurer.⁹ Other members of a National Executive Committee were also elected from among the 65 participants who were chosen to attend by the District AIDS Coordinators. The conference and election of the Executive Committee elevated NAPHAM to the status of a national organization, though it was not legally registered with the Government of Malawi. Shortly thereafter, the Coordinator invited 10 prominent Malawians to form the NAPHAM Board of Trustees from among members of the clergy, Government, and the political arena. Since there was no formal constitutional mandate or criteria by which to select Board members as yet, the trustees were chosen on the basis of their "commitment to support" NAPHAM.

Between 1995 and 1997 there were only 3 board meetings achieving quorum, though the Secretariat called many meetings in an effort to formalize NAPHAM's constitutional mandate and organizational status as an NGO. At the time NAPHAM applied for a grant from JSI-STAFH, it still was not registered as an NGO under Malawian law. The Board of Trustees has never satisfied the original criteria on which members were selected; they have demonstrated very little real support. NAPHAM Secretariat members surmise that board members have been inactive because they are scattered around the country and there is no funding to pay their transport and sitting allowances for meetings.

Despite inactivity of the Board, the Secretariat carried on with its program of weekly group therapy meetings, home-based care for members, and community education activities which mostly consisted of public testimonies of members about their status. The Coordinator was tireless in speaking out on the plight of PLWAs and

⁹ NAPHAM, Report on the 1st Conference of People Living with HIV/AIDS in Malawi, Lilongwe, 27-28 August 1995.

demanding that they be included on the agenda of donors and HIV/AIDS programs. The result was that NAPHAM became known as the Coordinator's organization, unique among HIV/AIDS support groups as *the* PLWA organization. In the words of one Secretariat staff member who switched allegiance from another AIDS support group to NAPHAM, NAPHAM didn't combine "goats and chickens" - it was founded by PLWAs for PLWAs. For this reason NAPHAM began to attract more attention from donors.

Aid from SFA and UNICEF helped establish the NAPHAM chapters and provided limited support for weekly group therapy meetings, but was not a stable source of funding for other program activities or operations. Fortuitously, NAPHAM was approached in February 1995 by JSI-STAFH to explore the possibility of a grant for program activities. NAPHAM attended the JSI-STAFH NGO Grants Management Program launch meeting, filled out a Rapid Institutional Assessment Form (RIA), and submitted a project concept paper. The JSI-STAFH comment on the RIA score (61 out of a possible 100) was: "The way they [NAPHAM] implement their program is totally different from all NGOs because these are the actual HIV/AIDS victims. We shall learn more from their project proposal and verbal communications on what they intend to do. It is an encouraging group though they have just started."¹⁰

During the lengthy JSI-STAFH proposal development process - over a year - NAPHAM struggled to meet operational costs and cover program activities. Most costs were incurred by the Secretariat and Lilongwe chapter of NAPHAM; chapters were receiving only small allowances to conduct group meetings. At that time, NAPHAM's donors were most interested in strengthening the Secretariat. SFA continued to provide support for group therapy, some counseling training, and limited operational costs. In late 1995, NAPHAM received a 3-month grant from the AIDS Stichting Fonds (Netherlands) that provided support to establish a permanent Secretariat office and to develop a local fundraising scheme. NAPHAM moved out of temporary quarters at the RHO into a house near the market in Area 23 of Lilongwe. The residential space, where the offices remain to date, can accommodate NAPHAM's needs for offices, a counseling room, and group meetings. Having their own offices and center further established NAPHAM as a formal entity, even though they still lacked legal status and a stable source of funding to support activities, particularly for the chapters. The chapters were still meeting in temporary locations, in most cases assisted by the District AIDS Coordinator to identify space. Membership was slowly growing, though still much less than hoped.

During this early period in NAPHAM's development as an NGO, the Secretariat staff consisted of the Coordinator, the Treasurer and a Messenger. The Coordinator was a strong leader and the main - sometimes sole - decision-maker on most management issues. Salaries for the officers were irregular, dependent on the few small grants that came in. Volunteerism was the mainstay of NAPHAM throughout the period of tenuous donor and public support. Members and staff often use the word "empowerment" to describe what their association has given them personally and what their purpose is in joining. The experience-sharing, advice, and emotional and psychological support they receive from one another, as well as the provision of home care for members and their children, motivates members to pay their K2/week

¹⁰ JSI-STAFH, "Analysis of NGO Rapid Institutional Assessment/RIA" file documentation, April 1996.

membership fee (for a home-care fund) and to volunteer time generously on behalf of the organization and its members.

NAPHAM's relations with other organizations were mostly informal. The Coordinator was active in meeting with various other AIDS organizations, but this was largely information-sharing rather than substantive collaboration. One exception has been a synergistic affiliation with the Malawi AIDS Counselling and Resource Organization (MACRO) and its centers, LACE and the Blantyre AIDS Counselling and Education (BACE) center. Many of the NAPHAM members tested for HIV/AIDS at the MACRO centers and, when found positive, were referred by MACRO counselors to NAPHAM. In fact, NAPHAM considers it a constraint to the growth of its chapters that MACRO has centers *only* in Lilongwe and Blantyre. They believe that the lack of free testing elsewhere in Malawi limits the number of post-test referrals and potential members to NAPHAM. In September 1995, the Blantyre chapter of NAPHAM began using MACRO as a site for group meetings and activities and assisting BACE with post-test counseling.

In its earlier phase of development NAPHAM struggled in a hand-to-mouth existence on small grants, slowly gaining members and a reputation for its activism on AIDS. The JSI-STAFH grant would enable NAPHAM to strengthen its member network and public image and further develop its program.

B. Phases in JSI-STAFH Grant Management

1. Proposal Application and Development

The JSI-STAFH grant application process commenced in February 1995 when NAPHAM submitted the Rapid Institutional Assessment (RIA) form. NAPHAM members understood the RIA as a tool "used by JSI-STAFH to select NGOs meeting [JSI-STAFH] criteria." NAPHAM received a score of 61 out of a possible 100 points in the rating system used by JSI-STAFH.

Additionally, NAPHAM was asked to submit a concept paper on what type of project they would like to implement. The Coordinator and Bookkeeper were the main NAPHAM members to develop the concept paper and subsequent proposal drafts, with some assistance from the Chairperson of the NAPHAM/Blantyre chapter. They prepared the concept paper and submitted it to JSI-STAFH in June 1995. The proposed budget for the project concept totaled approximately \$36,000 for a 3-year project. The concept offered no "match" contribution from NAPHAM, consistent with information submitted on their RIA which indicated they had no resources - other than volunteers - to offer towards a project.

Based on their RIA score and their concept paper, NAPHAM was then invited to submit a full proposal to JSI-STAFH. In NAPHAM's case, JSI-STAFH made an exception to the rule that grant applicants must be registered under Malawian law on the condition that NAPHAM was actively working on registration. Technically, they were working on registration even though there had been no further action from the Board of Trustees. NAPHAM representatives attended a JSI-STAFH proposal development workshop in Zomba from October 9-11, 1995, during which they received technical input and guidance from members of the JSI-STAFH staff. They also received model proposals that helped them in refining their project ideas.

NAPHAM's concept paper focused primarily on member-oriented activities, such as home care and group therapy, but during the workshop they made revisions to emphasize community education, outreach and training, to be undertaken in all chapters. A monitoring and supervision component was also added to ensure that the Secretariat was operating in a coordinative role. These changes did not conflict with NAPHAM's ideas for the project; the idea of expanded outreach activities and coordination among the chapters had already been raised by NAPHAM members in all districts. The Coordinator also incorporated a family planning component into the proposal in order to meet JSI-STAFH needs for an integrated family planning/AIDS project, but this was also advantageous for the organization since NAPHAM members usually had many questions about family planning from their target groups during outreach sessions. The first draft of a full proposal was submitted to JSI-STAFH in January 1996. The budget totaled \$550,395, with NAPHAM contributing \$258,300 - a "match" contribution of 47%.

The proposal went through four more drafts to reach the stage at which it was submitted to the Proposal Review and Approval Committee (PRAC). Throughout the proposal development process, NAPHAM found JSI-STAFH to be very accommodating, even to the extent of going to their Area 23 office in person to arrange meetings since NAPHAM had no telephone at that time. In addition to technical input, JSI-STAFH also provided substantial secretarial and logistical support since NAPHAM did not have a computer.

Some confusion arose in the drafting process at a point when there was turnover of the JSI-STAFH NGO/PVO Coordinator; one left in March 1996 and was replaced by another immediately. The various proposal drafts up to that point had included a lot of training activities, but the new NGO/PVO Coordinator "didn't like training activities, so they were removed. Maybe there was different knowledge on things." The final approved budget also did not include the level of per diem that NAPHAM had proposed; no explanation was given. NAPHAM concluded: "We ended up with something different than what we had planned. But that was OK because we didn't have a definite donor at the time."

During this final stage of proposal development, NAPHAM was also finalizing a grant from the Southern Africa AIDS Training Program (SAAT), a Canadian-based organization covering projects in Malawi from a regional office in Harare. SAAT had approved a three-month grant to NAPHAM to cover administrative costs, including staff salaries, for the period May through July 1996. The grant was short-term, but was helpful in meeting the operational needs of NAPHAM at that point in time.

JSI-STAFH, as part of the preparation for a PRAC review, conducted an on-site financial assessment of NAPHAM on 2 July 1996. Some recommendations were made to change financial procedures in order to comply with grant regulations. NAPHAM understood that this was part of the process to ensure that the proposals would be approved by the PRAC and made the necessary modifications. Secretariat members saw JSI-STAFH's role as a proponent for the NGOs: "JSI-STAFH really defended the NGOs to the PRAC."

Project budgets in the various proposal drafts ranged from \$199,808 down to \$93,655 in the draft submitted to the PRAC in June 1996. The PRAC draft was finally approved in July 1996. Project activities such as training, workshops, community outreach, and IEC were covered 100% by JSI-STAFH. JSI-STAFH also committed to fund project-related personnel (Counselor, Nurse, and Chapter

Supervisors) and project-related equipment (bicycles for outreach and computer system for monitoring and reporting), comprising 53% of operational costs. NAPHAM agreed to contribute telephone, post, office supplies and transportation as well as salaries for the Coordinator, 2 Counselors and a Messenger.

The whole proposal development process had taken 17 months from completion of the RIA to an approved project. The proposal went through at least 5 drafts, each reviewed by various JSI-STAFH technical staff and the PRAC. The approved budget was one-fifth of the concept paper budget, and included a 25% contribution from NAPHAM (as opposed to nil contribution in the concept paper), all of which was applied to operational costs. The programmatic emphasis was revised from a focus on services to NAPHAM members to an emphasis on community education and outreach, including family planning through condom promotion. The process was lengthy; many changes were made in funding and match contribution levels. JSI-STAFH committed to cover 53% of NAPHAM's operational costs and 100% of program activity costs.

JSI-STAFH is the only donor that has offered NAPHAM such extensive technical assistance in proposal development and project design. Although complex, NAPHAM feels that the proposal process was a useful exercise for them in learning how to write a proposal: "It's better to talk to donors first before developing a proposal so that you can find out what is acceptable."

2. Start-Up of Project

PRAC approval of NAPHAM's proposal was received on 10 July 1996. One month later NAPHAM signed a grant agreement with JSI-STAFH and received a half-day financial orientation, including information regarding the USAID Standard Provisions.

At the same time, SAAT gave NAPHAM a follow-on grant for the period September 1996 through January 1997. This enabled them to augment the Secretariat staff with a Receptionist. One of the Secretariat's first tasks for the JSI-STAFH grant was to set up a project bank account so that they could receive fund transfers from JSI-STAFH. They also began the process of recruiting project staff, specifically the Nurse and Counselor, from among NAPHAM members, as was the hiring policy. Word was sent out to the six chapters about receipt of the grant. They received a verbal orientation from the Secretariat about the project activities they would be expected to carry out, costs that would be covered by the grant, and systems for fund transfers. The Mzuzu chapter was surprised to hear about the project; they were not involved in developing it and were only informed after the fact.

The first fund transfer to NAPHAM was in October 1996, two months following the grant signing. This first transfer was mainly to enable the branches to begin outreach activities and to hire the project staff. The project-funded Counselor was hired in September. He was a secondary school student in 1995 when a bout of illness motivated him to get an HIV/AIDS test. He has been a AIDS activist since learning about his HIV+ status, eagerly giving personal testimony at World AIDS Day conferences and other public events. He first joined a support group that had both HIV+ and non-HIV+ members, but later decided to switch his allegiance to NAPHAM because it was solely for PLWAs.

It was more difficult to fill the Nurse position from among the NAPHAM membership due to a lack of qualified candidates. Finally a nurse, formerly employed as a Ministry of Health and Population (MOHP) nurse at a government health facility in Chitipa, was hired into the position in January 1997. The Nurse's husband had died in 1994, at which time she was also very ill. She decided to be tested for HIV/AIDS in 1995 and learned that she was HIV+. She joined NAPHAM thereafter and believes that the support she receives through the group is a key factor in helping her feel better physically and emotionally.

A computer was procured by JSI-STAFH on behalf of NAPHAM and installed at the NAPHAM office by the end of the year. The Bookkeeper and Receptionist received computer training in November so that financial and program reports could be prepared as required by JSI-STAFH. The Bookkeeper found the financial reports difficult to prepare at the beginning; the half-day financial orientation did not give him enough information about what was expected even though there was a format to follow. Written guidelines were lacking.

The SAAT grant provided a welcome source of support to match the program funding from JSI-STAFH during this period, but it was difficult for NAPHAM to understand SAAT's operating procedures. Unlike JSI-STAFH, SAAT did not have specific guidelines for proposal development and grant management and NAPHAM's perception was that their procedures changed with every communication. NAPHAM had already experienced delays in fund transfers from SAAT, making it difficult to count on that source of support, but there was no other alternative.

3. Grant Management and Project Implementation

3.1 Project Progress and Accomplishments

The main goal of NAPHAM's project was to involve PLWAs (NAPHAM members) in community education and condom distribution as a strategy for reducing transmission of HIV/AIDS and STDs. Family planning information was integrated into outreach education as well. Activities to be carried out toward meeting this goal included setting up an HIV/AIDS Information Center at the NAPHAM offices; publicizing NAPHAM's counseling and other services; training members on HIV/AIDS prevention and family planning so they could, in turn, conduct effective community outreach and condom promotion, and; developing IEC materials, including a PLWA newsletter, to disseminate information about NAPHAM and HIV/AIDS. Counseling would also be a major activity under the project, as well as facilitating information exchange and establishing HIV/AIDS support groups. The Secretariat staff, as the project managers, also planned to provide supervision of chapter activities through regular monitoring visits. Objectives, with quantitative indicators to measure project accomplishment, are also provided in the proposal.¹¹

Training

NAPHAM was fully into project implementation by early 1997. The first major set of activities involved training for project personnel who would serve as trainers to other

¹¹ NAPHAM proposal to JSI-STAFH, "HIV/AIDS Prevention, Information Resource and Positive Living Project, 23 July 1996.

PLWAs. The Nurse was to be trained in family planning by the National Family Welfare Council (NFWC) in order to provide ongoing support and training for this component of the community education. A cadre of 12 PLWAs with medical background were to be trained as trainers in order to provide HIV/AIDS and STD prevention and family planning education to PLWA community educators.

NAPHAM began to experience some problems with this Training of Trainers strategy, however. The Nurse did not receive her family planning training from NFWC early in the project, as planned. This, in turn, delayed training for the member volunteers in family planning. She was finally able to conduct a family planning training for members early in 1998, well past the time frame laid out in the project document.

Another problem that arose was the inability to find 12 PLWA medical personnel to serve in the cadre of trainers. It was rare to find such highly-educated or qualified professionals among the NAPHAM membership because such people were less likely to "come out" and admit their HIV+ status publicly. After a diligent effort to carry out this activity, NAPHAM received permission from JSI-STAFH to drop it from the project plan and instead to concentrate on training the PLWA community educators using external trainers.

This also proved to be a problem, however. NAPHAM's approved budget for training allowances was so low that they could not attract qualified trainers, who wanted a higher rate than the government standard rate. In addition, the overall training budget could not cover the cost of bringing representatives from all of the chapters for training. Costs had increased significantly since the time the proposal was written. JSI-STAFH was flexible enough to allow NAPHAM to revise some budget lines as long as they stayed within the already-approved bottom line, but NAPHAM still felt constrained by the available budget. After a lengthy period of trying to identify qualified trainers, the JSI-STAFH NGO Associate assisted in finding trainers willing to work for NAPHAM. Training activities were delayed over one year due to problems not anticipated during the project development phase, but the prescribed number of NAPHAM members did finally receive training in HIV/AIDS, STD, and family planning education to meet project objectives.

Publicity/IEC

Publicity for NAPHAM in the form of radio advertisements and development and dissemination of IEC materials (i.e. newsletters and pamphlets) were planned to occur throughout the course of the project. These activities, too, had a slow start because of rising costs. Budgets were based on quotations for printing and production at the time the proposal was written - well before the project was underway; there had been no contingency for inflation. In addition, NAPHAM felt that it was premature to publicize activities until after solid accomplishments had been achieved.

The Media AIDS Society (MASO) has aired 15 radio advertisements for NAPHAM, contributing some extra time and technical assistance over and above the agreed contract because they are sympathetic to NAPHAM's members. The advertisements were supposed to begin early in the project, but did not get started until December 1997 because of budgetary limitations, according to NAPHAM. The ads were aired over a 6-month period during the second year of the project. The target for this particular project activity has been achieved, but NAPHAM has not

seen any demonstrated impact on the number of clients they receive at the Center - approximately 2-3 per day - and feels that the number of ads were not enough to make a difference.

One newsletter was printed in January 1997, but the NAPHAM began to realize that developing publicity and materials takes special skills that they did not have among their staff and members. There was no scope within the approved project budget to obtain the expertise, but later NAPHAM received permission from JSI-STAFH to contract a journalist to assist. They believe effective IEC would help them better articulate their purpose and activities to the public and would like to develop IEC skills within their organization, but will not be able to achieve their targets for this activity.

The Resource Center at NAPHAM has approximately 250 publications on the shelves, mostly in English, which have been donated from various sources. There are also some handouts obtained from the NACP and JSI-STAFH that NAPHAM gives out during community outreach sessions and makes available to walk-in clients at the NAPHAM center. NAPHAM has had a difficult time building up informational materials for the center, especially in local languages. JSI-STAFH and the NACP have been the main contacts for obtaining additional resources, but this has not led to significant additions to the library, as intended.

NAPHAM had a television and VCR to use for IEC purposes, funded by another donor, but the set broke down and videos have been even more difficult to find than written materials, rendering this educational tool unusable. NAPHAM project personnel believe that more clients would be attracted to the center if videos could be shown. They requested that JSI-STAFH allow them to purchase a new television and video player with project funds, which was granted through a no-cost amendment to their grant in June 1998, near the end of the grant. Inability to produce and procure materials has limited the value of the Information Center as a resource and it appears to be underutilized.

Outreach

Outreach activities were already being conducted by NAPHAM prior to the JSI-STAFH grant, but NAPHAM credits the grant for enabling them to carry out community education in a more structured and effective way. The project provides allowances to the NAPHAM members when they conduct outreach, consisting of a small stipend to cover their lunch and incidental costs. The project enabled NAPHAM to procure bicycles for use by members during outreach. All of the NAPHAM members are involved in outreach except those few who do not wish to make their HIV+ known. In Lilongwe, outreach sessions are conducted twice a week, with approximately 15 member volunteers at each session, more or less the same routine at all the chapters. The chapter members, at their weekly group meetings, decide who will go on a particular outreach session, where they will conduct the sessions, and other logistical details, ensuring that everyone has the same opportunities to participate and collect allowances. At those meetings, they also create skits, songs and messages to give during the outreach sessions.

Of all the JSI-STAFH-funded project activities, NAPHAM believes that this has had the most impact in terms of educating people about HIV/AIDS. They have observed over the course of the grant, however, that the type of people they are reaching is limited by the locations where outreach is conducted and the educational

techniques the volunteer educators employ. Current practices limit the audience to market vendors and shoppers, hospital patients and school children. NAPHAM members would like to learn new techniques to reach professionals and attract them to join NAPHAM.

The bicycles have been well-used for the outreach sessions, but as of March 1998 only 2 of the 12 bicycles were in working order in Lilongwe. The Mzuzu chapter also reported that none of their bicycles were in good working order. Both of these chapters say that the budget for bicycle maintenance is not enough. (The cost of the bicycles was more than had been budgeted in the proposal, so JSI-STAFH allowed NAPHAM to use funds from the maintenance budget to make up the shortfall for procurement.) NAPHAM members in the three chapters visited for the case study expressed that they would like to be able cover a wider area with outreach activities, but that they are limited by lack of transportation.

Condom Promotion

The project plan called for NAPHAM volunteers to promote use of condoms during outreach and counseling, to be procured from MOHP sources. In addition, JSI-STAFH arranged for NAPHAM to receive training from PSI in social marketing of Chishango condoms. Sales of Chishango would also give members an opportunity to earn a small commission. Condom promotion and family planning education were new activities introduced to NAPHAM through the JSI-STAFH grant.

After their training from PSI, the NAPHAM members began selling Chishango condoms during their outreach sessions. They found that the PSI salespeople had already entered the markets covered by NAPHAM and were selling Chishango at a lower price than NAPHAM was able to based on the wholesale price paid for an initial stock of 20,000 condoms. NAPHAM discussed the issue with PSI but were told that such competition was healthy. The NAPHAM members were discouraged by this, but they have continued to sell Chishango - albeit at a slow pace - because they believe that condom promotion is an important part of their education on HIV/AIDS prevention. They also know that Chishango supplies are more reliable than supplies of MOHP condoms. They are appreciative that the JSI-STAFH grant introduced this new component into their service delivery.

Despite the problems with PSI, this activity was within the capability of NAPHAM to carry out as planned and the target has been achieved.

Networking and Support Group Formation

Although support group formation and networking are outlined in the project document as key activities, NAPHAM's understanding of the project budget is that there is no funding specifically allocated for implementing them. No support groups have been formed. The Secretariat members explain that networking takes place on a case-by-case basis, mostly with funding from SFA for NAPHAM members to attend trainings and conferences.

NAPHAM has a close working relationship with MACRO and networks regularly with the MACRO centers. NAPHAM is a member of MANET, a newly-formed national umbrella group of HIV/AIDS organizations. According to NAPHAM, MANET's formation was initiated at the second annual PLWA conference in 1997 organized by NAPHAM with funding from SAAT (through NACP). NAPHAM has experienced

some difficulties explaining the difference between NAPHAM and MANET to donors. NAPHAM believes that they have lost support of some potential donors because of this misunderstanding.

Achievements in networking and support group formation have been almost nil. NAPHAM has participated in the NGO quarterly meetings organized by JSI-STAFH and uses them as an opportunity to learn what other organizations are doing and how they are performing in managing their JSI-STAFH grants.

Counseling

All of the Secretariat members have received counseling training and are able to assist clients who come into the NAPHAM center. There are few clients, so there is seldom a need for more than one counselor on duty. The project-funded counselor is responsible for keeping the Information Center materials in order and has been able to assist with other project management duties as well.

Supervision, Monitoring and Reporting

Supervisory visits to the chapters by Secretariat members have been few and far between. Supervision and reporting were the responsibility of the Coordinator, but she was unable to fulfill her role due to increasingly ill health after the project started. NAPHAM also found that the budget allocated for monitoring and supervision was inadequate to cover the costs of visiting the five chapters as frequently as planned. They requested a budget increase for supervision from JSI-STAFH and were told that NAPHAM could "piggy-back" with JSI-STAFH staff who were traveling to the areas where the chapters were located. JSI-STAFH approved an increase in the supervision budget to enable more people to do supervision, not just the Coordinator. This arrangement never worked out, however, and the chapters have not been visited with any regularity.

NAPHAM has provided program reports to JSI-STAFH irregularly. JSI-STAFH has reminded NAPHAM on several occasions, verbally and in writing to submit their program reports. In general, the reports provide limited information about project progress even though monitoring and reporting were a major focus of the third NGO quarterly meeting in August 1997, in preparation for the project mid-term review. After the quarterly meeting, JSI-STAFH sent out a revised set of guidelines for the mid-term review which confused the NAPHAM staff. They said it was "so big to read."

The NGO Program Associate worked with NAPHAM staff to help them understand the guidelines, providing them with a sample data-gathering tool and critiquing a draft report. The NAPHAM staff used the data-gathering tool without adapting it to their specific program and found it was more focused on family planning than on HIV/AIDS. Nonetheless, they found the exercise to be useful. They would not have done such a review unless it had been required by JSI-STAFH, but are glad that they had the opportunity to learn more about chapter activities and needs.

In March 1998, following the mid-term financial audit, members of the Secretariat conducted visits to all of the chapters to explain new financial procedures to be implemented in order to comply with grant requirements. It was also an opportunity to monitor project activities at the chapter level. The Secretariat staff perceived that the chapters appreciated their visit and the opportunity to share experiences about

activities. No further monitoring visits took place after that, however, since chapter representatives came together at workshops instead. Supervisory activities have not been carried out as planned.

Despite the assistance they received from JSI-STAFH, NAPHAM submitted their mid-term review report over six months late, just a few months before the end of the grant. Operationalizing a monitoring and evaluation system that would provide information for program reports has been difficult for NAPHAM because they lack institutional experience; knowledge of what is actually happening at the chapter level is limited. The guidance from JSI-STAFH has been helpful, but performance levels indicate a need for more intensive assistance to help set up and learn how to effectively use a monitoring and evaluation system for program management and reporting.

In terms of project outputs, NAPHAM's accomplishments have been fair.

NAPHAM has met the following project objectives:

- reaching 28,000 school youths, PLWAs, men and women during outreach
- distributing 200,000 condoms and involving PLWA volunteers in Chishango condom social marketing
- training 36 PLWA volunteers on HIV/AIDS and family planning education

Objectives which were partially met include:

- Information Center was established, but with fewer informational materials than planned
- NAPHAM was publicized through the prescribed number of radio adverts (no observable impact), but far fewer IEC materials were developed than planned
- counseling services provided to 532 clients up to June 1998, fewer than desired

Objectives which were not met:

- information exchange and networking among PLWAs except through irregular chapter visits and JSI-STAFH quarterly NGO meetings
- establishment of 20 HIV/AIDS support groups

NAPHAM members, in addition to their community education activities funded by JSI-STAFH, are also dedicated to providing home care to members and their families when the need arises. During their weekly group meetings, reports are made on the status of sick members and plans made for providing care to them. This activity is one of the most important benefits of NAPHAM membership. Membership dues help pay for household items supplied to families under home care, supplemented by funding from SAAT since mid-1996. SAAT funding has been irregular, however. Members are committed to providing home care as a benefit even without donor assistance.

3.2 Operations (Finance and Administration)

The half-day financial orientation NAPHAM received when the grant was signed in August 1996 was geared toward facilitating understanding of JSI-STAFH's financial reporting requirements and the USAID Standard Provisions which are attached to the grant agreement.

According to the JSI-STAFH NGO Financial Analyst, there have never been any big problems with NAPHAM's financial management of the grant, but weak accounting and planning skills have resulted in some problems in project budgeting. NAPHAM has consistently raised "inadequate budget" as the reason for a delay in implementation of a number of project activities, such as training, IEC materials development, networking, and monitoring and supervision. JSI-STAFH financial files indicate that NAPHAM had already spent more than 64% of their approved budget mid-way through the grant, with many project activities still to be carried out. JSI-STAFH has been flexible about budget revisions, but NAPHAM has demonstrated limited understanding of the procedures for making changes. According to the Financial Analyst, he has visited NAPHAM many times to provide technical assistance on financial issues.

The NAPHAM Bookkeeper feels that JSI-STAFH has indeed been very flexible on budget issues and in answering questions about managing grant finances, but believes there has been too much reliance on verbal guidance. There are not enough written guidelines on procedures that can serve as a reference; sometimes the verbal instructions change and there is no way to document what has been said.

The Bookkeeper attended the JSI-STAFH financial management workshop in April 1997. He considers that workshop to be the most helpful workshop conducted by JSI-STAFH for the NGO grantees. It provided him with hard information and skills training which he has been able to apply directly in his role as the financial manager for NAPHAM. He would have liked to receive such training at the very beginning of the grant so that some mistakes could have been avoided.

A major topic at the financial management workshop was the USAID Standard Provisions. NAPHAM and other participants admitted that they had little understanding of the Standard Provisions and felt that they had not received adequate orientation about them during the half-day orientation at grant signing. The NGOs learned that the Standard Provisions come directly from USAID, not from JSI-STAFH, and that they must be strictly adhered to. After the workshop, the NAPHAM Bookkeeper read what he believed were the relevant sections of "the bible" [USAID Standard Provisions].

The only major issue arising with financial management of the NAPHAM grant arose as a result of the mid-term audit covering the first year of grant operations. The audit found that the chapters were not adequately documenting expenditures of funds transferred to them by the Secretariat. Some new procedures would need to be instituted by the Secretariat to ensure that all expenses were properly documented. The chapters would also have to send supporting documentation for all unsupported expenses to date. Shortly thereafter, representatives from all of the chapters attended a Chishango refresher course where the Bookkeeper was able to explain new financial procedures to be followed by the chapters. The chapters have since, with varying degrees of proficiency, instituted the necessary changes and have produced supporting documents. They are now required to submit supporting documentation with their expense reports in order to receive their next fund transfer from the Secretariat, a system much like the one JSI-STAFH uses with the NGO grantees. Although the chapters understand the need for the documentation, they sometimes have difficulty obtaining receipts for expenses because they are not always given receipts by vendors or service providers. They also complain that the fund transfers from the Secretariat take too long and bank

charges for the transaction are too expensive for such small transfer amounts. JSI-STAFH funding does not cover bank charges.

3.3. Capacity-Building Activities

NAPHAM was one of 8 NGOs chosen by JSI-STAFH to be part of a capacity-building program designed to strengthen management capacity of the organization. The program consisted of an institutional assessment and a strategic planning workshop. The institutional assessment was carried out by consultants from the Lilongwe-based Development Centre from April 16-21, 1998. It covered a range of institutional development areas including governance, human resources, service delivery, financial and administrative management and external relations in order "to determine the organizational development stage and specific changes needed to strengthen and assist management, staff and partners by providing a basis to determine areas of support."¹² Members of NAPHAM chapters, Secretariat staff, and a number of stakeholders were interviewed by the assessment team. Findings of the assessment indicated that NAPHAM is in the "start-up" phase in all areas of institutional development.

Part of the institutional assessment process included asking the NAPHAM members to rate their performance level "using a tool to grade where we are." The NAPHAM staff felt that they did not receive a full explanation of how to use the grading tool, which included descriptions and indicators of stages of institutional development. Nor did the assessment team give them enough time to complete the self-rating. When they finally received a copy of the draft assessment report, they felt that their self-rating had not been factored into the final "grades" given by the Development Centre team. Nonetheless, the NAPHAM staff felt that the tool could be useful in helping them monitor their institutional growth over time. One of the most useful learnings from the assessment for NAPHAM is that, through its multifarious activities, the organization has veered off course from its original mission. They did not receive a copy of the assessment report until after the strategic planning workshop and lament that it was not available for reference.

Representatives from all of the chapters were also involved in the strategic planning workshop which took place one week following the assessment. This activity was again facilitated by a consultant, this time from the Institute of Cultural Affairs-Kenya. It was NAPHAM's first structured, participatory planning workshop. Participants focused on some fundamental aspects of their organization, including the mission statement and organizational objectives, and identification and prioritization of strategic directions. The final step in the process was development of a 90-day plan to help set them on course with their long-term strategic plan.

Participants were very pleased with the outcome of the workshop. The Secretariat members are very grateful that JSI decided to include NAPHAM in the capacity-building activities. One member said: "Due to these activities, we've thought about our weaknesses and strengths." Another described the JSI-STAFH's role as, "A mother should say, 'I think my child is having this kind of problem.....' and then take steps to help him. Other organizations are only interested in getting a task done - not the quality of the task. The tasks are donor-driven - the ones donors want, not what the organization wants. Even JSI-STAFH started out pressing condoms as an

¹² Participatory Institutional Assessment (PIA) Report for NAPHAM, conducted by The Development Center for JSI-STAFH, April 1998.

activity - that's what JSI-STAFH wanted us to do. Now, after strategic planning, we will tell donors what we want to do! We'll say, 'I'm sticking to my mission!'"

The Mzuzu representatives at the strategic planning workshop were equally happy with the strategic planning exercise, particularly in that it pointed out the need for the Secretariat to include the chapters in all activities and helped to break down the barriers between the Secretariat and the chapters: "It opened our minds." For their part, the Mzuzu chapter now better appreciates the importance of having a Secretariat to coordinate activities between chapters - "the Secretariat is the mother of all the branches" - and can see the pressures that the Secretariat is working under with so few resources.

The capacity-building activities were hurriedly planned and organized in order to complete them before the end of NAPHAM's grant. Chapter representatives were urgently summoned to Lilongwe to take part in the institutional assessment, then were asked to return just a week later for the strategic planning workshop. NAPHAM staff would have liked having capacity-building activities at the beginning of their grant rather than at the end. Given the timing, it is not within the scope of this case study to assess the effectiveness of the capacity-building activities in terms of actual results or grant implementation, but there is a decidedly more confident tone when NAPHAM speaks about the future.

Responses from NAPHAM members about the capacity-building exercise indicate that it was valuable in helping them develop a broader view of organizational development in general while at the same time enabling them to focus on priority needs of NAPHAM. It was the first participatory planning workshop NAPHAM had undergone; participants appreciated being asked for their ideas and opinions and feel a high degree of ownership of the resulting strategic plan. There is a high level of enthusiasm among members to move forward on the strategic plan, but a recognition that they still require considerable support from donors and others to move ahead. They are not sure whether the necessary support will be forthcoming after the JSI-STAFH grant is completed.

NAPHAM participated in an NGO fundraising workshop organized by JSI-STAFH and Concern Universal during the last month of the grant. The workshop opportunity was presented by JSI-STAFH to assist the NGO grantees to consider options for fundraising that would enhance their chances for institutional sustainability.

4. Closure of Grant

NAPHAM and other NGO representatives received a briefing on grant close-out procedures at the JSI-STAFH quarterly meeting in Lilongwe in February 1998. At that same meeting, JSI-STAFH indicated that there may be a chance for some NGOs to receive "bridging funds" or a grant extension. Participants were informed that they need to get their financial house in order if they want to be considered for further funding and were told that a final audit would also be conducted.

Most of the information about close-out was understood to be related to finances, but JSI-STAFH also said they would be checking on progress toward achievement of project objectives. NAPHAM was not clear whether current grants would close according to the schedule of the grant agreement, or what procedures would be

followed for an extension. The Secretariat is waiting to learn if they will receive an extension beyond the 30 June 1998 end date of the current grant.

No actions have been taken by NAPHAM regarding close-out of project activities. There is no plan to conduct a final evaluation although it has been budgeted within the project. NAPHAM is waiting for instructions from JSI-STAFH in this regard.

As the end of the JSI-STAFH grant draws near, the main concern of NAPHAM is whether they will have another donor to take up where JSI leaves off. SAAT, which had been the other major source of assistance, decided abruptly to end its support for NAPHAM on very short notice; SAAT funding will go through September 1998. There are no other donors lined up beyond that time. This puts NAPHAM's financial future in serious question.

C. Donor/Grantee Relationship

1. Interactions

The JSI-STAFH NGO Associate has conducted supervisory visits to NAPHAM at least once per quarter. The visits usually entail accompanying the volunteers to an outreach session and providing project-specific technical feedback to improve outreach as well as following up on any grant management issues that have arisen. The Financial Analyst has also provided technical assistance on-site, helping to explain financial management procedures. His visits tend to be issue-specific rather than oriented toward developing overall financial management skills. The Secretariat members have found these visits very helpful and, compared to other donors, feel that JSI-STAFH has provided more substantive assistance to them in managing their grant, on both the technical and management aspects. More frequent technical assistance visits would be welcome though.

In addition to site visits, NAPHAM has regularly participated in the JSI-STAFH NGO quarterly meetings. These are viewed as another opportunity to learn more about grant management procedures, something which other donors have not provided in any structured way. NAPHAM also likes that the meetings give the grantees a chance to compare their performance with one another, helping each participating NGO to gauge where they are doing well and areas that need strengthening. The financial management workshop which was conducted as the second quarterly NGO meeting was especially useful for the Bookkeeper. He gained more thorough explanation about financial management procedures. The participatory nature of the workshop allowed him to practice skills that were directly relevant to his grant management responsibilities. The participatory style in which the strategic planning workshop was conducted was also noted by the members as very appropriate.

NAPHAM would like more written guidance to supplement information and technical assistance given at meetings, workshops and site visits. They believe they made mistakes that could have been avoided if they had had clearer guidance earlier and in written form. This is particularly true in regards to grant compliance regulated by the USAID Standard Provisions. These were covered during the finance workshop in some detail, but only after NAPHAM had already inadvertently committed some errors. The Bookkeeper would have liked to have the finance workshop within the first month of the grant.

2. Key Topics

Topics most frequently arising between JSI-STAFH and NAPHAM have been related to budget needs (e.g., allowances) and program modifications (e.g., dropping some unrealistic activities such as the training of trainers for PLWA medical personnel). NAPHAM's proximity to JSI-STAFH offices has allowed them easy access when issues requiring action arise.

In general, NAPHAM has followed JSI-STAFH advice that, if changes are needed in the project or budget, get permission from JSI-STAFH beforehand. On several occasions NAPHAM has sought permission to increase a budget line (e.g., to cover higher-than-estimated training costs). Sometimes the approvals have been delayed, but most have eventually been granted. NAPHAM has found JSI-STAFH personnel to be ready, willing, and able to assist them on most requests. By the same token, JSI-STAFH has never had a major problem with NAPHAM regarding their management of the grant beyond simple mistakes due to inexperience and lack of skills. There is a high level of trust and comfort in relations between NAPHAM and JSI-STAFH.

3. Grant Management Systems, Guidelines, Tools and Formats

NAPHAM has had mixed performance in implementing JSI-STAFH grant management systems, procedures and formats. The main focus of grant management has been on finance, based on rules and regulations that must be followed in order for grantees to comply with the USAID Standard Provisions. Other key areas of grant management for which systems and procedures have been standardized are proposal-writing and program reporting. JSI-STAFH is the first donor to impose such comprehensive program management systems, and NAPHAM staff have had to learn as they go through the process. The Bookkeeper still has limited knowledge of the Standard Provisions even though they are attached to the grant agreement.

Proposal and financial reporting formats were provided by JSI-STAFH on diskette to make it easier to report in a standard fashion. The formats have been particularly helpful to the NAPHAM Bookkeeper who was a key member of staff involved in proposal development and has been responsible for both program and financial reports. He has become more comfortable with the financial reporting system of JSI-STAFH and has used the format to prepare reports for other donors as well. He has had some problems with the chapters because of their lack of understanding of the financial systems and procedures, however. The chapter members do not understand the quarterly advance system used by JSI-STAFH. It is a complex system which does not always work smoothly for NAPHAM. When the Secretariat has experienced delays in receiving quarterly advances from JSI, the chapters' fund transfers are also delayed. The relationship with the chapters has been very dependent on cash flow from the Secretariat. When funds are not available as expected, the chapters get angry. This situation has been exacerbated by the irregularity of the SAAT funding. There is confusion among the chapters about which funds are in the pipeline and from what source.

NAPHAM's program management has been less systematic than the financial management, although JSI-STAFH has also provided a quarterly reporting format and schedule to follow. Program reporting has been affected by the lack of supervision and monitoring by the NAPHAM Secretariat of the chapters. Although the chapters send reports to the Secretariat about their activities, they do not send them regularly, nor do they report on the same information. This has made it difficult for the Secretariat to track project progress in a systematic way and to prepare program reports to meet JSI-STAFH requirements. NAPHAM received a letter from JSI-STAFH in August 1997 reminding them to submit overdue program reports; reports have been sent irregularly since then. The Mid-term Review, an internal evaluation of project activities required by JSI-STAFH of all grantees, was submitted in May 1998, past due since November 1997.

4. Perceptions about Emphasis of Donor/Grantee Relationship

NAPHAM Secretariat staff have changed their view about what forms the basis of their relationship with JSI-STAFH after undergoing the capacity-building exercises. Prior to that, Secretariat members were in agreement that the main focus of JSI's attention was compliance. The Bookkeeper believed that the focus was necessarily a project orientation throughout the proposal development phase because it was the project that drew NAPHAM and JSI together in the first place. After the agreement was signed, however, he believed compliance became the key factor.

The Counselor felt that compliance was the major emphasis from the beginning of project start-up as well. NAPHAM's view of compliance is that it "determines whether we are in or out. If any mistakes are made, there is punishment." The staff believe that a lot of time was spent on ensuring that NAPHAM was in compliance with their grant agreement when it would have been better spent on looking at ways to improve overall operations and program. The Counselor felt that capacity-building should have been the primary force in the relationship from the beginning and that JSI should have begun identifying institutional needs within the first quarter "For an organization to grow, be strengthened and sustained, it needs capacity-building."

The tune changed after NAPHAM participated in the institutional assessment and strategic planning workshops. "JSI is an exceptional donor. They are the only donor that has done [capacity-building] for us. Other donors just look for faults and dish out punishment. JSI is building capacity and is motivating us." NAPHAM would like further assistance in capacity-building and has had some informal discussions with the US Peace Corps about the possibility of a volunteer to work with them along this line. They believe they could benefit from management courses for their staff and have had the idea of trying to set up internships for NAPHAM staff with more experienced organizations from which they could learn.

NAPHAM credits SFA with being a consistently supportive donor over time, but believes SFA has not provided capacity-building assistance *per se*. In general, NAPHAM's perception is that it has identified its own needs and has asked SFA to fill the gap. They feel that SFA has not addressed the larger picture, only one-shot, *ad hoc* training support. NAPHAM believes JSI-STAFH has taken the right approach even though the capacity-building came late in the grant.

NAPHAM's relationship with SAAT has become increasingly problematic over time. The Secretariat believes that SAAT has not been transparent in their dealings with

the Secretariat and has fomented some bad feelings between the Secretariat and the chapters. The Secretariat has developed the impression from SAAT's actions that they wish to split the chapters apart into independent entities, eliminating the need for a Secretariat to coordinate. This perception comes partly from the fact that SAAT has not utilized any systems or procedures for grant application or management. NAPHAM feels they are always having to guess what SAAT wants - and they have mis-read on several occasions, leading to difficult relations between donor and grantee.

D. Effect Of Grant Management On Sustainability

1. Sustainability of Project

NAPHAM believes that the most important activity under the JSI-STAFH grant has been outreach. Members feel that their outreach sessions have been enhanced by the addition of family planning messages which only came about as a result of the grant. Allowances for the volunteers and procurement of bicycles funded by the grant also contributed toward making the outreach sessions the most effective part of the project, enabling more volunteers to conduct outreach and cover a wider area than before. NAPHAM members intend to continue doing outreach, but fear that not as many volunteers will be able to participate because of the need to find other means of livelihood. With the bicycles breaking down and no funds for maintaining them, transportation for outreach will also be affected negatively and coverage area will likely shrink, according to members.

Members are very committed to condom promotion as a preventive measure for HIV/AIDS and will continue to sell Chishango condoms. It is likely that this activity will sustain. IEC activities will not be able to continue at the same level. Radio publicity was felt not to make a difference in client load or membership levels and would not be worthwhile unless it could be intensified through more frequent and longer spots. This would require a significant financial commitment. NAPHAM admits that they do not have the skills at present to develop effective IEC materials.

Secretariat members are concerned about what will happen to the Information Center in the future. None of the current grants to NAPHAM are covering office rental; rent has not been paid since early 1998. The Information Center may not survive without a proper venue. In any case, it has been difficult to vitalize the Information Center during the course of the grant because of the lack of library materials and a working video set.

Counseling services will continue, as before the JSI-STAFH grant. This is an activity at the core of NAPHAM's mission and members are committed to continue it. Many of the current NAPHAM members have been trained as counselors through funding from other donors, and NAPHAM expects that training opportunities will continue to be available.

Key networking supported through the JSI-STAFH grant was with the chapters. The grant provided opportunities for the chapters to convene together at trainings and workshops where they shared experiences and information. Although there were few supervisory visits to the chapters by members of the Secretariat, there would

have been none without the grant. Without donor funding, chapters will meet together much less often.

2. Sustainability of the Institution (NAPHAM)

Mission/Vision

NAPHAM members consistently hark back to their beginnings, when the focus was on providing members with a safe haven to share their experiences, fears and concerns among people who could understand. They are adamant that home care - an activity not covered by the JSI-STAFH grant - will continue to be a core activity along with counseling and community education. They intend to continue providing home care as a member benefit even without donor support and they will continue their community education activities as a way to change attitudes about PLWAs, attract members, and help prevent the spread of HIV/AIDS.

Volunteerism is the foundation of NAPHAM and will likely ensure that the organization survives for the long-term, but it may return to its original form as a club rather than professionalizing to a full-fledged NGO unless substantial external assistance is provided by donors with a focus on capacity-building.

The capacity-building exercises provided an opportunity for NAPHAM to review and refine its mission. They reaffirmed their desire to make the organization primarily a member-oriented organization, but recognized that NAPHAM's survival as an organization is dependent on reaching beyond the members to activities that will attract funding.

Governance and Legal Status

The NAPHAM Board of Trustees has never been fully activated. Only three meetings have ever achieved quorum since the Board members were invited to join in 1995. The monitoring plan outlined in NAPHAM's project document states, "At the management level, the National Executive Committee will report to the Board of Trustees and jointly formulate policies to govern project activities." Two of the Board members interviewed for the study said that the Trustees had mainly been involved in discussions about NAPHAM's constitution; they had not been kept informed by the Secretariat about NAPHAM's activities and had little knowledge about the program. The two Board members were not aware of the Coordinator's imminent death. One Trustee said, "I'm afraid even to ask.... I haven't heard anything [about the Coordinator]." They conjectured that some Board members are probably inactive because NAPHAM does not pay sitting allowances to them. They expressed that the biggest problem facing NAPHAM was a lack of resources to solidly establish the Secretariat; NAPHAM needed donors that would support development of a strong Secretariat. They felt that it would be difficult for the Board to assist in fundraising until after the NGO achieved registered status. One of the Trustees promised to assist NAPHAM in pushing the draft constitution through the bureaucracy, but she has not taken any action to date.

The Secretariat is disappointed with the lack of support and commitment they have received from the Board of Trustees and would like to form a new Board. One of the Secretariat staff expressed a commonly felt sentiment: "If we give funds for

sitting allowances, we'll have more than half of them coming [to meetings]." The issue of Board inactivity and the lack of registration was addressed by NAPHAM representatives during the strategic planning workshop in April 1998.¹³ The participants have prioritized review of the Constitution, including the role and mandate of the Board, as an area for urgent action.

The National Executive Committee of NAPHAM, composed of representatives of the NAPHAM chapters, is responsible for keeping the Board of Trustees informed about project activities and for developing project objectives and work plans. According to the draft Constitution, the Executive Committee is supposed to meet every quarter to monitor NAPHAM's program and provide direction. In reality, the Executive Committee has met approximately once a year to plan. The 1997 organizational plan devised by the Committee at a meeting in December 1996 listed all of the activities that NAPHAM desired to carry out for the year, with a timeline and budget attached. Those activities already funded were noted, but most activities were not yet funded.¹⁴

The Coordinator was responsible for supervising day-to-day program and grant management. Over the course of the grant, her illness began to take a toll and she was unable to fully carry out her responsibilities. She was reluctant to let go of the controls, but she slowly began to delegate authority to other Secretariat members, in particular to the Bookkeeper. Though his mandate was not formalized by the Coordinator or the Executive Committee, the Bookkeeper found that donors and other parties were understanding of the situation and accepted him in the role of Acting Coordinator. The Coordinator died on 25 October 1997.

The Executive Committee met again in December of 1997 to discuss procedures for replacement of the Coordinator. It was agreed that applicants must be NAPHAM members and that the position would be advertised to this effect. Recruitment was dependent, however, on obtaining funding for a Coordinator's salary. NAPHAM was hopeful that SAAT would provide a grant which would cover the salary. The group officially named the Bookkeeper as Acting Coordinator until such time that a new Coordinator could be recruited. That places the burden of management squarely on his shoulders since he is also the only staff member qualified and skilled to manage NAPHAM's finances.

The strategic planning workshop organized by JSI-STAFH helped highlight the need to address NAPHAM's governance structure, but substantive work is not likely to take place before the grant has ended because of the late date at which it was conducted. NAPHAM's attempts to address governance issues independently have not met with success to date.

Human Resources

The Secretariat of NAPHAM, from which the JSI-STAFH grant is managed, has consisted of five to six staff members throughout the life of the grant: Coordinator, Acting Coordinator/Bookkeeper, Counselor, Nurse, Receptionist/Counselor, and Messenger. Only two of these positions are funded by the JSI-STAFH grant. Job descriptions for the staff were developed for the JSI-STAFH proposal; none were written prior to that. Job descriptions are not seen as particularly necessary by the

¹³ NAPHAM Strategic Plan - 1998-2003: A Report on the Proceedings of the Strategic Planning Workshop, 27-30 April 1998.

¹⁴ NAPHAM "1997 Workplan and Budget", Lilongwe (undated).

staff because a team approach is utilized in managing day-to-day activities: "The job titles are self-explanatory. There aren't many tasks assigned to any one job, so it is simple to follow." In fact, all of the Secretariat members assist each other in their respective roles.

The key qualification for NAPHAM staff is that they must be PLWAs. This has limited the pool of skilled people from which to find staff members and skilled volunteers. Identifying a Nurse for the JSI-STAFH project took five months. NAPHAM has become more keenly aware of the limitations the hiring policy imposes since having to consider a replacement for the Coordinator. They have also learned that some of the activities they wanted to do for the JSI-STAFH grant require specialized skills such as journalism (for IEC development). The capacity-building training pointed out the need to develop management skills at all levels of the organization, especially at the chapter level.

Turnover of NAPHAM Secretariat has been remarkably low given the health status of NAPHAM members and the lack of job security. Current staff have been in their positions since they were first created. It is only the JSI-STAFH-funded staff who have had regular salary payments; other members have worked on a volunteer basis in between grants from other donors such as SAAT. This level of commitment is rare in most organizations.

The capacity-building activities supported by the JSI-STAFH grant helped NAPHAM to re-focus on their mission at a time when the organization was suffering a leadership vacuum and helped them prioritize "next steps". At the same time, it helped them see their strengths and weaknesses. They know that volunteerism is a major strength of the organization and believe that it will help them sustain as an organization even if no donor support is available to fund activities.

Linkages

NAPHAM's substantive collaboration with other organizations is limited to MACRO and now, as a result of the JSI-STAFH grant, with PSI (for Chishango condoms). Other linkages are *ad hoc* and mostly focus on information-sharing.

Ability to Deliver

NAPHAM was able to partially achieve the goals and objectives of the JSI-STAFH-funded project. The main achievement was in enhancing NAPHAM's outreach capacity, enabling the members to cover a wider area with more effective HIV/AIDS education messages. NAPHAM's services were expanded by the addition of family planning education and condom promotion, which would not likely have occurred without the grant.

NAPHAM has been unable to recruit a significant number of members in relation to size of potential membership. The outreach component of the grant was intended to impact on the membership of NAPHAM, but there was only negligible growth. The stigma attached to HIV/AIDS is still strong and they believe they need to develop more techniques and tools for recruiting members of a higher professional level, both to help eliminate stigma and develop a stronger skill bank within its membership.

Other objectives were not fully met, largely because they required skills that NAPHAM did not have, nor were catered for in the project (e.g., IEC development and dissemination). The Information Center requires a permanent location to be properly maintained; funding for office space is uncertain at best. Support group formation and networking with other HIV/AIDS organizations were not achieved.

Project achievements are dependent to a great extent on donor funding. NAPHAM believes that their ability to continue outreach activities will diminish without funding to cover volunteer educators' allowances and provide transportation. Their coverage area will shrink and they will not be able to reach as many people. Not as many members will be able to volunteer their time since they will need to find a way to earn money in lieu of the allowances. Although many NAPHAM members have benefited from training they have received through the grant, donor funding will be required if skill levels are to be maintained and improved.

NAPHAM's financial management ability has been adequate to meet JSI-STAFH's requirements. NAPHAM has been able to learn some new financial skills through managing the system and has been able to adapt the system in managing other grants. Budget management has been a weak area. NAPHAM staff are not able to link budget with project objectives in planning activities and setting priorities.

Financial Viability

NAPHAM is dependent on donors to carry out most of their activities. Volunteerism is strong among members, but financial support is needed to implement outreach and educational activities. Even services to members, such as home care, will be limited if donor support is not forthcoming. The JSI-STAFH grant enabled NAPHAM to identify its programming strengths and weaknesses as a step in the process toward institutional sustainability, but it was not within the scope of the JSI-STAFH grant to provide substantial support toward assisting NAPHAM to achieve financial viability.

In addition to funding one-off trainings and workshops for NAPHAM, SFA provided a grant to establish a revolving loan fund for NAPHAM members in Lilongwe. Approximately 40 members took out micro loans for individual income-generating activities. All of the loanees have begun to pay back their loans, but erratically. Those who re-pay are eligible for a second loan. SFA has made it clear to NAPHAM that non-payment of loans will create a bad credit record and that they can expect no more assistance if they do not re-pay into the revolving loan fund. Members have had a difficult time finding income-generating activities that yield enough profit to re-pay the loans. The seven members who have managed to re-pay their loans did so with their personal funds, not from income generated through projects.

Grants have enabled NAPHAM to establish a Secretariat and information center. Current grant funding is ending in mid-1998. Without grants to support basic operational costs, NAPHAM will not be able to sustain its current physical infrastructure.

E. Case Conclusions

1. Factors Affecting the JSI-STAFH/NAPHAM Relationship

- The proposal development process was largely donor-driven as evidenced by the changes that occurred in the project concept (from member-oriented to community education focus) and budget (larger overall budget, with greater share of operations covered by NAPHAM than they felt they were able to "match"). NAPHAM had no negotiating skills or financial leverage to equalize the relationship.
- NAPHAM has little experience and skills in program and financial management; knowledge and understanding about compliance is limited as well. Basic planning, monitoring, evaluation and reporting skills are needed in order to properly administer the JSI-STAFH grant management systems. JSI-STAFH technical assistance was perceived to be more project- or compliance-specific because it was directed toward addressing problems that arose as a result of these skill deficiencies. The systemic needs of NAPHAM were too great to effectively meet within the duration of their JSI-STAFH grant. A more structured and intensive approach to developing basic skills is required, with time to practice factored into the capacity-building effort.
- NAPHAM staff recognize their limitations. NAPHAM has appreciated the level and structure of support received from JSI-STAFH and would like more frequent input from the donor. The participatory workshops that were conducted (financial management and capacity-building exercises) were more effective in developing understanding of the organizational strengths and weaknesses and enabling practice of basic skills. They also gained a sense that JSI-STAFH valued their ideas and opinions.
- The capacity-building workshops significantly changed NAPHAM's perception about JSI-STAFH's emphasis in the donor/grantee relationship, moving from compliance/project focus to institutional development.
- Guidance from JSI-STAFH was at times difficult to understand, confused by different messages being given at various times, often verbally. Verbal direction needs to be followed up with clear, written guidance as well. This would also infuse more accountability into the relationship on both sides.

2. Effect of Grant Management on Project Sustainability

- The JSI-STAFH grant enhanced NAPHAM's community education and outreach by enabling them to increase coverage area, improve educational messages, and enhance service delivery through condom promotion. Coverage is dependent to a great extent on donor funding and will shrink after the grant.
- JSI-STAFH instigated the addition of family planning counseling and condom promotion into NAPHAM's program. This intervention will sustain because it fits within NAPHAM's mission and experience. The condom promotion will be financed through a revolving fund.

- Some of the planned project activities were not fully implemented because the necessary human resources were not available. The human resources available within NAPHAM are limited by its small membership and hiring policies which, in turn, affect NAPHAM's ability to implement some types of activities. This limitation of NAPHAM was not taken into consideration when planning the project.
- Program management skills needed to implement and sustain a project are lacking among the available human resource pool.

3. Effect of Grant Management on Institutional Development

- The capacity-building exercises provided an opportunity for NAPHAM to focus on its mission and prioritize areas for action, with a clearer picture of the organizational strengths and weaknesses. This was a necessary first step in a long process of institutional development. NAPHAM members gained a sense of direction from their participation in strategic planning, but it will be difficult for them to maintain momentum to undertake the process without external assistance. The timing of the capacity-building initiative was too late for JSI-STAFH to provide the needed assistance.
- NAPHAM was able to adapt the JSI-STAFH financial management system in managing other grants and will continue to use some aspects of the system after JSI-STAFH grant completion. NAPHAM was not able to meet the program management and reporting requirements of the JSI-STAFH grant. Program management was given less emphasis in terms of supporting development of hard skills.
- NAPHAM was not able to effectively develop linkages between the chapters through the JSI-STAFH grant, as was intended. The coordination role of the Secretariat was limited to fund transfers; very little supervision or program coordination occurred. Coordination and supervision requires skills and funding. More intensive technical assistance to develop the Secretariat's coordination and supervision skills and systems would have been well-placed during the JSI-STAFH grant. Skills development training that was done during the grant focused on project-specific skills rather than basic program management skills.
- Basic financial reporting skills have improved over the course of the grant, but NAPHAM has had difficulty linking program activities and budget as a means to set work plan priorities and achieve objectives.
- JSI-STAFH planned a fundraising workshop in which NAPHAM would participate during the last month of the grant. This may raise awareness of fundraising strategies and skills but will not make a significant difference in NAPHAM's financial viability in the immediate future.

CASE STUDY: MALAWI AIDS COUNSELLING AND RESOURCE ORGANIZATION (MACRO)

A. Organizational Background (Status prior to JSI-STAFH grant)

The Malawi Aids Counselling and Resource Organization (MACRO) was born in 1992 as the brainchild of a WHO consultant assigned to the National AIDS Control Program (NACP). The idea was to open a center that offered free counseling and testing services to walk-in clients as part of a strategy to prevent transmission of AIDS. With approval from the Ministry of Health and Population (MOHP), the WHO consultant contacted Action Aid's Strategies for Action (SFA) program which agreed to assist in setting up a testing center in Lilongwe. SFA and MOHP agreed on a funding strategy that would establish the operational infrastructure for the Lilongwe AIDS Counselling and Education Center (LACE) and get it up and running as an independent NGO within two years.

The establishment of LACE proceeded throughout 1993. That same year the NACP set up a steering committee to establish MACRO as the secretariat to oversee what was envisioned as a growing network of free testing centers around Malawi. In line with this thinking, a second center was opened in 1994, the Blantyre AIDS Counselling and Education Center (BACE) and a Manager was hired. The steering committee had the idea that MACRO would eventually set up free testing centers in all the regions in Malawi, with Mzuzu and Zomba to follow after LACE and BACE.

The process toward becoming an independent NGO moved very quickly - too quickly for some people. There was some dissension within NACP about whether or not MACRO should be an NGO or not. The LACE Manager, a Canadian expatriate, wanted to remove the reins of government as soon as possible because of delays in funding that were caused by SFA funds being channeled through NACP. She used personal contacts to push independence through the bureaucracy. Some key personnel at NACP were upset about how this was done. When MACRO's constitution was finalized in 1995, NACP cut MACRO off abruptly rather than orchestrating a transition. As a result, there was no real planning for how MACRO would move forward on its own.

SFA, WHO, and CIDA all provided funding for operations during the infancy of MACRO, with SFA providing the bulk. The funds supported four counselors for each center, two managers, two secretary/receptionists and a driver for the Secretariat office in Lilongwe. Staffing issues became difficult very soon after MACRO's independence. The LACE Manager resigned on short notice and left MACRO under the care of the secretary as Acting Manager. The counselors were not pleased with this arrangement, and relationships within the office were strained. When the MACRO Director was hired in mid-1995, he was faced with a disgruntled staff, limited support from NACP, and uncertainty about how long funding would continue from SFA to maintain operations. Later in 1995 the secretary resigned and was not replaced due to the tenuous funding situation.

Earlier that year, JSI-STAFH had approached the Chairman of MACRO's 10-member Executive Committee, which had been established by the NACP Steering Committee during the hasty transition phase, to submit an application for a grant.

SFA had been funding MACRO's basic operations, but there was no significant funding for project activities. The timing of JSI-STAFH's grant program was propitious for MACRO since MACRO wanted to move ahead with building a program now that basic office infrastructure was set up.

Not long after the Director joined, SFA announced to MACRO that funding would be coming to an end because SFA was changing their funding strategy. MACRO had been SFA's largest project, but they had decided to begin giving smaller grants to a larger number of community-based organizations. SFA decreased its funding support drastically in September 1996; a small amount of grant funding continued until March 1997. The loss of SFA funding support for operations at that point was a "big blow" and a surprise to MACRO, but at least the funding from JSI-STAFH, now MACRO's major donor, would help keep activities going.

B. Phases in JSI-STAFH Grant Management

1. Proposal Application and Development

The application process for the JSI-STAFH grant began in February 1995 with submission of the Rapid Institutional Assessment form which JSI-STAFH required as part of the grant application process. MACRO received a score of 61 out of a possible 100 points, putting them in the "Class B" category of NGOs. MACRO's Executive Committee Chairman attended a proposal development workshop in June where a concept paper was developed. The concept paper was for a 3-year project. The budget was for \$65,000 and proposed a "match" contribution from MACRO of 23%. It included what were estimated to be about half of MACRO's operating expenses. A basic assumption of the concept was that there was a demand for MACRO's counseling and testing services.

Following the June proposal development workshop, the MACRO Director became the key officer in the proposal development process, taking over from the Executive Committee Chairman. On average, he met with JSI-STAFH representatives at least once per week for over a year. JSI-STAFH assigned a consultant to work closely with MACRO on their proposal. In addition to the consultant, there were many other JSI-STAFH officers who gave technical input into the project proposal.

The MACRO Director learned soon into the proposal development process that applicants were expected to "match" with operational costs and that JSI-STAFH was only interested in covering program activities, not operations: "Many donors are only interested in funding parts of projects related to outputs." This presented a dilemma for MACRO: applicants were expected to be sustainable in order to qualify for a grant, but it was only the SFA funding that made MACRO sustainable at that point in time. The Director finally convinced JSI-STAFH to cover 50% of the counselors' salaries in the grant. He believes they relented because the consultant who was working intensively with MACRO developed a good understanding of the working context. He did not have the same problem convincing JSI-STAFH to cover the accountant's salary, however: "Donors don't have a problem funding the salary of the accountant because that accountant will be watching the donor's funds."

The Director experienced some difficulties with the "blueprint approach" that JSI-STAFH used in formatting proposals. He felt there were some proposed activities

that needed more explanation in order to make a thorough rationale, but it wasn't allowed. The format approach might have made it easier for JSI-STAFH to review proposals, but some NGO projects did not fit well into the standard format. The MACRO Director felt that JSI-STAFH could have placed greater emphasis on understanding the NGO's purpose and services before trying to fit them into a blueprint format, and that they could have focused more on an institutional assessment to guide the process of developing proposals.

There were several activities that MACRO included in their proposal which were not in the original concept. The JSI-STAFH NGO/PVO Coordinator encouraged MACRO to include family planning and STD education in their project, partly as a way to justify a higher funding level and because of the desire to "get away from the running costs." MACRO also felt under some pressure to undertake research on counseling techniques even though the Director was not in favor of it. As the Director saw it, these add-on activities would require MACRO to do more program with less money for management. He believes that the conditions under which NGOs operate in reality "boils down to a resource assessment - looking at which donors are funding what types of projects. NGOs try to include what donors want."

The proposal went through five drafts. JSI-STAFH, in anticipation of the approval of MACRO's proposal, conducted a financial review of MACRO's operations in January 1996 to assess the organization's ability to manage a grant. The final proposal was submitted to the Project Review and Approval Committee (PRAC) in May 1996, almost one year from when the concept paper was submitted. The Director believes the process was so lengthy because of the number of reviewers. However, he feels that despite the number of JSI-STAFH staff involved, they were organized and coordinated.

The final version of the proposal, for a 2-year project ("Prevention of HIV Transmission Through Intensifying and Improving IEC, Counseling and HIV Anonymous Testing Strategies"), required MACRO to contribute 49% of the total cost of the project. JSI-STAFH covered 35% of project operations costs and 100% of the program costs. Funding was approved in the amount of \$69,879, for a total project budget of \$138,184 - more than twice what MACRO proposed in the concept paper.

2. Start-Up of Project

The project agreement between MACRO and JSI-STAFH was signed on 13 June 1996. One month later the MACRO Director resigned. He had become frustrated with the lack of a more holistic approach to MACRO's development by the NACP and donors and felt that MACRO would not be able to develop to its potential under the circumstances. The BACE Manager was named Acting Director. Replacement of another Director at that point did not seem hopeful because all but a small amount of SFA funding was ending in September 1996, and no other funding was on the horizon. The depth of management of MACRO was shrinking at a time when the management responsibilities were increasing.

JSI-STAFH expressed concern about the Director's resignation, worrying that it would slow down the project and that it would be difficult for the BACE Manager to carry the workload of two positions, especially with the funding situation looking grim. No major problems were experienced however. A project bank account was

opened to be ready for fund transfers and work started on developing the first radio advertisement for MACRO, one of the planned project activities. Procurement of computers and printers and a television/VCR for trainings got underway with assistance from JSI.

A project orientation was planned for the staff in order to build knowledge and skills on the family planning component of the project, to be conducted by JSI-STAFH and the National Family Welfare Council (NFWC). Staff had not been trained in family planning and they were now expected to integrate family planning into their counseling sessions. However, the actual event lasted for only a half-day. The staff felt it was more like a ceremonial launching of the project rather than the in-depth orientation they were expecting. NFWC never provided training on family planning for the staff.

There was an initial delay in release of funding from JSI which, in turn, delayed implementation of some project activities. The Acting Director attributes the delay to JSI-STAFH's system of advance requests, which was new for MACRO. One of the LACE Counselors who had also been serving as part-time Accountant was given full-time status to concentrate on the accounting and bookkeeping.

3. Grant Management and Project Implementation

3.1 Project Progress and Accomplishments

MACRO's main goal for the JSI-STAFH project is to prevent the transmission of HIV/AIDS through improved counseling and education and HIV testing strategies. Major activities include development and implementation of new counseling and IEC strategies, promotion of condoms, education and outreach, testing of Rapid HIV Test Kits, and a publicity campaign to advertise services. Through the activities, MACRO hopes to increase its client base as more people demand services.

The JSI-STAFH grant provides funding to undertake all of the planned project activities, but in order to cover the "running costs" to implement the project, MACRO needed another source of funds after SFA ended their operational support in September 1996. Luckily, MACRO was able to leverage funding from UNAIDS starting in March 1997 on the basis of the JSI-STAFH grant; NACP helped with a small loan in the interim between grants. The Acting Director said, "Donors invest when they see other donors investing or gambling on an NGO." The UNAIDS grant is the largest that MACRO has managed: \$93,340 for a 16-month period. It is scheduled to end at the same time as the JSI-STAFH grant.

Counseling

During proposal development, JSI-STAFH had advised that a new counseling strategy should be based on research. JSI appointed the researchers from Chancellor College to carry out this component of the project

The research was late getting underway. There was some confusion about their scope of work and who was actually supervising it. MACRO thought that JSI-STAFH would be providing the technical oversight since it had been their idea to do the research. In fact, the research team contacted JSI-STAFH directly on issues related to their assignment. Technically, however, it was MACRO's responsibility

since the consultant fees would be paid out of the project budget. This confusion carried on for a long period, during which very little research was done. When work started in earnest, the researchers ran into a problem in that, according to the design, they needed to interview a set number of MACRO clients. They found that there were not enough clients coming in for services within the time frame they had scheduled. Working extra days meant additional budget would be needed for consultant fees. Ultimately, the researchers sought out previous clients for interviews, which added unforeseen logistical costs for the research.

The results were not submitted for MACRO's review until late 1997, already the final phase of the project. The results were mostly oriented toward ways that the counseling and testing centers could arrange their offices and staffing structure to make them more client-friendly rather than a fundamental change in current counseling strategies. It did offer some insights on how to address publicity for MACRO, and radio ads were intensified as a result.

Counseling services continued as usual while the research was being undertaken. LACE had four counselors on staff at the start of the project, one of whom also doubled as a secretary. BACE had three counselors. The counselors, especially at LACE, have complained that they are stretched in terms of their workload, mostly because some staff have left who were not replaced; they have had to expand their job responsibilities to cover all of the work. In addition, the JSI-STAFH-funded project requires them to conduct outreach, meaning only one or two counselors would be left to do counseling at the center while the others do outreach.

Over the one-year period from January 1997 to 1998, LACE had an average of 49 clients per month; the rate of return for test results of those clients was 57%. At BACE there were an average of 118 clients per month with a test return rate of 68%. In both centers there was a small but steady increase in the number of clients from about mid-point in the project, showing an encouraging trend in increasing client base, without the benefit of the research. The MACRO staff attribute the increase to the success of the radio publicity campaign - more people know about MACRO now. There was a remarkable increase in the number of clients at the LACE center beginning in March 1998, the point at which a PLWA (member of NAPHAM) was assigned to the center as an outreach worker through a UNV program. The number of clients shot up from 46 to over 130. The LACE center was also benefiting from having a permanent Manager, appointed in December 1997, to oversee the day-to-day operations and program activities.

Although the research activity did not provide a strong basis for developing a new counseling strategy, the publicity seems to have made a difference in increasing the clients of MACRO. The MACRO staff believe that the target set in the proposal for number of people to be counseled and tested was unrealistically high. The counselors argue that if they had been involved in the proposal process, they would have set a more realistic objective. Nevertheless, the trend in increasing client numbers was encouraging.

Testing

MACRO has had a long-standing concern about the fact that the testing process takes too long, currently about 10 days from drawing blood to receiving results from the lab. They believe that the long waiting period discourages clients who may come from a long, costly distance for a test and that some people may develop a

fear of knowing the results if they have too long a time to wait. They contend that the lengthy waiting period is one of the most serious constraints to increasing their client base. They were anxious to conduct trials using the Rapid HIV Test Kit, as planned through the JSI-STAFH project, to see if they could overcome this problem in their service delivery.

One of the MACRO counselors received some training on how to use the Rapid HIV Test Kit, but he then resigned in September 1997 - before he passed on any information about the technique to his colleagues. After that, the initiative for rapid testing stalled at the MOHP. MOHP had strict controls on rapid testing which take it out of MACRO's control to implement. Near the end of the grant, MACRO heard that MOHP has loosened up on the idea of rapid testing, but USAID advised that it may bring on new problems if MACRO has to rely on MOHP to order the kits. MACRO is in a "wait and see" mode on rapid testing.

In the meantime, MACRO is still dependent on government laboratories for the routine testing. They have had instances where the labs were very busy and did not complete the testing in the agreed period. MACRO staff believe that if work has to be prioritized by the government labs, MACRO will be the last priority. Sometimes the laboratories run out of reagents which also delays getting test results on time. In April there were no reagents at the laboratory used by MACRO at the Queen Elizabeth Central Hospital in Blantyre. If a client comes to the center for results at the appointed time and the results are not there, it is very discouraging and they may not return again.

Early in 1998, MACRO had a shortage of test tubes. They had been obtaining test tubes from NACP, but were told that this would end in March. MACRO had to begin buying test tubes using funds from their UNAIDS grant.

Publicity

During the first year of the grant, MACRO developed "jingles" for radio advertisements about the centers' services which were aired haphazardly. The draft research report from Chancellor College indicated that most people were hearing about MACRO through word-of-mouth; MACRO decided to intensify the radio ad campaign. Client records show that now 40% of people seeking services heard about MACRO on the radio. They are also receiving clients from a wider area. The staff feel that this activity was very successful in helping spread the word about MACRO and would like to continue seeking ways to effectively advertise MACRO's services.

Condom Promotion

In the first year of the grant, MACRO had a difficult time integrating condom promotion into its service delivery scheme because of shortages of free MOHP condoms. The staff received training in social marketing of Chishango condoms and began selling them to clients. After a slow start with condom promotion, they revised their project strategy to train peer educators and NAPHAM volunteers who could also serve as condom sales and distribution agents.

MACRO staff ran into some problems trying to promote Chishango because they found that the PSI agents were undercutting their sale price; MACRO agents could not compete. In the second year of the grant, MACRO collaborated with PSI and

NAPHAM on a condom promotion campaign; PSI provided transport and MACRO and NAPHAM provided outreach education. It was a huge success and MACRO was able to move much of its condom stock. The counselors would like to conduct another campaign with PSI before the end of the grant in order to achieve their target.

IEC Development/Publicity

The MACRO counselors are pleased with the results of their IEC development and distribution activities. They organized a workshop in December 1997, based on focus groups they had conducted to gather information, during which posters, pamphlets, stickers and jingles were developed and have since been reproduced. MACRO had good representation from MOHP and NACP at the workshop to assist with developing the messages and materials.

IEC materials are given freely to walk-in clients and during outreach sessions.

Outreach

Lack of transport has been noted by staff at both centers as a constraint to conducting outreach and as the reason that outreach activities had a slow start. Toward the end of the grant, outreach activities had accelerated at both centers.

BACE counselors believe that participation on the Private Sector Task Force, a group initiated by a number of organizations including JSI-STAFH, helped them make inroads to the business sector in Blantyre by familiarizing senior management at the companies with the issues related to HIV and AIDS. As a member of the Task Force, MACRO staff meet once every quarter with Task Force members to review and plan activities, discuss issues, and share experiences. Early on, they experienced that some groups targeted for outreach were not ready to accept AIDS education, but that is changing. BACE does briefings with the companies at least once a month.

LACE has had less success with outreach. The counselors feel overworked with their counseling duties and fear walk-in clients will not receive adequate service if they are away from the center for outreach. They also say that the target groups in Lilongwe are not open to outreach, but this seems to have changed suddenly with the placement of a PLWA UNV at LACE, assigned specifically to do outreach and counseling for HIV+ clients.

The LACE counselors visited the BACE center in May to discuss with and learn from their peers there about outreach techniques. They gained much from that exchange and plan to institute some new techniques into their outreach sessions. They wish that they had had an opportunity for such exchange visits with the BACE counselors over the earlier stages of the grant. They were aware that there was a budget for such exchange visits, but they were never organized by management, possibly because there was no LACE Manager until December 1997.

Staff Development and Training

There has been very little staff development for the counselors organized through the grant. The major exception has been a visit by the Acting Director and one counselor to study the operations of Ugandan NGOs involved in AIDS activities.

The NGOs visited included the AIDS Information Centre (AIC) the main Ugandan AIDS testing and counseling organization. The visit was arranged by JSI-STAFH to enable MACRO to see a more advanced organization's program and operations. The Acting Director felt the trip was invaluable and was impressed by what he saw. He believes that a major factor behind AIC's success is that the major donor to AIC utilized a holistic approach in its support, building the organization from the ground up in all aspects of program and operations.

The other counselors have arranged training on their own in some cases. One of the LACE counselors applied for a grant to undergo a one-month course in Kenya on his own initiative. In his words, "Maybe the organization has decided we can do without training. If we wait for MACRO to help us with training, we will wait too long."

MACRO staff mention several constraints to meeting their project objectives: delayed funding at the start of the grant, shortage of staff, low morale of staff due to low salaries, and lack of transportation, among others. They believe the project targets were set too high because the counselors and accountant were not involved in the proposal development. Even so, they have been able to achieve a number of their project objectives and in some cases have taken initiative to modify their project strategies in order to do so. Funding issues have been an over-riding concern, especially at the management level, but MACRO has been able to remain focused on project achievement even while dealing with financial crises. Trends in achievement of targets show positive progress in areas over which MACRO has had more control, such as counseling, testing, condom promotion, IEC development and outreach. Areas over which MACRO has had less control - rapid testing and research - have been less successful.

The MACRO staff are quite conversant on all of the project activities and show a good familiarity with the project document - targets, activities, etc. They utilize weekly and monthly plans to ensure that work is directed toward project objectives and refer to the plans to monitor their work activities. Planning appears to be institutionalized among the MACRO staff.

The BACE staff have been able to move faster on achievement of targets than the LACE staff. LACE staff have been suffering from low morale for a number of reasons. After the MACRO Director left at the beginning of the grant, one of the counselors at LACE was named Acting Manager. According to some staff members, he did not have the respect of his colleagues and was not seen as a leader in the office. The fact that the Acting Director of MACRO was based in Blantyre also meant that supervision from that level was less frequent than for BACE. A LACE Manager was finally hired in December 1997 - approximately one and a half years after the Director had resigned. Being without a proper supervisor for so long began to take a toll on productivity and morale. The LACE staff believe that it will make a positive difference for them to have the new manager in place once he is well-oriented to MACRO's operations.

3.2 Operations (Finance and Administration)

In general, JSI-STAFH has found MACRO's administrative and financial systems to be well-established and managed, corroborating the finding of the mid-term audit that was carried out in October 1997. No fundamental problems have been noted.

MACRO has been able to follow JSI-STAFH's financial reporting and advance request system without major problems, although they have experienced a shortfall in funds on occasion when advances did not come before funds from the previous quarter were depleted.

From the MACRO side, however, the Acting Director has been dealing with financial crises from the very beginning of the JSI-STAFH grant. The first major crisis occurred when the SFA funding ended in March 1997, having decreased drastically since September 1996 and leaving a gap in coverage of most operational costs. The Acting Director sent out a blanket plea in a letter to donors in January 1997 asking for them to cover basic operations: "We are completely broke." Similar pleas were made in the following months as MACRO scrambled to make up for the loss of SFA funding. Existence of MACRO was hand-to-mouth, literally begging for donor assistance to help.

There was not enough funding to cover staff salaries in March, so MACRO asked JSI for permission to borrow funds from the grant for one month to meet the shortfall. In the meantime, the Acting Director had prepared a proposal for UNAIDS which was granted, starting in April 1997; the grant would cover most operational costs for MACRO until June 1998 when the JSI-STAFH grant was due to end. UNAIDS promised to review MACRO's situation at that time with the possibility of providing a follow-on grant depending on the outcome of the final evaluation of the project. The UNAIDS grant was a godsend, but it took several months to set up banking and a fund transfer mechanism. MACRO was able to piece together loans from different sources until fund transfers were working smoothly.

Staff were becoming increasingly upset about the salary situation. Not only was the source of their remuneration in question every month, but government salary scales on which MACRO's scale was based had increased. The MACRO staff expected their salaries to go up accordingly; MACRO had always followed the government pay scales, having originated under government. The Acting Director unilaterally granted salary increases, writing to JSI-STAFH to inform them that salaries covered by the grant had been raised. JSI-STAFH soon made it clear that this ran counter to provisions in the grant agreement and that the salary increase could not be granted using JSI-STAFH funds.

During a site visit in April, the JSI-STAFH Financial Analyst reprimanded the Accountant and demanded that the funds already applied toward salary increments be re-paid into the JSI-STAFH grant account immediately. The Accountant did so using funds from another account, but found out later during the mid-term audit that this action was also in violation of the grant agreement because it constituted mixing donor funds. The mixed messages regarding procedures were confusing to the Accountant, though the incident did not mar MACRO's overall standing in terms of financial management. JSI-STAFH finance staff observed that MACRO generally strived to comply with regulations.

The salary situation was very de-moralizing to the MACRO staff. The Acting Director kept the staff informed of the situation, so they understood that his hands were tied by donor regulations. It was during this period that MACRO began to suffer from more staff resignations. BACE and LACE each lost a counselor because of the uncertain salary situation and they were not replaced. The BACE secretary also resigned, but was eventually replaced. Remaining staff took on

expanded job responsibilities under the circumstances, a further factor in low morale and a stated reason for delays in implementation of some project activities.

Non-compliance with the grant agreement also arose as an issue when MACRO was arranging contracts for the counseling research consultants. The Accountant finalized the consulting agreements without proper approval from JSI-STAFH, as is stipulated in the grant provisions. He had not been given copies of the grant agreement and was not familiar with the many provisions therein. He thought since the fees being agreed did not exceed the approved grant budget that it was within MACRO's authority to finalize, especially since JSI-STAFH had been very involved in identifying the consultants and developing their scope of work.

The Accountant believes that these compliance issues would not have arisen if he had been given proper training along with copies of important project documentation at the beginning of the grant. Compliance issues were covered during the May 1997 NGO quarterly meeting/financial management workshop, at which the Accountant was a participant. It was there that he learned about the USAID Standard Provisions that guided grant compliance. He feels that the workshop came far too late and that mistakes had already been made inadvertently - mistakes that could have been avoided if the workshop had been conducted at the start of the grant. He also believes that reliance on verbal instructions from JSI-STAFH led to mistakes on compliance.

Even though MACRO believes these compliance issues could have been avoided with better guidance from JSI-STAFH, the staff have found JSI-STAFH willing to be flexible in some crisis situations. Rising costs of rents became another issue with which MACRO had to contend during the course of the grant. The office rent for LACE increased by almost 100% in late 1997, and it appeared that MACRO would have to find another place to open a center. The implications of such a move were dreadful - radio advertisements had already been aired and signposts erected all around Lilongwe to help people locate LACE. If the center were moved all of that would be wasted effort. MACRO asked JSI-STAFH to allow the increase to be paid from the grant and received permission to do so for a temporary period until a longer-term solution to the problem could be worked out.

The Acting Director handled most of these crises single-handedly at the management level, with assistance as required from the Accountant and other staff. It was very taxing for him to manage BACE as well as LACE and the MACRO Secretariat. The UNAIDS grant enabled MACRO to hire a Manager for LACE in December 1997, which helped to take some of the responsibilities off his shoulders even though it took a few months to orient the new manager.

3.3. Capacity-Building Activities

The visit to the Ugandan AIDS Information Center (AIC) was an eye-opener for the Acting Director. In addition to seeing program possibilities, he observed that the type of donor support given to AIC was much more oriented toward building the institution as a whole rather than focusing on project outputs. He was impressed that the donor support included everything from physical infrastructure and equipment to salary support to project activities - so different from how donors in Malawi were supporting NGOs. Although learnings from the visit are difficult for MACRO to apply given the funding constraints, it helped to broaden knowledge

about the international AIDS situation. The visit to Uganda did not immediately build capacity of MACRO, but it inspired possibilities for the future - if donor support could be provided more comprehensively.

In mid-1997, MACRO was selected by JSI-STAFH to undergo a special set of capacity-building activities, beginning with an Institutional Assessment conducted by a JSI-STAFH NGO Management Associate in October 1997. The purpose of the exercise was to assess the institutional development needs and capacity of MACRO in order to identify how JSI-STAFH could most effectively assist the organization "to become more viable and effective in its of family planning and HIV/AIDS/STD programs."¹⁵ The assessment involved interviews and data-gathering from a wide range of MACRO stakeholders in order to get as broad a perspective of the organizational situation and working context as possible. The assessment pointed to MACRO's strengths and weaknesses as a basis for conducting a follow-on strategic planning exercise.

The strategic planning workshop was conducted in February 1998, facilitated by a consultant from The Institute of Cultural Affairs-Kenya. The workshop was participatory in nature and brought together MACRO management, executive members, donor representatives and members of other HIV/AIDS organizations. The key issue addressed during the workshop was that of the need to clarify the roles of the executive and the Secretariat as a major step toward enabling MACRO to start making real progress toward its mission. The "products" emerging were a long-term strategic plan and a 90-day action plan outlining immediate steps to take to get started.

The MACRO counselors and accountant were provided with copies of the strategic plan following the workshop to update them on the process and plans. They were pleased that staff development needs and conditions of service were prioritized for action but some expressed cynicism about what would happen with the strategic plan: "These issues are theoretical; we don't know how practical these plans are. We've seen plans before that have never materialized. Let's see....." There was some disappointment that the implementing staff were not invited to participate, and one staff member noted that tasks outlined in the plan were mostly delegated to MACRO management: "The question I ask is, why do I exist?" Staff would like to be more actively involved in planning and implementation of institutional development efforts.

Since the workshop, there has been follow-up to activate the plan. The Acting Director and LACE Manager used the strategic plan to develop a presentation for donors about MACRO's programs and its funding needs, visiting a number of potential donor agencies. Responses to the "donor blitz" have been positive in tone, but limited in substance so far. USAID has requested MACRO to submit a budget to them, but did not give any indication of what they intend to do: "This is typical. When we present the strategic plan to donors, the first question they ask is, 'Where is your budget?'. Their emphasis is on specific activities and cost - not on the NGO's mission and vision. They don't look at institutional development, only for project activities." Nonetheless, MACRO is optimistic that they are able to articulate their mission and goals more clearly now, and they exude confidence that their strategic plan will help attract needed support.

¹⁵ JSI-STAFH. Report on Malawi AIDS Counseling and Resource Organization (MACRO): Institutional Assessment (Lilongwe, October 1997), p. iii.

JSI-STAFH promised to assist with some specific action steps outlined in the 90-day plan, recognizing that MACRO has limited capacity to implement the plan alone. Improvements in the financial management systems were one area identified for action; the JSI-STAFH Financial Analyst was responsible for working with MACRO to review the system to see what can be done to make it more effective. The Accountant followed up with him to schedule accordingly, but it was not carried out by the end of the planned time frame. The Financial Analyst was handling financial monitoring of all 24 JSI-STAFH grantees single-handedly and had limited time to spend on any one NGO. JSI-STAFH capacity to assist MACRO with its capacity-building plans was limited by its own shortage of staff.

MACRO planned to participate in a NGO fundraising workshop scheduled for May in the last months of the grant. This was another capacity-building activity organized by JSI-STAFH for its NGO grantees. Unfortunately, timing of the workshop would not allow JSI-STAFH to observe whether fundraising efforts were successfully initiated.

4. Closure of Grant

MACRO understood from discussions with JSI-STAFH at the February 1998 NGO quarterly meeting of grantees that the main activities for closing their grant would be to ensure that all expenses were reconciled by the end of the grant on 30 June 1998. The Accountant does not anticipate any problem in finalizing the end-of-project financial report. He has been told that there will be a final audit but does not know when it will take place; it should be a relatively simple matter since the mid-term audit showed that financial affairs were well-managed.

There has been no instruction from JSI-STAFH about conducting a final program evaluation, but MACRO intends to carry it out independently even if no instructions are given. MACRO carried out the mid-term review on their own and found it to be a very useful process. They never received any feedback from JSI about the mid-term review report.

The Acting Director has not thought about closure of the grant in terms of completing activities; MACRO wants the activities to continue with or without JSI-STAFH funding. There has been no action to wind down project activities because MACRO is optimistic that some other donors will pick up where JSI-STAFH and UNAIDS leave off. JSI-STAFH gave some indication at the 5th quarterly meeting that there may be a possibility for a grant extension, so MACRO is waiting to see what will happen.

C. JSI-STAFH/Grantee Relationship

1. Interactions

Most interactions between JSI-STAFH and MACRO regarding program activities and capacity-building have taken place between the Acting Director and the JSI-STAFH PVO/NGO Coordinator. Issues related to finances are usually handled directly between the Accountant and the JSI-STAFH Financial Analyst. The former Director found the frequent contact with JSI-STAFH during the proposal

development process to be very useful for on-the-job learning and believes that it shows concern and interest on JSI-STAFH's part. No other donor has visited MACRO as often as JSI-STAFH had up to that point - "Some donors don't care and then laxity creeps in. The high level of contact injects greater appreciation for accountability."

The Acting Manager believes that both the donor and the grantee benefit from frequent interaction of all types- site visits, workshops, meetings, etc. Without meeting often the donor cannot understand the context in which the NGO is working: "Frequent visits mean that the donor values us."

Most contacts with JSI-STAFH have focused on monitoring and supervising the project, making sure it is moving in the right direction. The Acting Director feels that supervision on finance has been particularly helpful. The finance workshop helped explain JSI-STAFH's expectations about grant reporting and compliance; different donors have different systems, and grantees need to have good interaction so they can clarify donor expectations. The Accountant believes that the JSI-STAFH Financial Analyst is most interested in ensuring MACRO is in compliance with the grant agreement and that his visits are generally only to monitor finances rather than provide technical assistance that will build MACRO's financial capacity.

Toward the last phase of the project, the focus of interactions was on capacity-building through the Institutional Assessment and strategic planning workshops. MACRO would have liked for JSI-STAFH to begin the capacity-building activities sooner so that there would be more time to address the institutional development. The Acting Director observes, "It's not only MACRO that has institutional deficiencies. It's across the board with all of the NGOs."

The relationship between JSI-STAFH and MACRO appears to be based on mutual trust and a sincere interest in assisting MACRO to move ahead institutionally even if some of the capacity-building activities were implemented very late in the grant.

2. Key Topics

The budget crisis that MACRO has experienced throughout the grant was the most worrisome issue consistently arising between MACRO and JSI-STAFH. In spite of this, program substance was the center of most interactions between donor and grantee, much of it related to capacity-building activities such as the visit to Uganda and the institutional assessment and strategic planning workshops.

The last in the line of the JSI-STAFH PVO/NGO Coordinators worked directly and often with MACRO rather than assigning one of the NGO Associates, a factor which also influenced the type of issues discussed between JSI-STAFH and MACRO. The PVO/NGO Coordinator took an institutional capacity-building approach to his work with MACRO and was instrumental in arranging the field trip to Uganda and the strategic planning workshops.

3. Grant Management Systems, Guidelines, Tools and Formats

MACRO has been able to meet JSI-STAFH's reporting requirements to a large degree. The Acting Director has sometimes fallen behind in quarterly program

reporting because he is the responsible officer to keep up with *all* donor reporting; his time is stretched. In the future he would like to enhance MACRO's staff with the addition of a management information systems (MIS) officer and a financial manager to assist in helping with organizational planning and reporting.

MACRO completed a comprehensive mid-term review report. JSI-STAFH is the only donor who has required MACRO to conduct a project review. The Acting Director conducted an in-house workshop with staff to collect the necessary information for the report. Following the review, the staff felt they had a much better grip on what had been accomplished and what still needed to be done in order to meet project objectives. There was no feedback from JSI on the report. The Acting Manager plans to conduct another similar evaluation at the end of the grant.

The MACRO Accountant has been required to prepare financial reports for several donors and finds JSI-STAFH's system to be the most comprehensive. Other donors, such as UNAIDS, have a simpler reporting system, but he likes the JSI-STAFH system because it is possible to see at a glance the financial status of the organization at any time. The forms are helpful, especially the monthly report form. He plans to use this system for MACRO's accounting even after the completion of the JSI-STAFH grant and he would recommend using it if he works for another NGO in the future. The quarterly advance request system is awkward. MACRO sometimes experiences a shortfall in funds between the time one quarterly expense report is submitted and the advance request is granted for the following quarter.

4. Perceptions about Emphasis of Donor/Grantee Relationship

Prior to the capacity-building activities conducted by JSI-STAFH, MACRO expressed a very different opinion about the emphasis of the donor/grantee relationship. Comments such as, "JSI-STAFH is not supervising the project, but monitoring the grant, looking at how funds are being utilized and ensuring that they are used as agreed. The grant agreement is very rigid - no room for changes. It makes it difficult to address objectives because it takes so long to agree on changes." A similar view expressed was, "Donors don't want to fund operations - they want to fund activities and programs and technical aspects. But activities can't be implemented without operations. All donors are interested in funding the same things. They don't look at the real needs." The LACE Manager echoed this sentiment, saying, "At the end of the day, some areas get over-funded, some are under-funded. This leads to undermining the program as a whole." These comments indicate that MACRO feels capacity-building is a lesser priority than compliance and project outputs.

After the institutional assessment and strategic planning workshops, MACRO articulated the nature of their relationship with JSI-STAFH differently. One staff member explained that at first the emphasis of the donor-grantee relationship was on project, then as problems arose in implementation, the emphasis moved to capacity-building. The MACRO Acting Director believes that developing "common understanding" between donors and grantees is the key to the relationship, ensuring that roles and responsibilities of both are clarified. It was suggested that trainings, especially on compliance issues, would help in clarifying expectations of donors as well as roles and responsibilities of donor and grantee.

MACRO management suggested that donors should look first at an NGO's capacity and provide a level of supervision required for that level of capacity. The supervision should become less intensive over time. If capacity is not improving, then the donor's supervision is not being effective. He believes that short, basic NGO management courses are very practical for NGOs at the early stages of development to give them new ideas and skills with which to move forward with their organizations.

D. Effect Of Grant Management On Sustainability

1. Sustainability of Project

MACRO has made admirable progress toward reaching its project goals. The JSI-STAFH project added some new facets to MACRO's program: outreach education, family planning counseling and condom promotion. The staff were able to develop and produce IEC materials with funding through the grant; experience gained in doing that will enable them to develop more in the future as the need arises.

Radio publicity may not be within the possibility of MACRO's funding without donor support, but it appears that the advertisements made a significant difference in attracting clients to the center. Research did not add significantly to MACRO's project and would likely not continue except at donor insistence, as with the JSI-STAFH grant.

Staff are clearly motivated by their achievements under the grant and seem committed to continuing most of the activities. The major question regarding the degree to which project activities and benefits can be sustained is funding. MACRO has the knowledge, skill and commitment to sustain the project activities, but will still need funding in order to carry on with most of them. Operational costs, in particular, will need to be covered by external funding.

2. Sustainability of the Institution

Vision/Mission

The capacity-building exercises undertaken as an initiative of JSI-STAFH provided MACRO with an opportunity to focus on the future and helped the staff prioritize action steps toward enhancing institutional viability. MACRO has proceeded to take action in those areas where the management and implementing staff have some control, but some fundamental problems regarding governance and financial sustainability will be difficult for the staff to address without external assistance. All of the staff interviewed mentioned that the strategic planning exercise had helped them re-focus their mission.

Governance and Legal Status

Support from the MACRO Executive Committee members has always been weak, a problem which was difficult for management to address given the urgency of funding needs throughout most of the organization's short life. The original Director had to spend most of his time on funding issues even though he knew he should be giving some priority to fundamental organizational development like strengthening the constitution, working on board development and formulating policies and

procedures. During his tenure the Executive Committee met quorum at only one of many meetings that were called to seek policy advice from the members on various issues.

The Executive Committee has been equally unsupportive for the Acting Director. The Acting Director attributes this mainly to the fact that MACRO has not been able to pay sitting allowances. Only *ad hoc* meetings, without quorum, to address emergency issues have been possible. The Acting Director has had to manage without Executive Committee involvement on a number of issues - "a very hectic way to operate." In conducting research for this case study, the investigator tried to set up an interview with the Chairman of the Executive Committee. He deferred saying, "If you're talking to [the Acting Director], he can give you whatever information you need. I trust him to take care of it." The Executive Committee has taken a *laissez-faire* approach to their oversight function, placing another burden on MACRO management.

MACRO staff are unhappy with the Executive Committee's lack of involvement. They would like to dissolve the current Executive Committee and strengthen the constitution to ensure that the role of the executive oversight body is made effective. These issues were raised during the capacity-building exercises conducted with JSI-STAFH assistance during the latter phase of the grant. Unfortunately, however, Executive Committee members who sporadically attended the capacity-building workshops inhibited open discussion of the issue of governance and how to resolve it. Their participation made the dissolution of the Executive Committee less likely because it would be a loss of face to admit that they had been shirking their responsibilities. The participating Executive Committee members suggested that it might help to activate the Committee if incentives were offered. One of the Committee members said that there were mixed feelings about making a structural change in the governance of MACRO at this time because it would require MACRO "to start over again with new people."

MACRO was hoping that the Executive Committee might become more active as a result of their participation in the capacity-building workshops, but this has not proven to be the case. An executive meeting was called in January 1998 to begin following up on issues identified for action during the institutional assessment that had been conducted in October, specifically items related to governance. Only three Executive Committee members showed for the meeting. Those present at the meeting proposed to form committees to work on the issues in lieu of a full Executive Committee effort, focusing on development of policies and procedures, resource mobilization and program oversight. They also decided to extend their own term of office without convening an Annual General Meeting as provided in the valid constitution.¹⁶ The Executive Committee does not have the legal basis to continue operating, but it is felt that there are many sensitivities involved in dissolving this inactive group. The Executive Committee has taken no further action to appoint members to the committees as of the end of the grant.

Human Resources

As outlined in preceding sections, MACRO has had to contend with very dispirited staff because of low salaries and doubling up of job responsibilities in the wake of

¹⁶ Memorandum from JSI-STAFH Management Associate to JSI-STAFH NGO/PVO Coordinator regarding proceedings of the Executive Committee meeting, 10 January 1998.

resignations. The staff also express frustration over the lack of staff development that has been done even though there is a budget for this in the JSI-STAFH grant. These issues come up repeatedly from the staff in discussions about constraints in implementing activities. Nonetheless, project progress has been good even though there were fewer staff to conduct the activities. There has been surprisingly little turnover under the circumstances. Five of the counselors have been members of staff since before the JSI-STAFH grant commenced; only one counselor came on board afterwards. There has been slightly more turnover among the administrative support staff.

The staff were more optimistic about their future following the capacity-building workshops, even though they were not direct participants. They met with the Acting Manager before the workshops to express their needs and feel confident that he represented their views during the exercise. Priority areas emerging from the strategic planning workshop were to conduct a staff training needs assessment and to develop conditions of service for employees, something which had been lacking to date. Although they had not yet been acted on near the end of the grant, the staff were more hopeful now that the issues had been discussed in a broad forum and documented in the strategic plan. The addition of the LACE Manager also seems to have helped improve attitudes and productivity.

Linkages

Linkages were developed with PSI that have long-term potential based on mutual benefit, derived from their collaborative activities in social marketing of condoms. The relationship with NAPHAM was strengthened through the grant, and MACRO has said that this is the most important partnering relationship they have developed with another organization. They intend to continue their close working relationship with NAPHAM even if no further funding is forthcoming.

Ability to Deliver

A Rapid Institutional Assessment form completed near the end of the grant indicated a few changes in MACRO's institutional structure and capacity. Financial control systems have tightened up and authority has devolved to those staff most appropriate to handle specific management issues. Day-to-day management decision-making now falls to the Acting Director rather than Executive Committee members, as was the case when the pre-grant RIA was completed. There is now an Accountant completing financial reports and transactions rather than the Director. MACRO now says they have "match" to offer to a potential donor in the form of equipment gained through the JSI-STAFH grant.

Project activities assisted in enhancing MACRO's overall service delivery, as indicated by the increasing number of clients. Capacity-building activities helped to clarify institutional development priorities, though progress on specific strategic initiatives will only be measured after the end of the grant. If positive attitude can be an indicator, the capacity-building activities were very effective.

The JSI-STAFH financial reporting and program review systems have been picked up by MACRO and will be used beyond the life of the JSI-STAFH grant. These systems have added a level of planning and monitoring sophistication to MACRO's operations. The MACRO staff - both management and implementation staff - have

voiced their commitment to continue using them and feel their ability to use them effectively for program and financial management has been increased.

Financial Viability

Management of MACRO has been thin. Even so, they have survived. They have a proven ability to withstand crises, though it would undoubtedly be beneficial if they had greater depth of management to take some of the burden off the existing staff. JSI-STAFH estimates that MACRO will be able to meet 100% of its "match" contribution by the end of the grant, no small feat under the critical funding situation in which they were managing the grant.

Although there has been an increasing number of clients which can be attributed at least partly to project interventions, their numbers are still few. Demand for testing and counseling services must still be created in order to justify an investment into further development of MACRO's institutional infrastructure. But without donor support for operational costs at this stage of MACRO's development, it is uncertain whether they will be able to increase demand for services. The JSI-STAFH grant intended to help MACRO experiment with rapid testing as a means to enhance services and increase the client base, but there were overwhelming constraints to going further with this - out of the control of MACRO and JSI-STAFH. However, MACRO believes that rapid testing has the potential to make a positive impact on developing the client base and hopes to convince donors to take the gamble.

E. Case Conclusions

1. Factors Affecting the JSI-STAFH/MACRO Relationship

- MACRO has benefited from more frequent input from JSI-STAFH, particularly for capacity-building. The capacity-building activities - visit to Uganda to see other AIDS organizations, institutional assessment, and strategic planning - infused a much greater sense of direction and clearer sense of mission into MACRO. The attention from JSI-STAFH gave MACRO an increased sense of value, an important equalizing factor in the relationship between them.
- MACRO perceived that JSI-STAFH was mostly focused on compliance and project-specific issues until after the institutional assessment and strategic planning workshops. These participatory activities, designed to give the NGO an opportunity to concentrate on its own development, clarified MACRO's strengths and weaknesses and enabled them to develop plans to address systemic needs rather than crisis needs.
- MACRO started their grant with a relatively high level of skilled staff, though they did not have a full complement of staff. The staff possessed basic planning, monitoring and evaluation skills that enabled them to maintain the JSI-STAFH grant management systems (finance and program). As a result, MACRO has been able to learn from and apply grant management systems effectively. MACRO plans to utilize aspects of the JSI-STAFH financial system beyond the life of the grant, adding a more comprehensive financial system than was in place prior to the grant. MACRO's planning and evaluation skills were strengthened through management of the grant as well.

- MACRO had difficulty in meeting grant obligations for “match” contribution which detracted from potential program accomplishments; managing financial crises took considerable time away from program activities. Match contribution was set at a high level for an organization with such an unstable source of funding, creating a constant pressure under which to operate.
- MACRO would have benefited from an earlier emphasis on capacity-building in order to address some difficult institutional development issues. Some of the issues that MACRO must address in order to move forward will require some external assistance and/or facilitation. A donor which is focused on capacity-building primarily could be an appropriate facilitator under the circumstances, but there was no time for follow-up by JSI-STAFH during the life of the grant.

2. Effect of Grant Management on Project Sustainability

- MACRO’s program delivery was enhanced through the JSI-STAFH grant. Ability to provide new, valuable services - condom promotion, family planning counseling, and outreach - were added to MACRO’s repertoire. MACRO intends to continue providing these services to the extent possible, but it depends to a large degree on continued donor funding to support basic operating costs, including staff salaries.
- MACRO would also like to continue IEC development and has developed the skills to do so. Funding for materials development and reproduction is donor-dependent. Radio publicity, which proved to make a positive difference in client load, also depends on donor funding.
- Condom promotion will be a self-sustaining activity as it is based on a revolving fund successfully managed by MACRO, introduced through the JSI-STAFH grant.
- Project activities which fit as an expansion of current activities are more likely to carry forward than those which were not within MACRO’s control or realm of experience (i.e., research, Rapid Testing).
- The addition of a new LACE manager and another counselor to conduct outreach made a significant difference in the performance level of LACE. Though these positions were not funded through the JSI-STAFH grant, they affected achievement of project objectives and will also be a factor in sustaining project activities.

3. Effect of Grant Management on Institutional Development

- Capacity-building activities had a positive effect on MACRO’s institutional development, but external assistance will continue to be required to address some of the constraints to further growth of the NGO (i.e., weak governance).
- Capacity-building activities were motivating to the implementing staff even though they were not fully involved. Their involvement could have been a useful from of staff development, enhancing overall organizational development in the process.

- MACRO has demonstrated initiative in taking advantage of opportunities to develop collaborative linkages with other organizations, some of which were presented through the JSI-STAFH grant. Those linkages have enhanced MACRO's capacity to deliver services. Ability to develop and sustain linkages is dependent to some extent on donor support, both in creating opportunities to interact with other NGOs and by providing funding to catalyze collaborative activities.
- MACRO has developed depth of experience in grant management and program delivery which should help to attract donors. The funding environment in Malawi is severe, however, and MACRO does not have assured funding for the future. MACRO needs to develop a diversified funding base that covers both operational and program costs until such time that fees-for-service are feasible, likely in the distant rather than near future.

CASE STUDY: PHWEZI FOUNDATION (PF)

A. Organizational Background (Status prior to JSI-STAFH grant)

Phwezi Foundation (PF) is distinguished from many other NGOs in Malawi because of the relatively long number of years it has been operating - and sustaining. It was founded in 1981 by three men who were detained together under the former Banda regime. Two of the detainees had been senior officials within the Ministry of Education under Banda's government. They hatched the idea of starting a private secondary school while in detention, to be the first of its kind established in Malawi. After their release they managed to accumulate funding needed to buy land at the site of a construction camp just beside the road in Phwezi, Rumphu District.

The school began with a coeducational student body, but was later separated into boys' and girls' schools, as it remains to the present. There are today approximately 1,000 students attending the Phwezi Foundation Secondary Schools. The schools have gained a reputation for excellence over the years for the academic achievement of the students, a high percentage of who pass the qualifying exams to go on to university. Most students come from Malawi, but some also come from Tanzania, South Africa and Zambia.

Tuition fees paid by the students are the mainstay of PF's financing. These have been supplemented with funds from international donors over the years, helping PF to expand the school infrastructure to include a health clinic for students and staff and a Polytechnic School. GTZ has provided funding since 1988 and is currently providing technical and financial support to build a new girl's dormitory complex.

PF received a grant from the USAID-funded SHARED Project in 1992 to implement the Mzokoto Village Development Project (MVDP). PF's motivation to implement the MVDP was to try and integrate PF into the surrounding communities in order to "not look like an island." When the MVDP grant was due to expire, PF began to explore other funding options to implement another community development project and learned through the National Family Welfare Council (NFWC) about the upcoming JSI-STAFH NGO grants program. PF felt that an HIV/AIDS prevention project would be appropriate since the epidemic could affect students at the school. The PF clinic would provide a suitable base to extend outreach and services to the surrounding communities.

B. Phases in JSI-STAFH Grant Management

1. Proposal Application and Development

PF completed a Rapid Institutional Assessment (RIA) in February 1995 to begin the process of proposal development for a JSI-STAFH grant. PF received a score of 77 out of a possible 100 points on the RIA and a comment from the JSI reviewer noting that PF had "strong financial management."¹⁷ A project concept paper was submitted shortly thereafter. PF's Senior Projects Development Manager and the

¹⁷ Tally sheet comment on Phwezi Foundation's RIA score, JSI-STAFH Analysis of NGO Rapid Institutional Assessment/RIA, Lilongwe, April 1996.

PF Clinic Nurse put together a 3-year "dream project" focused on providing youth with access to HIV/AIDS and family planning information which would lead to behavior change. The concept included extensive outreach and clinical care, with provision for a vehicle as well.

PF was then invited to attend a proposal development workshop in Zomba in April 1995 to develop the concept according to JSI-STAFH guidelines. The workshop, attended by the PF Senior Projects Development Manager, provided guidelines for the budget and clarified JSI-STAFH's expectations regarding project activities. PF worked closely with the JSI-STAFH staff on refining a proposal over the next month. The PF projects officer had a difficult time helping JSI-STAFH understand the field realities. PF's budget proposed salaries that would attract qualified personnel, but JSI-STAFH said the salaries were too high and that they could not fund personnel. JSI-STAFH later relented and agreed to fund the Project Accountant, but PF would "match" the salaries of the technical personnel. A first draft of the proposal for the "Phwezi Integrated AIDS and Family Planning (PIAFP) Project" was submitted in May, with a budget totaling \$179,500, of which PF would contribute 16% in operational costs; JSI-STAFH would provide funding for all of the program activities as well as the larger proportion of operations.

PF continued to receive proposal development assistance from JSI-STAFH over the next few months during which two further drafts were prepared. The project concept evolved toward a greater emphasis on community than on school youth, and on provision of integrated family planning and STD and HIV/AIDS services rather than access to information. Five areas surrounding Phwezi were identified for coverage by the project, chosen because each had a health center that could provide technical supervision to cadres of CBDs who would be trained through the project.

Each Health Center would liaise with an "area committee" that was responsible for monitoring project activities and progress in the coverage area. Peer educators would also be trained to work hand-in-hand with the CBDs to promote condoms, and youths would be reached through the formation of EDZI TOTO Clubs and drama groups, with direction from Patron Teachers. Representatives from each area committee would sit on an overall Main Committee that would be responsible, on a par with PF project management, to monitor and direct overall project activities. PF project management would play a strong coordinative and supervisory role to ensure that the complex management structure worked as intended.

JSI-STAFH conducted a financial review of PF in early July as a necessary step before submission of the proposal to the Proposal Review and Approval Committee (PRAC) later that month. The review found the necessary financial management systems in place, but noted that PF had still not closed its SHARED Project grant for the MVDP. PF's proposal was approved by the PRAC in August, with recommendations for some technical modifications and the proviso that the SHARED Project grant be closed before another large grant given to PF.

A final version of the proposal incorporated the recommendations of the PRAC and was completed in September. The final budget totaled \$112,071, of which PF would contribute 36% as "match" in the form of personnel, transportation and some drugs to establish an STD drug revolving fund among other support costs. JSI-STAFH would cover 100% of program activities as well as the salary for an Accountant.

The review process entailed developing four versions of the proposal over a period of approximately six months from submission of the RIA to a final project document. The final budget obligated PF to twice as much "match" as originally proposed.

The concept underwent significant changes that would require PF to widely extend beyond its traditional coverage area and to rely greatly on community volunteers and MOHP Health Center and Adventist Clinic personnel to achieve project outputs. Later, when PF began to have problems managing the community committees and volunteers, the Senior Projects Development Manager admitted that PF had used a top-down approach in developing the project; PF had only discussed the concept with JSI-STAFH, not the communities. He felt that the proposal development had been so rushed "even JSI was overwhelmed with the process. We couldn't focus on the level of community input into the process."

2. Start-Up of Project

The goals of the PF project were to provide integrated family planning services and HIV/AIDS and STD prevention to the communities in the five catchment areas. Objectives included increasing the number of EDZI TOTO Clubs at the area schools, increasing contraceptive acceptance, reducing teen pregnancies, increasing condoms distributed and mobilizing development of community committees to manage the health activities established under the project. In order to achieve these objectives, the project would establish community committees and school clubs, equip and train personnel at the Health Centers to provide integrated services, train CBDs and Peer Educators to provide community-level IEC and services, involve youths and teachers in IEC through drama clubs, and establish an STD drug revolving fund.

PF signed a grant agreement with JSI-STAFH in January 1996 and submitted a request for funding immediately in order to get underway with project activities; the first fund transfer was received a month later.

PF had already hired a Clinical Officer to serve as Project Supervisor, based at the PF clinic. Other PF clinic staff would also be responsible to carry out project activities in addition to their regular roles and responsibilities at the clinic. An Accountant was appointed to maintain project financial systems.

JSI-STAFH provided training in STD and family planning service delivery to the Clinical Officer immediately after the project started so that the PF clinic could begin providing treatment as one of the first activities. The Clinical Officer, in turn, trained the MOHP health center personnel to deliver STD services in the other project catchment areas. (The training was deemed inappropriate by JSI-STAFH; PF later had to re-train all health center staff.) JSI-STAFH was very helpful throughout this process, providing a high level of technical advice on services, storing STD drugs and other technical details. The JSI-STAFH personnel were on hand at least once a month at the beginning to ensure that the technical aspects of the project were getting off to a good start.

Project start-up began with a "launch" ceremony to which PF invited various members of the catchment area communities to explain the project goals and the community management structure. Participants were given an allowance to attend

the meeting. The Senior Projects Development Officer, designated as the Project Manager for the JSI-STAFH project (herein referred to as Project Manager), went to all of the areas and met with the village headmen to help them get started in forming the Area Committees. Area Committees were elected under a tight schedule in order to meet the project work plan; all were formed within the second month of the project. PF then convened a meeting of all the Area Committees to elect a Main Committee and devise a constitution that would guide them in their role as project managers along with PF management. It was a hectic phase of the project.

Once the various committees were formed it was time to select the CBDs and Peer Educators who would be the key agents to provide IEC and condom promotion at the community level. Those selected would receive training to enable them to carry out their job roles and responsibilities. The selection process was left up to the Area Committees; PF input was limited since it was the role of the Area Committees to manage at the community level. Later, after the volunteers were selected, there were complaints from health center staff about how the process was carried out. They felt that there had been no clear criteria given by PF for selection of volunteers. Accusations were made that Area Committee members had singled out their family members for selection because of the training opportunities and the allowances that volunteers would receive during trainings and meetings. MOHP Health Center staff complained that the recruitment resulted in uneven and unequal coverage of the catchment areas, and that people who were unsuitable were selected.

PF staff now lament that the start-up was so uncoordinated. They believe the project might have gone more smoothly if adequate time had been given to orient the chiefs and other village leaders more thoroughly. They wish JSI-STAFH had gotten more involved in this aspect of the project rather than focusing so much on the technical side.

Health Center teams voice a similar sentiment: "The project got off to a bad start. It was done in a hurry and was imposed on the community. Rather than the community identifying the problems, PF identified them."

3. Grant Management and Project Implementation

3.1 Project Progress and Accomplishments

The PF Project Supervisor left his position six months into the project, just before the CBDs and Peer Educators were to be trained. He was frustrated because he felt that PF management had little commitment to the project goals and objectives and that they often made decisions - particularly regarding the project budget - that affected technical quality of the project. He believed that management was motivated to be involved for the wrong reasons: "When grants come in from donors, money is more focused on the technical side. Administrative people don't like this and they get involved for the wrong reasons. Donors' emphasis on projects rather than operations creates jealousies and problems between administrative and project staff of the NGO. At PF, most projects were managed by admin staff, but JSI emphasized the technical side and weren't paying for administration; admin didn't get the usual perks, such as allowances. Admin tried to get involved early in order to take advantage of the project budget. This affected technical quality because they made decisions which weren't well-grounded technically."

The nurse who had helped develop the original concept paper was appointed to take over as Supervisor. She had just returned from abroad, not having been involved with the project since helping put together the original concept paper. She was not familiar with the many changes that had been made, but she was given a briefing by the PF manager and immediately set to task.

It was a very difficult time at which to drop into the project. Myriad problems had begun to emerge. The communities, which had been rushed through orientation during start-up, were not participating as fully as planned; MOHP Health Center staff, community committees and volunteers were not doing their part according to the project scheme. The number of people involved in project management (through the committees) and activities (MOHP Health Center and Adventist Clinic staff and volunteers) was well over 200, and the newly-appointed Project Supervisor felt ill-prepared to monitor and supervise this large structure. She also felt unsure about how well the CBDs and Health Center staff would accept her since she had not received CBD supervisory training.

Supervision - or the lack thereof - was a key problem. PF had not been providing transport to the PF project staff as they had committed to do as "match." The Project Supervisor had not been able to meet with the Area Committees, volunteers and health center staff at the frequency planned or needed. As a result, few project participants were very knowledgeable about the project or their respective roles and responsibilities. He believed PF management considered the project as a minor aspect of overall PF operations and prioritized other PF activities over the project for the vehicle use.

According to PF management, transport was a problem because PF had only a few vehicles which were utilized for all PF needs, including school emergencies. For a long period the vehicles were out of commission for mechanical reasons. There was no provision made to ensure that project staff were able to carry out their supervisory and monitoring roles. The lack of supervision by PF made it difficult to hold the community-level project participants accountable. Later in the project, after JSI-STAFH intervened on this issue, PF management devised a system to more equitably assign the PF vehicles for use by the PIAFP project staff. The project staff felt that the vehicles were more available to them, but they still had difficulty fulfilling their supervisory role because of impassable roads during rainy season and busy training schedule during the latter phase of the project.

Transportation affected community-level supervision as well and was a major problem voiced by project participants in the communities. The project called for procurement of 10 bicycles by JSI-STAFH for use by the Health Center-based CBD Supervisors to enable them to visit the village-based CBDs. However, project participants at each level of the community believed that they should have bicycles as a means to carry out their roles and responsibilities. Distribution of the bicycles became a contentious issue and led to JSI-STAFH delaying procurement until PF could resolve it. The bicycles were still not procured in the last quarter of the project.

The issue of allowances was also developing into a debilitating problem for project management. When the project was first launched, PF paid allowances to all meeting participants to facilitate community participation in setting up the committee structure and recruitment of volunteers. It set an unfortunate precedent and raised

expectations among the communities that allowances would be paid whenever any project-related meeting or activity was conducted. The MOHP Health Center staff were paid allowances when they went out to supervise the village-based CBDs and Peer Educators; the CBDs and Peer Educators were paid allowances to attend meetings and workshops; the committee members were paid allowances to meet and discuss project affairs, and on and on. It reached a point where project participants would not carry out activities unless there was a chance to get an allowance.

The allowance problem became worse when PF unilaterally set a policy basing allowance amount on distance traveled by the person receiving the allowance, purportedly as a project cost-saving measure. Someone traveling from Mphompha village to a meeting at PF might be given twice as much allowance as a person traveling from Mzokoto, which was nearer. This policy did not sit well with the communities because of its seeming arbitrariness and because the community committees had not been consulted when developing the policy. There was suspicion that PF was trying to hold back project funding intended for community allowances for its own use. Allowances became a fixation for everyone involved in the project, and the mistrust that developed as a result of the allowance policy became a major deterrent to project implementation.

The Main Committee tried to address these issues directly with PF management and Board of Trustees, writing letters and requesting meetings to discuss them. The Board did meet with the Main Committee once, but there was no follow-up to resolve the problems. The Project Manager, who had initially been so involved in setting up the project, eventually delegated the management meetings to the Project Supervisor. The committees felt they had been rebuffed because of PF's unwillingness to be transparent about financial and budget matters, contributing to the lack of trust between PF and the communities.

Trying to manage all of these problems was overwhelming for the Project Supervisor. The PF clinic nurse who was assisting with project management on the technical side left abruptly, without handing over her duties properly. In addition, the Accountant left. There had already been some questions raised over PF's financial management that were causing delays in receiving advances to cover program activities. PF staffing problems were adding to the long list of impediments to project achievement. The PF Project Manager requested that JSI-STAFH amend the PF budget to include salary to hire a full-time Project Coordinator to help take some of the burden. JSI-STAFH granted this request in November 1996, but PF was unable to find a qualified candidate for the position. Finally, PF appointed the Supervisor to Coordinator and another nurse was assigned as Project Supervisor. It was hoped that there would be a turnaround to a more positive direction with the addition of another PF project staff person.

Community Committees

The Area Committees and Main Committee were established as scheduled in the project plan, but there was no systematic effort to develop their potential to manage the PIAFP beyond the current grant. Meetings are not convened regularly by the Area or Main Committees. The reason most often cited for the low level of activity is "no allowances."

The Main Committee Chairman has attempted to participate in project management in the spirit of the project document, but has been discouraged by PF's response. PF's reasoning for not engaging the committees more substantively in project management is that it is PF who is accountable to JSI-STAFH for the project funds, not the committees. This line of reasoning has made it very difficult to phase over any level of project management responsibility to the community.

Integrated Services

The project proposed to train 30 MOHP staff as CBD Supervisors and Family Planning Providers in the Syndromic Approach to STD Management. However, there were far fewer personnel available to undergo the training; 17 have actually been trained. Training proceeded early in the project, but the participants feel the quality of the training was very poor by the original Project Supervisor. Later, PF chose from a list of qualified trainers provided by JSI-STAFH to re-do the STD training. The trainer they chose was more specialized in family planning than STDs, so the training was less than optimal.

Turnover of MOHP staff has affected the ability of PF to achieve this objective. MOHP staff are transferred often and several have been re-assigned outside of the project area, out of the control of PF. A further problem in relying on MOHP and Adventist Clinic personnel is their lack of motivation to do "extra work" on behalf of the PF project for what they consider to be inadequate allowances.

CBD Training

By the end of the project, PF will have provided training to 53 CBDs and 15 CBD Supervisors, fewer than planned. Even with training, performance of the CBDs has been disappointing. PF believes that it relates to the poor start-up of the project and the haphazard selection process for the CBDs. Staff of the health centers believe it is very much a factor of PF's poor supervision of the program, but the CBDs also claim they never see Health Center supervisors. There is an apparent lack of communication, monitoring and supervision from all sides.

The CBDs have had training in social marketing of Chishango condoms which they are intended to promote. Although the CBDs say they are selling condoms, they have not regularly submitted sales receipts to validate their claims. PF has been unable to track the actual sales of condoms for this reason.

JSI-STAFH has focused mostly on the CBD component of the PF project. Site visits are usually arranged to meet with CBD Supervisors and CBDs to assess progress and activities. JSI-STAFH has also been very helpful to PF in organizing the CBD trainings, identifying trainers and assisting with reproduction of course materials, sometimes with short notice from PF.

Peer Educator Training

The project targeted 60 Peer Educators for training; by the end of the project PF will be able to train 54. The Peer Educators are intended to assist the CBDs by providing IEC messages to promote condoms but the project did not include them in Chishango training. The Peer Educators feel that they should have been given Chishango training so that when they give the messages, they can sell the product at the same time. They feel it is a missed opportunity.

Peer educators are intended to reach 17,500 youth with IEC messages by the end of the project, but this information has not been monitored.

EDZI TOTO Clubs/Patron Teachers Training

PF has been able to train 32 Patron Teachers, who are charged with guiding the establishment and direction of the school-based EDZI TOTO clubs, more than the 25 targeted. EDZI TOTO Clubs have been established in all of the area schools, but their activities have not been monitored.

IEC Materials Distribution

It was envisioned that all of the project participants would distribute IEC materials in the course of their respective job roles. PF obtained IEC materials from JSI-STAFH and MOHP but has found that the materials have limited usefulness because they are written in a dialect not well-understood in the project area. The PIAFP operates in a Tambuka-speaking area while the materials were available only in Chichewa. Only about 25% of the target will have been achieved by the end of the grant.

Drug Revolving Fund

PF was obligated to provide STD drugs as part of its "match" contribution to assist in establishing an STD drug revolving fund. JSI-STAFH also provided some STD drugs to PF which have been used to establish the fund. PF experienced a problem accounting for the DRF because one of the PF clinic staff who was responsible for administering and recording drug use and sales sometimes allowed sales on credit. She left the project and did not hand over the records or drugs properly. The PF Accountant has tried to account for the drugs from that period, but has been only partially successful. Near the end of the project, he had been unable to update the records for the DRF because he had been so busy conducting financial transactions and reporting for the series of trainings that PF was trying to complete before the end of the project.

This intervention was flawed from the start. The MOHP Health Centers receive free STD drugs, so do not have a reason to become involved in the STD drug revolving fund scheme. Therefore, it is only the PF clinic that would benefit from such a fund.

Integrated Service Delivery

The project estimated that 7,300 STD clients and 17,500 reproductive-age clients would receive integrated services through the project. The community groups and volunteers insist that the PIAFP has made a difference in the project area - that there are fewer STDs and teen pregnancies and that more women are using family planning methods. There is no hard evidence to back up their claim since there is no project monitoring system in place nor regular supervision carried out.

Project Supervision

Project supervision has been affected by turnover in the PF technical staff in addition to the other problems described above. When the first Project Supervisor left, his replacement was not familiar with the various aspects of the project or what

progress had been made. Further, she was given only a verbal orientation by the Program Manager, but was not given a copy of the project document and budget to help her set priorities for program activities. She finally borrowed a copy of the proposal and reproduced it for her own use.

The project structure, involving so many people, makes implementation of a monitoring system a very ambitious task. The size of the project area is large, and many places cannot be easily reached, especially during rainy season. Most of the villages are not regularly served with public transportation.

Some of the project objectives are stated in term of impact while others are more output oriented. There is no project monitoring system in place to assess impact or outputs at the community level (e.g., condoms distributed, IEC sessions conducted). The PF technical staff attempted to implement one when they met with the staff of the health centers, CBDs and Peer Educators to discuss project progress in January 1998 as part of an internal mid-term review required by JSI-STAFH. No reports were ever submitted or collected based on the proposed system because the training schedule was so busy that PF staff did not have time to conduct field visits to the areas after the mid-term review. The CBDs and CBD Supervisors are required to submit reports to MOHP on their activities, but the CBDs very seldom complete the reports.

The management issues that overwhelmed the project in the first year have haunted it throughout. Very few of the project targets will be reached by the end of the project. Says the Project Coordinator, "You know, writing a proposal, it's different than implementation." PF technical staff say that if they could design the project all over again, they would not attempt it without a vehicle. They would also request project management training to improve their monitoring, evaluating and reporting skills.

3.2 Operations (Finance and Administration)

The PF Program Manager, commenting on types of issues arising between PF and JSI-STAFH, said, "Right from the start we had obstacles centered on money." Much of the documentation in the JSI-STAFH project files bears out this statement.

Delays in receiving advance requests from JSI-STAFH have been a repeated problem throughout the project. PF has blamed the JSI-STAFH's system of advance requests for the serious delays experienced in implementation of project activities. Another complaint voiced by PF is that they never receive the full amount requested and therefore do not have enough working cash to meet their activity targets; they have generally received between one-third to one-half of the requested amount. The PF project staff say that delays in receiving funds have hampered their ability to organize activities in a timely way. During the last six months of the project they wanted to set up a series of trainings, booking venues well-ahead since they are often difficult to find. They needed to put down a deposit in order to reserve, but there were not enough project funds on hand to do so. They ended up in less-than-adequate spaces and the trainees complained about the quality of the training as a result.

One cause of the delayed advances is that JSI-STAFH would not release funds until finance reports were completed accurately and any questions about reported

expenses resolved. Quality of PF's financial reports has been affected by the lack of skill and experience of project Accountants, especially at the beginning of the project. The first Accountant left PF and was replaced by an inexperienced one. He was unused to the procedures of the JSI-STAFH reporting system and made many mistakes. The JSI-STAFH Financial Analyst conducted site visits to PF to provide technical assistance, usually staying for up to two days at a time. Quality of the reports improved over time. The mid-term audit conducted on behalf of JSI-STAFH indicated that many of the accounting errors committed could be avoided if the work of junior accounting staff was checked by a senior manager, but this apparently was not done.

In the first draft of the proposal submitted by PF to JSI-STAFH, they obligated a 16% "match" to contribute toward transportation, project management and technical personnel, drugs, and some equipment. The approved project budget had increased PF's "match" to cover 36% of the total project cost, all in operations. JSI-STAFH estimates that PF will only contribute about one-half of their match obligation by the end of the grant..

3.3. Capacity-Building Activities

PF was not selected to participate in the capacity-building exercises that were conducted with some of the JSI-STAFH NGO grantees. The PF Program Manager did not see this as a missed opportunity: "[Capacity-building] is not needed by Phwezi Foundation because structures are already in place."

4. Closure of Grant

The PF Program Manager had not received any information about procedures for closing the JSI-STAFH grant as of May 1998. The Project Coordinator and Accountant, however, received a verbal instruction at a quarterly meeting in February when the NGOs were told there would be a three-month period following the end of the grant to clear up financial affairs and reporting. The NGOs were told to clear up all outstanding bills and provide an accounting of all project-funded equipment and supplies, including those that were contributed by PF. At the same meeting the NGOs were asked to fill out a form related to the possibility of follow-on funding from other donors and told us to submit a 6-month budget for a "bridging fund". The NGOs understood they were being advised, according to the PF Accountant, to order stationery and other materials in order to have supplies on hand until the next donor comes along, but "we don't know if JSI is going to give us bridging funds or not."

One month before closure, PF had no specific plan in place to conduct a final project evaluation, as is stipulated in the project document. They had had no instruction regarding conduct of a final evaluation from JSI-STAFH. PF staff believe that they learned a lot from the mid-term review and that a final evaluation could also be valuable. From the mid-term they learned that they should have involved the community much sooner in the project as a means to enhance ownership. They think that they could use the results of an evaluation to share with MOHP and potential donors who might want to provide follow-up funding.

PF took no steps to phase project management over to the community prior to project completion, as was conceived in the project proposal. The PF Program Manager is planning to do the final reports for JSI-STAFH, then will take some time in the month following grant closure to sit down and talk to the community. The Program Manager states that the STD drug revolving fund and the Chishango accounts have already been handed over to the community, but the PF Accountant is still handling the bookkeeping on behalf of the Main Committee. This arrangement is preferable to the community, according to the Program Manager, because PF is a neutral party: "If community people manage the accounts they might take advantage of each other." (It is not feasible to hand over the STD drug revolving fund to the community trained medical personnel are required to administer the drugs.)

The Main Committee began discussing plans for phase over of the project from PF to the community at a meeting in February 1998. They believe they will need a donor to help them run the project, just like PF has had. They would like to have a public hand-over ceremony, but PF says it depends on the availability of funds. The Main Committee has asked PF to provide them with a listing of all equipment and assets that were provided through the JSI-STAFH grant so that they will know what they should be getting from PF after the end of the grant. The Main Committee expects the Chishango and STD drug revolving fund accounts to carry on smoothly after hand-over. He has never seen the accounts even though he is a signatory, nor has he or any of the Main Committee members received any information or training to prepare them for hand over of the project.

C. JSI-STAFH/Grantee Relationship

1. Interactions

Over the course of the grant, PF has had two NGO Associates assigned to supervise their project. Depending on the issue to be discussed or resolved, they sometimes work with the JSI-Financial Analyst and on occasion with the NGO/PVO Coordinator. PF complains that JSI-STAFH policies and procedures sometimes change, depending on who they are dealing with at JSI-STAFH. It has created confusion for them at times, especially regarding financial policies and procedures. JSI-STAFH changed their protocol for working with NGOs during the second year of the grant so that the NGOs must work through the NGO Associate on all issues; the NGO Associate will be the primary person to manage, bringing other JSI-STAFH personnel in if needed.

JSI-STAFH personnel have visited PF many times to conduct site visits. The site visits by the JSI-STAFH NGO Associate are usually focused on CBDs and include visits to the areas to meet directly with the CBDs and primary supervisors. Technical advice is given about how to improve project interventions and how to overcome constraints to project accomplishment. The NGO Associate also updates the project staff on the latest developments on CBD programming. The PF project staff consider the visits to be "a learning situation." On a few occasions the JSI-STAFH NGO Associate "came to the rescue", providing timely assistance in organizing trainings for the project volunteers.

The Accountant has benefited from site visits by the JSI-STAFH Financial Analyst. The Program Manager has observed a big improvement in the Accountant's

performance and would like to have had more such visits to help build staff skills. The Accountant frequently calls the JSI-STAFH finance personnel in Lilongwe to seek help on specific questions about project finances and financial policies. He also attended the May 1997 financial management workshop which helped to clarify many compliance-related issues.

2. Key Topics

The issue that most often arises during interactions between PF and JSI-STAFH has been finance-related. The financial management practices of PF have raised question many times from JSI-STAFH, which in turn has delayed cash advances to carry out project activities. Discussions about delays or problems with project activities tend to circle back to finances as the cause.

In regards to program, supervision has been the critical issue. PF has been unable to implement the supervisory structure that was planned under the project. Weak supervision has impeded the ability to obtain accurate, useful data about project impact.

3. Grant Management Systems, Guidelines, Tools and Formats

PF has had difficulty working within the JSI-STAFH financial management and reporting system. Intensive on-site technical assistance has helped to improve reporting, although compliance issues still arise with regularity. PF experienced budget shortfalls because of the complexity of the cash advance system and has found JSI-STAFH's system to be rigid, not giving enough budget flexibility to project managers to make decisions necessary to move forward toward objectives. PF would have liked more finance workshops to help understand the system better and wishes the finance workshop could have been conducted sooner in the grant period.

A mid-term audit proved to be a useful learning experience for the PF Accountant. He was able to introduce some new systems to improve accounting for the project. The PF Program Manager was less pleased about the audit process. He felt the auditor was not thorough enough in looking for documentation of expenses and that it resulted in a bad report. The Program Manager "complained bitterly" in a letter to JSI-STAFH, but had not received a formal response near the end of the project.

PF has not been able to meet the program reporting requirements of JSI-STAFH. Reports have been sent in irregularly but in varying formats, reporting inconsistently on various activities. The PF project staff are aware of their deficiencies in monitoring and reporting and would have liked some training on this.

PF organized a mid-term review meeting for the project technical teams and volunteers to review project progress and accomplishments to date. They were unable to obtain the data they needed to assess achievements, so developed some reporting forms for the community volunteers to submit monthly. However, this system was not established. Although the PF project staff say they gained insights from the mid-term review process, they did not compile and submit a report to JSI-STAFH.

The NGO quarterly meetings held by JSI-STAFH have been a good medium for establishing relationships with other NGOs working in the same field, mostly for information-sharing. The meetings also helped to remind the NGOs of their weak areas and allow them to compare performance: "If you see others having problems, too, it's not as demoralizing."

4. Perceptions about Emphasis of Donor/Grantee Relationship

The Program Manager believes that the driving force behind the relationship between PF and JSI-STAFH is compliance with the grant agreement. The Program Manager stated, "Just like any other donor, the emphasis is on compliance. Whether we achieve the goals [of the project] or not doesn't matter as long as we comply with the contract agreement. If it were my decision, I would focus on achievement of project goals." He added that more flexible budget authority should be given to the grantee in order to focus on project goals. The Program Manager appears to understand compliance strictly as finance-related even though the project document, which contains program objectives, is a part of PF's agreement with JSI-STAFH.

The Project Coordinator has a different view: "The first priority [during the first phase of the project] was compliance. There was no proper orientation for implementors on compliance at the beginning, so when NGOs began going off track, JSI was forced to focus more on compliance." She said that the donor's focus is on whatever aspect of the project is suffering problems at a particular time; sometimes it is project, other times it is compliance.

According to the Project Supervisor, the emphasis given depends on which JSI-STAFH staff is involved in a particular interaction or issue. The NGO Associate has a project orientation; the Financial Analyst has a compliance orientation; the PVO/NGO Coordinator takes a capacity-building perspective. She did not feel that there was any dominant emphasis because each JSI-STAFH person has a different interest.

D. Effect Of Grant Management On Sustainability

1. Sustainability of Project

All of the community groups interviewed for this case study indicated that the PF project had a positive result and they would like it to continue - but sustainability of the project would require continuation of funding. They felt that funding would be needed specifically to fund meeting costs, trainings, and allowances. Participants at meetings and trainings would need allowances in order to be able to justify the time they put into implementing project activities. The community volunteers would need ongoing refresher training in order to stay abreast of new information to convey to the communities; otherwise, the messages they give would become stale and ineffective.

PF staff also indicate that they will need donor funding to ensure sustainability of most project activities, although they have tried to nurture relationships with the district-level MOHP personnel so that the CBDs might still be invited to trainings. They are hopeful that the linkages with MOHP will ensure continuation at least of

the CBD component, but the health center personnel are more cynical about the chances for this happening given the difficulties that MOHP experiences in covering its own field level personnel.

The Chishango and STD drug revolving funds were set up to provide an ongoing source of supplies for the family planning and STD service providers, but neither account was in good order at the end of the project. The accounts have not been effectively monitored during the project, so the likelihood that these interventions will continue beyond the life of the project is questionable.

The PF project staff would like to continue the project activities, but they know it would be hard for them to supervise the project without PF management support. They have already discussed the idea of another grant with management. PF management was willing to consider a follow-on project, but so far has not made any effort to develop a proposal or solicit funding.

2. Sustainability of the Institution

Mission/Vision

The JSI-STAFH grant supported activities that were not within the stated mission of Phwezi Foundation. By the end of the grant, PF management had not made any effort to continue the project activities either by seeking donor support or phasing the project over to the community. This would indicate that PF is unclear about whether health programming should be incorporated within the organizational mission.

Governance and Legal Status

Constitutionally, membership on PF's Board of Trustees is hereditary. The original founders of PF devised the constitution in this way to ensure that their heirs would continue to sit at the helm of the organization. Two of the founders have died since PF was established; they were succeeded by their sons.

The Board is very much involved in the day-to-day financial management of PF through the General Secretary. The General Secretary signs all of the checks on behalf of PF. The Board has not been very much involved in managing or monitoring the JSI-STAFH-funded project, however. They are occasionally briefed about the project when a problem arises, but otherwise they have authorized the Program Manager to handle it. He feels this is appropriate because none of the Board members are technically oriented toward health, though neither is the Program Manager.

The PIAFP project established a comprehensive community structure to facilitate sustainability of the project activities following the JSI-STAFH grant. The Main Committee, made up of community representatives from all of the project areas, is theoretically intended to work hand-in-hand with PF to oversee the project. In reality, this structure is dysfunctional. The Main Committee and Area Committees do not meet regularly because they say they need allowances to do so. They believe PF should pay allowances to enable them to meet regularly and plan for the project. PF claims to the Main Committee that there is not enough funding in the project budget to cover the costs that would incur from so many meetings. The

Main Committee is also disappointed that PF has not kept them up-to-date on project issues and accomplishments, saying that it has created an unequal partnership. According to the Main Committee Chairman, PF has never given them a copy of the project plan and budget, which has raised questions about transparency and commitment to work with the community.

The Program Manager delegated the Project Coordinator to meet with the Main Committee in the later phases of the project. The Main Committee feels slighted by PF senior management and says that their poor treatment will affect sustainability of the project because the Main Committee will become unmotivated to take over the project in the future.

Human Resources

Staff turnover has had a significant effect on management of the PIAFP grant. The departure of the first Project Supervisor, which at that time was the linchpin position between PF and the community and staff of the health centers, occurred at a critical time when many problems for the messy project start-up were beginning to emerge. His replacement was not familiar with the project activities and progress and immediately met with hostility from the community. The relationship between PF and the community committees began to deteriorate more quickly. The loss of the PF clinic nurse put more pressure of the Project Supervisor as well.

The turnover in accountants was not as much of an issue as was their skill level, which was low. Support from JSI-STAFH enabled the performance of the Accountant to improve over time. The Accountant has been funded through the JSI-STAFH grant, but PF plans to continue employing him after the grant to work on another project

The PF Program Manager feels that the most significant contribution of the PIAFP project is the development of human resources that has occurred at the community level. The main project activity has been to train community-level health volunteers who can provide information and services on an ongoing basis, but he is uncertain whether they will continue to provide services after the grant.

Linkages

The key linkage developed during the project was with the district-level MOHP staff by the PF Project Coordinator. Her intention was to foster a relationship that would enable the CBDs to receive continued training support. The linkage is as yet untested, so it is difficult to predict whether MOHP will follow through after the grant. PF has not made any effort to solicit donor support to continue funding project activities and has indicated that it will be difficult to continue involving in project activities without funding. Thus, it is unlikely that PF will be able to continue facilitating a relationship between MOHP and the CBDs.

Ability to Deliver

PF has demonstrated difficulty in achieving program objectives. JSI-STAFH efforts to support project implementation through technical and management assistance were not able to overcome the program and financial management issues that stymied project progress. PF often argued that JSI-STAFH's grant management systems - financial management, specifically - were a major constraint to program

implementation. The delays that occurred over questions about financial reports caused delays in fund transfers, and the fund transfers were usually less than half of what PF requested. PF believes that JSI-STAFH should have left more to PF's discretion regarding budget management while JSI-STAFH argued that PF did not properly account for funds.

Financial Viability

PF is in the enviable position of being able to survive independently, without donor support, because of the income earned through the schools. Education has been the key to PF's growth and independence. The JSI-STAFH grant has not added to that aspect of the institution, but it has contributed to PF's institutional experience in community development and integrated health services delivery.

The Program Manager believes that PIAFP has contributed to PF's public image and reputation in terms of AIDS programming: "[PIAFP] put Phwezi Foundation on the map. Anyone coming to the North knows they should see Phwezi if they are here about AIDS." PF has received visitors from multilateral organizations and other donors interested to explore project possibilities in that area.

E. Case Conclusions

1. Factors Affecting the JSI-STAFH/Phwezi Foundation Relationship

- PF was unable to effectively implement grant management systems for program and finance. JSI-STAFH provided technical assistance to address specific grant management problems, but they were not sufficiently resolved. The relationship between JSI-STAFH and PF was focused more on project and compliance issues rather than capacity-building as a result of the amount of time spent on compliance- and project-specific problems that emerged. Systemic needs remain unmet.
- Low level of skills and experience in planning, monitoring and evaluation were a major factor in inability to maintain grant management systems, coupled with the lack of supervision at all levels of the project. These basic skills were not addressed at the necessary level through training and technical assistance provided by JSI-STAFH.

2. Effect of Grant Management on Project Sustainability

- Lack of adequate monitoring and supervision at all levels of the project resulted in poor performance of community volunteers and technical personnel. Supervision at the project management level was affected by the fact that PF did not provide the required "match" contribution in the form of transport for project staff. These are key reasons why project objectives will not be met. It is unlikely that project activities will be able to sustain given the lack of monitoring and supervisory skills and systems and the apparent lack of logistical support from PF.
- It is not possible to gauge impact of the project since there was not an effective monitoring system established. Implementing staff are aware of their limitations

in planning, monitoring, evaluation and reporting and believe that technical assistance in developing these skills would have been well-placed at the beginning of the project.

- PF lacked experience in implementing health outreach prior to the grant. Community health does not explicitly fit into PF's organization mission. The project coverage area was much greater than PF had previously managed. Lack of mission fit and appropriate experience, as well as the low skill level of staff, are key factors in inability to meet project objectives.

3. Effect of Grant Management on Institutional Development

- PF is a financially viable organization with a diversified funding base, including a stable source of private funding from student tuition fees. Grants have enabled PF to further expand on its institutional strength - education - when the grants were focused directly on supporting the organization mission. The JSI-STAFH grant was focused on developing a completely new program area. There was a mis-match between organizational mission of PF and the grant objectives. As a result, the grant did not make a substantial impact on the institutional development of PF.

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**APPENDIX 1 - FIELD VISIT SCHEDULE
(by NGO)**

National Association of People Living with HIV/AIDS in Malawi (NAPHAM)

FIELD VISIT #1 - OCT 21-25, 1997 AND NOV 13, 1997 AND BLANTYRE CHAPTER INTERVIEW - NOV 18, 1997:

LILONGWE AREA 23, NGWENYA MARKET, AND AREA 24 MARKET.
BLANTYRE CHAPTER INTERVIEW AT MACRO OFFICE

FIELD VISIT #2 - MAR 12, 1998 (MZUZU CHAPTER) AND MAR 16-17, 1998 (SECRETARIAT):

MZUZU CHAPTER OFFICE WITHIN ACTION AID OFFICE, MZUZU AND SECRETARIAT OFFICES IN LILONGWE

FIELD VISIT #3 - MAY 12, 1998 (BLANTYRE CHAPTER), MAY 18-19, 1998 (SECRETARIAT), AND MAY 22, 1998 (MZUZU CHAPTER):

MACRO/BACE OFFICE (BLANTYRE CHAPTER), SECRETARIAT OFFICE LILONGWE), AND ACTION AID OFFICES IN MZUZU (WHERE THE NAPHAM CHAPTER OCCUPIES AN OFFICE)

Malawi AIDS Counselling and Resource Organization (MACRO)

FIELD VISIT #1 - NOV 17-20 AND NOV 25, 1997:

MACRO SECRETARIAT (BLANTYRE)
BLANTYRE AIDS COUNSELLING CENTRE
LILONGWE AIDS COUNSELLING CENTRE
MALAWI DEVELOPMENT CORPORATION (BLANTYRE)
ST. JOHN'S VOLUNTEERS (LIMBE)
ANTI-AIDS WARLORDS (ZINGWAWA TOWNSHIP)

FIELD VISIT #2 - MAR 5-6 AND MAR 23, 1998:

LILONGWE AIDS COUNSELLING CENTER (LACE)

FIELD VISIT #3 - MAY 11-13 AND MAY 25, 1998:

MACRO SECRETARIAT/BACE
ACTIVE YOUTH INITIATIVE FOR SOCIAL ENHANCEMENT (BANGWE, BLANTYRE)
DAVID WHITEHEAD COMPANY (BLANTYRE)
MINISTRY OF WOMEN AND CHILDREN'S AFFAIRS (BLANTYRE)
LACE

Phwezi Foundation

FIELD VISIT #1 - NOV 3-6, 1997 AND NOV 28, 1997:

PHWEZI FOUNDATION OFFICES AND CLINIC

MHUJU VILLAGE AND HEALTH CENTRE

MBULUNJI VILLAGE

MZOKOTO HEALTH CENTRE

MZOKOTO HEALTH CENTRE, MPHOMPHA HEALTH CENTRE

NTENJE HEALTH CENTRE

JSI-STAFH OFFICE/LILONGWE

FIELD VISIT #2 - MAR 10-11, 1998:

PHWEZI FOUNDATION OFFICES AND CLINIC

MZOKOTO HEALTH CENTER

EKWENDENI MISSION TRAINING CENTER

FIELD VISIT #3 - MAY 20-21, 1998:

PHWEZI FOUNDATION OFFICES AND CLINIC

MZOKOTO HEALTH CENTER

MPHOMPHA HEALTH CENTER

**APPENDIX 2 - LIST OF INTERVIEWS
(by NGO)**

National Association of People Living with HIV/AIDS in Malawi

FIELD VISIT #1 -

Mr. Dickiens Kolongo, Accountant
Ms. Theresa Kampeni, Receptionist
Mr. Christopher Chisendera, Messenger
Mr. Kumbukani Black, Counselor
Mrs. Joyce Mkandewire, Nurse
Mr. Foster Matowa, LL Branch Secretary
Lilongwe NAPHAM Members (during outreach activities and regular meeting)
Mr. Mike Jame Kalemera, Blantyre Branch Chairman
Mr. Anthony Francisco Zingwangwa, Blantyre Branch Member
Miss Agnes Phiri, Blantyre Branch Member

FIELD VISIT #2 -

Mr. Dickiens Kolongo
Mr. Kumbukani Black
Ms. Theresa Kampeni
Mrs. Joyce Mkandewire
NAPHAM/Mzuzu Chapter Members

FIELD VISIT #3 -

Mr. Mike Jame Kalemera, Blantyre Branch Chairman
Mr. Dickiens Kolongo
Mr. Kumbukani Black
Ms. Theresa Kampeni
Ms. Grace Kimu, Lilongwe Branch Chairman
Ms. Margaret Sinumbe, Lilongwe Branch Member
Mr. Comston Muzia, Mzuzu Branch Chairman
Mr. M.K. Mhone, Mzuzu Branch Member

Malawi AIDS Counselling and Resource Organization

FIELD VISIT #1 -

Mr. Katawa Msowoya, Acting Director, MACRO And BACE Manager
Mr. H.G. Ntata, Former Director Of MACRO
Mr. Mike James Kalemera, NAPHAM-Blantyre Chapter Chairperson
Mr. Anthony Francisco Zingwangwa, Blantyre NAPHAM Member/Counsellor
Miss Agnes Phiri, Blantyre NAPHAM Member/Counsellor
Mrs. Patricia Makwakwa, BACE Counsellor
Mr. Saperiwa William, BACE Counsellor
Mrs. Lincy Misoya, BACE Counsellor
St. John's Volunteers
Anti-Aids Warlords Members
Soche Market Vendors
Mr. Mac Mhone, Vice-Secretary Of MACRO Executive Committee
Mr. Montfort Maxon, MACRO Assistant Accountant (Accounts Officer)
Mr. Onani Mughogho, LACE Counsellor
Mrs. Linda Zozie, LACE Counsellor

FIELD VISIT #2 -

Mrs. Linda Zozie, LACE Counsellor
Mr. Onani Mughoghog, LACE Counsellor
Mr. Nyirenda, LACE Counsellor (CHECK GIVEN NAME)
Mrs. Chrissie Milambe, UNV Counsellor assigned to LACE
Mr. Katawa Msowoya, Acting Director, MACRO and BACE Manager
Mr. Charles Nzawa, LACE Manager
Mr. Montfort Maxon, MACRO Accounts Officer

FIELD VISIT #3 -

Mr. Katawa Msowoya, Acting Director, MACRO and BACE Manager
Mrs. Patricia Makwakwa, BACE Counsellor
Mr. Saperiwa William, BACE Counsellor
Mrs. Lincy Misoya, BACE Counsellor
Mr. David Zedani, Active Youth Initiative for Social Enhancement (AYISE)
Mr. John Chikopa, AYISE
Mr. John Njunga, AYISE
Mr. Ernest Kasambwe, Training Officer, David Whitehead Co.
Group of 4 Community Development Dept women, Ministry of Women and
Children's Affairs
Mr. Mac Mhone, MACRO Executive Committee Vice-Secretary
Mrs. Linda Zozie, LACE Counsellor
Mr. Nyirenda, LACE Counsellor
Mr. Montfort Maxon, MACRO Accountant
Mr. Amos Kapoti, LACE Receptionist

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Phwezi Foundation

FIELD VISIT #1-

**Mr. Nyasulu, General Secretary of the Board of Trustees of PF and PF Headmaster
Mr. W.S. Kamanga, Project Manager for PIAFP and Senior Projects Devt Manager
for PF**

Mr. Matthew Banda, PF Chief Accountant

Mr. Chauncey Kumwenda, PIAFP Finance Officer

Mrs. Victoria Harawa, PIAFP Project Coordinator

Mrs. L. Mapunda, PIAFP Field Supervisor

Chief Temba Mhenga

Mr. Sichali, Mhuju Health Centre Medical Assistant

Mr. Lag Mwenifumbo, Mhuju Health Centre HSA CBD Supervisor

Mrs. Wezzie Tembo Mfune, PIAFP CBD

Mr. Chauncey Nyirongo, PIAFP CBD

Mrs. Katherine Mfune, PIAFP Peer Educator

Mr. Gift Muhango, PIAFP Peer Educator

Mr. C.D. Mkandawire, PIAFP Main Committee Chairman

Mr. G.T. Mhango, PIAFP Assistant Main Committee Chairman

Mr. P.J.K. Gondwe, PIAFP Main Committee Member

Mr. A.C. Nkhoma, PIAFP Main Committee Member

Mr. T.G. Wasambo Kaira, PIAFP Main Committee Member

Mr. Martin K. Katanga, Mzokoto Health Center Medical Assistant

Mr. A.K. Nsumuko, Mzokoto HAS and PIAFP Peer Educator Supervisor

Mrs. Echiawa, Mzokoto Health Centre Nurse Midwife and STD Provider

**Mr. Alexander Chavula, Mphompha Primary School Headmaster and PIAFP Area
Committee Member**

Mr. Webster Kanyenda, PIAFP Area Committee Chairman, Mphompha

Mr. Wilson Mhango, PIAFP Area Committee Treasurer and CBD, Mphompha

Mr. Harvey D.W. Munthale, Mphompha Health Centre HSA

Mr. Creighton Mona, Mphompha Health Center HSA and PIAFP CBD Supervisor

Mrs. Chris Nyirongo, Mphompha Health Centre Enrolled Nurse Midwife

Mr. Welcome Roderick Moyo, Mphompha Health Centre Medical Assistant

Mr. O.E. Lusale, Nthenje Health Center (SDA) Medical Assistant

Mrs. Lusale, Nthenje Health Center Nurse-Midwife and FP Provider

Mrs. Msowoya, Nthenje Health Center Nurse-Midwife and FP Provider

**Mr. McPherson Gondwe, former Phwezi Foundation Clinical Officer and PIAFP
Project Coordinator**

FIELD VISIT #2 -

Mr. W.S. Kamanga, PIAFP Project Manager

Mr. Chauncey Kumwenda, PIAFP Finance Officer

Mrs. Victoria Harawa, PIAFP Project Coordinator

Mrs. L. Mapunda, PIAFP Field Supervisor

Mr. M.J.R. Silungwe, Health Assistant, Mzokoto Health Center

Mrs. Echiawa, Nurse Midwife and STD Provider, Mzokoto Health Center

Mr. Wilson Mhango, PIAFP Area Committee Treasurer and CBD, Mphompha

Mr. A.C. Nkhoma, Area 2 Main Committee member

Mr. V.H. Makukoma, Chairman of Area 2 Committee

Mr. C.D. Mkandawire, PIAFP Main Committee Chairman

Miss Doris Ngwira, CBD Supervisor

FIELD VISIT #3 -

Mr. W.S. Kamanga, Project Manager for PIAFP and Senior Projects Devt Manager for PF

Mr. Chauncey Kumwenda, PIAFP Finance Officer

Mrs. Victoria Harawa, PIAFP Project Coordinator

Mrs. L. Mapunda, PIAFP Field Supervisor

Mr. Harvey D.W. Munthale, Mphompha Health Centre HSA

Mr. Creighton Mona, Mphompha Health Center HSA and PIAFP CBD Supervisor

Mrs. Chris Nyirongo, Mphompha Health Centre Enrolled Nurse Midwife

Mr. C.D. Mkandawire, PIAFP Main Committee Chairman

3 Main Committee Members

6 Mzokoto Area Committee Members

8 Mzokoto Area Volunteers (incl. CBDs, School Patrons, Drama Group Leader, Peer Educators and Toto Club)

Mr. O.J. Ngwila, newly-appointed Mzokoto Health Center Medical Assistant

Mr. M.J.R. Silungwe, Health Assistant, Mzokoto Health Center

Mr. J.N. Chirambo, HSA and CBD Supervisor, Mzokoto Health Center

Mrs. Echiawa, Nurse Midwife and STD Provider, Mzokoto Health Center

Mr. O.K. Nyasulu, Phwezi Foundation Health Center Medical Assistant