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CHAPTER 12: ONWARD GRANTING POLICIES AND PROCEDURES

12.1. Purpose, Responsibility and Objectives of the Onward Granting Policies and Procedures

The Onward Granting Policies and Procedures as outlined below will be applied to the International Charitable Foundation “International HIV/AIDS Alliance in Ukraine” registered in Ukraine as a legal entity under the provisions of the Law of Ukraine “On charity and charitable organisations” in order to ensure that Implementing Partners¹ are properly selected, the project achieves its objectives and that the donor funds are properly utilised and accounted for in accordance with principles set in the Alliance Ukraine *Granting and Procurement Charter* (refer to Chapter 5, point 5.6 of this Manual) and *Conflict of Interests Policy* (refer to Chapter 4, point 4.4 of this Manual).

These Policies and Procedures are subject to the Bye-Laws of the Alliance Ukraine and are obligatory for the use of employees of the Alliance Ukraine to ensure that the onward granting systems they operate are transparent and effective.

12.2. Guidelines for Use of the Onward Granting Policies and Procedures

Alliance Ukraine may award a Grant² in order to support the implementation of partner organisations’ programmes in Ukraine. The guidelines for application of onward granting procedures are as follows:

12.2.1 Onward Granting

Alliance Ukraine receives grants from donors to implement certain programmatic activities in accordance with its charitable objectives. Through the mechanism of onward granting, Alliance Ukraine provides financial and technical support to governmental and non-governmental non-profit organisations (“Implementing Partners”) so that they may collaborate to implement the programmatic activities and achieve certain objectives.

Onward Granting primarily advances the interests of an Implementing Partner by Alliance Ukraine acting as donor to the Implementing Partner. The relationship is prescribed in a Grant Agreement between the parties.

These Onward Granting Procedures shall be used to regulate onward granting activities.

12.2.2 Approval of Grant Agreements³

12.2.2.1 Approval of Grant Agreements below 50,000 Euro

The grant agreements not exceeding the local currency equivalent of EUR 50,000 are approved by the relevant Department Director.

¹ The ‘Implementing Partners’ – are the Sub-Grantees of Alliance Ukraine. These are the Non-Governmental or Governmental Non-Profit Organisations, which implement the certain programmes or projects funded by Alliance Ukraine under the Grant Agreement.

² The ‘Grant’ – is an award of programme and financial assistance made to a qualified recipient (sub-grantee) based upon certain criteria. The term does not include contracts or purchased services.

³ The ‘Grant Agreement’ – is a standardized legally binding agreement, inclusive of an approved application with program and budget components and supporting terms and conditions, used to award donors’ funds.

In order to get such approval the relevant Head of Team presents general project summary and, if requested by the Department Director, relevant supporting documents (such as Project Proposal, Budget etc).

12.2.2.2 Approval of Grant Agreements from 50,000 to 300,000 Euro

The grant agreements from 50,000 to 300,000 Euro are approved by the Alliance Ukraine SMT. In order to get such approval the Table of Approved Project Proposals (attached as Annex 11-C12) should be:

- Prepared by the relevant Head of Team and signed by the relevant Department Director;
- Submitted to the SMT by the relevant Department Director and approved by the SMT.

Alliance Ukraine SMT may request additional information as well as relevant supporting documents to ensure proper decision making.

12.2.2.3 Approval of Grant Agreements above 300,000 Euro

According to the Bye-Laws (p. 4.2.2.8.) of the Alliance Ukraine, prior approval is required from the Governing Board for the signature of grant agreements exceeding the local currency equivalent of EUR 300,000. Alliance Ukraine's Senior Management Team gives its prior approval of the mentioned grants. Further approval by the Governing Board is required.

In order to get the required Governing Board's approval the relevant *Project Summary and Justification Frame Form* with the relevant supporting documents (such as Project Proposal, Budget etc) should be:

- Prepared by the relevant Head of Team and signed by the relevant Department Director;
- Submitted to the SMT by the relevant Department Director and approved by the SMT;
- Submitted to the Governing Board by the Executive Director (or other relevant Director authorised by the Executive Director) and approved by the Governing Board.

The *Project Summary and Justification Frame Form* is attached as Annex 8-C12 to this Chapter 12.

12.3. Classification of Implementing Partners (IPs)

12.3.1 IPs Categories by Scale of Activities

Alliance Ukraine's Implementing Partners (IPs) fall into the following categories, according to the scale of their programme activities:

a) Local Implementing Partners (LIPs)

This category includes IPs whose area of suggested programmatic activity is geographically limited to a certain location (city, district, oblast or area consisting of no more than three oblasts).

b) National Implementing Partners (NIPs)

This category includes IPs responsible for implementing large programme components and/or operating nationally or internationally.

c) Intermediary Implementing Partners (IIPs)

This category includes institutions (organisations) with proven grant making capacity, whose activities include providing technical support and grant making to, capacity building and coordination of LIP activities.

LIP and NIPs, in some exceptional cases, may be sub-granting institutions. However, Alliance Ukraine has direct control over the process of sub-granting and implementation. IIPs, in addition to sub-granting, provide technical support, capacity building, and coordinate LIP's activities.

12.3.2 IPs Categories by Status

Another way of categorising the Alliance Ukraine IPs is taking into account if they are new or existing partners of the Alliance Ukraine or if they possess a unique capacity to implement HIV/AIDS programmatic activities in Ukraine.

a) New Implementing Partners

New IPs are partners not previously in receipt of Alliance Ukraine funding to implement a particular programmatic activity.

Existing IPs that are applying for funding under a different or a new programme component will be considered as new IPs. This is so in order to ensure that the IP will be able to deliver such new programme.

New IPs organisations must participate in an Open Call for Proposals (CFP) process, as described in section 12.4.2.1, and are selected according to the process described in section 12.4.5. In case of a failure to select an IP through an Open CFP, new IPs can go through a Closed CFP.

b) Existing Implementing Partners

Existing IPs are partners who have previously received the Alliance Ukraine funding to implement particular programmatic activities and have managed to demonstrate satisfactory performance in doing so.

Alliance Ukraine will continue working with existing IPs in order to ensure continuity in their activities. An IP should meet the following requirements to be eligible for the existing IP treatment:

1. Approved financial and programmatic reports for the previous Grant activities;
2. Satisfactory programmatic performance under the previous grant.

These organisations follow a Closed CFP process as described in section 12.4.2.2 and are selected according to the process described in section 12.4.5.

c) Implementing Partners with Unique Capacity

Strategically, given the HIV/AIDS context in Ukraine, the Alliance Ukraine provides the onward grants to some organisations with unique capacity.

To qualify as Unique IPs, organisations must meet at least one of the following requirements:

1. Having exclusive capacity and experience in implementing the supported programmatic activity, which is not possessed by other organisations;
2. Being the only visible IP with an outstanding record in the specific area of programmatic activity;

These organisations follow a Closed CFP procedure as described in section 12.4.2.2 and are selected according to the process described in section 12.4.5. In this case the IP with a unique status is the only participant of the Closed Call for Proposals.

3. Being an organisation which has been:
 - Pre-determined by the relevant donor agency funding Alliance Ukraine operations, as a favoured implementer of the specific programmatic activities;
 - Directly mentioned or implied in connection with a certain activity in a cooperative or grant agreement, a programme description, a work plan, or any other document agreed by the donor,
 - Engaged in a certain activity arising from the substance and context of the above-mentioned documents/activity itself.

These organisations shall not be subject to a CFP procedure as described in these Policies and Procedures and the grant cycle in this case shall be started from the point 'Project Description and Budget' as shown in the Onward Granting Cycle (section 12.4 of this Chapter 12).

The unique status of an IP must be supported with the following documentation:

1. Project Summary and Justification Frame;
2. Grant Agreement between the Alliance Ukraine and the funding agency nominating the organisation as an IP for specific activities;
3. Alliance Ukraine SMT meeting protocol.

12.3.3 Rating of IPs

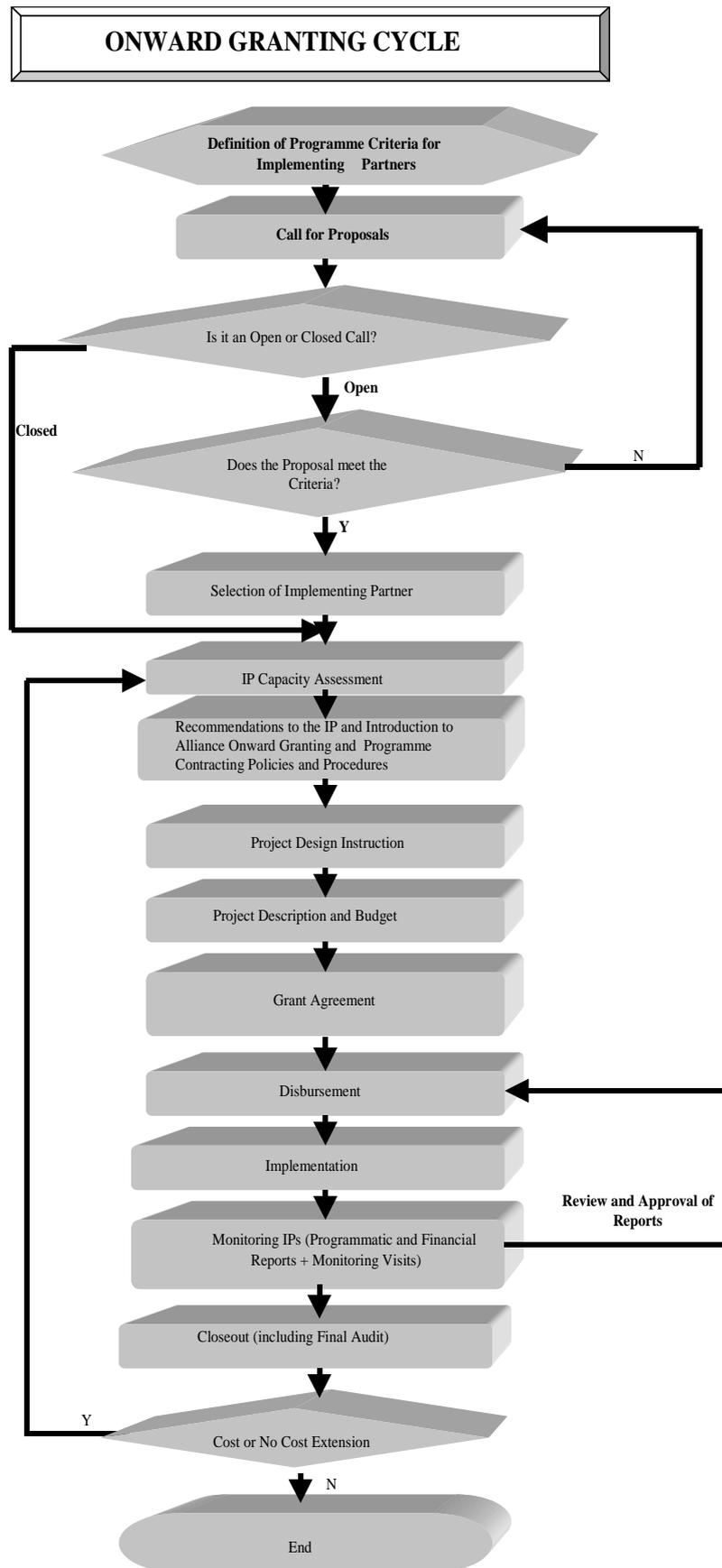
The Alliance Ukraine has the rating system of IPs to improve the efficiency of programme performance. Each IP quarterly gets a rating of its performance based on the indicator achievements and reach of key program and finance criteria. Such rating influences the amount of its next disbursement and eventually leads to a decision about grant cessation or grant extension.

Relevant procedure (refer to Annex 14-C12: IP Rating Operating Procedure, Templates 1-2 to this Chapter 12) and criteria are subject to approval by Alliance Ukraine SMT.

12.4 Onward Granting Cycle

Alliance Ukraine uses the Grant Management System - special software, which is designed for the purposes of electronic document circulation. Special operating procedure is adopted to ensure proper and efficient use of the software.

Onward Granting activities will follow a standard onward granting cycle as shown and described below:



12.4.1 Definition of Programme Criteria for IPs

Programme Criteria are a set of requirements that have to be met by IPs to be eligible for granting within a specific programme component. Programme criteria are defined separately for each programme component following the process described below:

- a. Programme Criteria are based on the terms and conditions of the relevant Grant Agreement between the Alliance Ukraine and its funding agency (donor) and relevant Alliance Ukraine strategic documents (such as Programme Strategy Description, Strategic Framework, Work plan as well as Alliance Ukraine's Vision, Mission and Values (Chapter 2, point 2.1 'Vision, Mission and Values');
- b. Programme Criteria are developed by the relevant Programme Implementation Unit⁴ (PIU) and articulated in a CFP, Announcement and/or Requirements Specification depending on the type of competition conducted;
- c. CFP Announcements and/or Requirements Specification are reviewed by the Proposal Review Committee (PRC) (see section 12.7 for "Regulations of the PRC"), agreed by the relevant Head of Team and the relevant Director, and approved by the Alliance Ukraine SMT.

12.4.2 Call For Proposals (CFP)

CFP is a process of dissemination of the information on funding opportunities among organisations eligible to act as Implementing Partners in the meaning of this Chapter. It includes Programme Criteria defined according to section 12.4.1. A CFP is announced not less than fifteen working days prior to the deadline for the proposal submission. There can be the following two types of CFP:

12.4.2.1 Open CFP

An open CFP process is applied to select new IPs as described in section 12.3.2.

An open CFP is announced via at least one of the following means: announcement in local or national media, placement on the Alliance Ukraine website or electronic distribution via e-mail distribution lists normally fifteen working days prior to the deadline for submission of project proposals. The means of CFP announcement is recommended by PRC and approved by SMT according to the Regulations for PRC (see section 12.7)

12.4.2.2 Closed CFP

A closed CFP process is applied to select the existing IPs or IPs with unique capacity as described in sections 12.3.2. Selection of new IPs might also require this process if the selection through an Open CFP has failed.

A closed CFP is announced by sending text of announcement and/or Specification Requirements directly to the potential Implementing Partners invited to participate in closed CFP.

⁴ Programme Implementation Unit (PIU) – is a relevant Team or Department of Alliance Ukraine which implements the certain programme component. For details refer to Chapter 3, point 3.5 'Alliance Ukraine Departments and Teams' of this Staff Manual.

A CFP Announcement should refer to a web-site address where a relevant template of a Grant Agreement and a resume of the granting process can be found or otherwise include relevant information.

Both Closed and Open CFP require potential Implementing Partners to submit Project Proposal using templates provided by the Alliance Ukraine. The Project Proposal submitted by the potential Implementing Partner should contain the following Forms: Project Application, Budget Application, Work-plan Application and Table of Indicators (refer to Annex 1-C12: Project Proposal Forms, Templates 1-4 to this Chapter 12).

12.4.3 Unsolicited Project Proposals (UPPs)

Unsolicited project proposals are defined as project proposals that are submitted to the Alliance Ukraine independently of the CFP; and are in line with the objectives of the Alliance Ukraine programmes, the strategy of the Alliance Ukraine, as well as the Alliance Ukraine's Vision, Mission and Values.

Unsolicited project proposals are reviewed according to the following procedure:

- a. Upon receipt of an Unsolicited Project Proposal, the relevant Department Director assigns the relevant Head of Team to review the Proposal and prepare recommendations for further decision making;
- b. The Head of Team forwards the Proposal for review and recommendations to at least three members of the most relevant existing PRC;
- c. The Proposal of the PRC members along with the recommendations of the Head of Team are submitted to the SMT for final decision making; and finally
- d. The Alliance Ukraine SMT approves or declines the proposal.

If approved, unsolicited project proposals are processed in accordance with the Onward Granting cycle as described in sections 12.4.5.

Unsolicited proposals can be supported only where the funds required to implement the activity proposed are available in the budget of the Alliance Ukraine.

In case the required funds cannot be allocated from the budget of the Alliance Ukraine, Alliance Ukraine SMT reserves the right to postpone a final decision until those funds become available.

12.4.4 Piloting interventions

Sometimes there is a program need to pilot any innovative intervention prior to the scaling it up to the wider implementation through call for proposals. This is required for supporting and developing new interventions and evaluating their program effectiveness and financial efficiency before full scale roll out and funding. In this situation Alliance Ukraine is initiating the project, provides detailed description and intended results, develop budget, identify timeframe and select implementers.

In such cases the procedure should be followed:

- a. Pilot project description (with justification of innovative intervention) and proposed selection criteria for implementing partners (with short list of IPs) is submitted to

- relevant Department Director by program staff. Department Director pre-approves pilot project, selection criteria and proposed IPs;
- b. Department Director selects at least 3 experts in the field of proposed innovation and forwards the Pilot project description for their review and recommendations;
 - c. Recommendations of the experts along with description of pilot project with specification of innovation, program needs and goals, timeframe and budget, proposed implementing partners as well as criteria for selection of those partners is submitted by relevant Department Director to Alliance Ukraine SMT;
 - d. The Alliance Ukraine SMT approves or declines the proposal;
 - e. Organization selected for piloting interventions is approached by relevant program staff and are offered the opportunity to participate in the pilot project;
 - f. If organizations agree to participate, the relevant program and field support staff are negotiating project with organization;
 - g. The final project description and all relevant documents are submitted to Alliance Ukraine by IP;
 - h. Final decision on the issue by the Alliance Ukraine SMT;
 - i. Preparation of the Grant Agreement and submission of the documentation to the appropriate departments as assigned in the Green Form (refer to section 12.6 below in this Chapter 12).

Pilot interventions can be supported only where the funds required to implement the activity proposed are available in the budget of the Alliance Ukraine. Pilot interventions should not exceed reasonable time for full realisation and producing results to be evaluated.

12.4.5 Selection of IPs

In the selection of IPs, the Alliance Ukraine will ensure that the process applies the principles described in the Granting and Procurement Charter (refer to Chapter 5, point 5.9.1 of this Manual). The selection process should normally take no longer than 30 business days (starting from the deadline indicated in a CFP Announcement to the day of Grant Agreement signature). This period can be extended by the Alliance Ukraine SMT.

Selection of IPs under an open and closed CFP includes the following stages:

- a. Collection and registration of project proposals;
- b. Evaluation of the received project proposals. The evaluation is conducted by the PRC, which makes a recommendation regarding selection to the Alliance Ukraine (refer to Annex 2-C12: Project Proposal Evaluation Form to this Chapter 12);
- c. Preliminary decision on the results of the CFP by the Alliance Ukraine SMT;

- d. Notification of all applicants about the results of the competition by an official Letter of Approval/Denial. Where appropriate, the Alliance Ukraine also publishes competition results in the media or places them on the Alliance Ukraine web-site (refer to Annex 3-C12: Letters on the Results of the Competition; Template 1: Letter of Approval and Template 2: Letter of Denial to this Chapter 12).
- e. Up-date of the supported project proposals in accordance with PRC and Alliance Ukraine recommendations;
- f. Grant Agreement negotiations;
- g. Final decision on the results of the CFP by the Department Director, for SMT, or SMT and Governing Board (refer to section 12.2.);
- h. Preparation of the Grant Agreement and submission of the documentation to the appropriate departments as assigned in the Green Form (refer to section 12.6 below in this Chapter 12).

12.4.6 IP Capacity Assessment

All New Implementing Partners shall be assessed in order to determine if they have the minimum capacities to successfully implement proposed project activities.

Selected New Implementing Partners shall be assessed as follows:

- a. LIPs undergo a Pre-Audit, which will result in completion and approval of the standard Pre-Audit Check-List (refer to Annex 5-C12 to this Chapter 12)
- b. NIPs and IIPs undergo a Capacity Assessment performed by external experts and relevant programme and financial staff to assess the IP's capacities and systems for grant implementation. In this case relevant Assessment Tools should be completed. For details refer to Annex 6-C12: Capacity Assessment Manual with relevant attachments: Appendices 1-3.

12.4.7 Recommendations to the IP and introduction to Onward Granting Policies and Procedures of the Alliance Ukraine

The IP Capacity Assessment shall result in recommendations for addressing critical deficiencies found during the assessment, technical assistance on improving existing control systems and amendment of project description, project indicators and expectations as well as the budget if deemed necessary by the Alliance Ukraine. Such recommendations may be reflected in the IP's obligations under a Grant Agreement. Implementation of such obligations may be tied with the disbursement schedule under a Grant Agreement.

Programme and Field Support Finance staff shall address the gaps documented by the IP Assessment results during their monitoring visits, regular one-to-one technical assistance, and appropriate training sessions.

All IPs shall be introduced to the applicable parts of this Onward Granting Policies and Procedures, including but not limited to the introduction of financial and programmatic reporting, monitoring and evaluation of project activities, provisions of the Grant Agreement, procedures for reports' approval and other issues, which together regulate the relationship between the Alliance Ukraine and the IP.

If during the IP Capacity Assessment Programme and Field Support Finance staff comes to a negative conclusion about the IP capacity to implement proposed project activities, the Alliance Ukraine SMT may decide not to award grant to such IP.

12.4.8 Project Design Instruction and Negotiation of the Grant Agreement Provisions

Prior to signing the Grant Agreement, the Alliance Ukraine may request that the selected IP makes certain changes to the draft project description and budget according to the decision of the Proposal Review Committee and its recommendations (see section 12.7.6.3.). The selected IP may also be asked for further information or details regarding the proposed project. The IP shall submit the amended project description and budget to the Alliance Ukraine. If the IP refuses to cooperate or fails to introduce the changes suggested by the Alliance Ukraine, the Executive Director of the Alliance Ukraine reserves the right to refuse to sign the Grant Agreement.

At this stage all necessary provisions to the Grant Agreement should be negotiated with the IP.

12.4.9 Preparation and Signature of the Grant Agreement

A 'Green' process should be followed for the preparation and signature of Grant Agreements with IPs. The main purpose of the process is to ensure that the relevant programme, finance and senior management staff are involved in the decision making process and that the process is properly documented.

A Grant Agreement shall comply with the local legislation requirements and incorporate donor restrictions. The standard appendices to the Grant Agreement are:

- Appendix 1: "Special Conditions"
- Appendix 2: "Project Description"
- Appendix 3: "Budget"
- Appendix 4: "General Requirements to Financial Reporting"
- Appendix 5: "Financial Reporting Forms"
- Appendix 6: "Programme Reporting Forms"
- Appendix 7: "Table of Indicators"
- Appendix 8: "Mission, Vision and Values of Alliance Ukraine"

For details and relevant templates refer to Annex 4-C12: Standard Grant Agreement with relevant appendices.

A template of a Grant Agreement should be made available to applicants within a CFP process through posting it on the Alliance Ukraine web-site or by other means.

A template of a Grant Agreement may be changed from programme to programme depending on requirements of a donor, as well as on other circumstances.

Only the Executive Director of the Alliance Ukraine (or by an authorised person) can make financial commitments on behalf of the Alliance Ukraine.

12.4.10 Initial Disbursement

An initial disbursement to the IPs shall be processed as indicated in the signed Grant Agreement. A 'Yellow' process, as described in section 12.6, shall be followed for any disbursement to the IPs. The main purpose of the process is to ensure that the relevant

programme, finance and senior management staff are involved in the decision making process and that the process is properly documented.

12.4.11 Project Implementation

Project activities are implemented according to the approved Project Description and Budget, which are an integral part of the Grant Agreement.

12.4.12 Monitoring of Implementing Partners

The relevant Head of Team shall ensure that the implementation of the project is properly monitored. This shall mainly take place through the review of financial and programmatic reports and monitoring site visits to the IPs. All IPs' activities shall be monitored in relation to the Grant Agreement execution, to the program objectives and expected results as set forth in the Alliance Ukraine Work plan and in the work-plan of the IPs.

Achievement of each expected result shall be evaluated based on a set of indicators. Data on the indicators shall be collected by the IPs in the course of their project implementation and shall be presented in the form of the programme report on a quarterly basis, or as specified in the relevant Grant Agreement.

12.4.12.1. Programmatic and Financial Reports

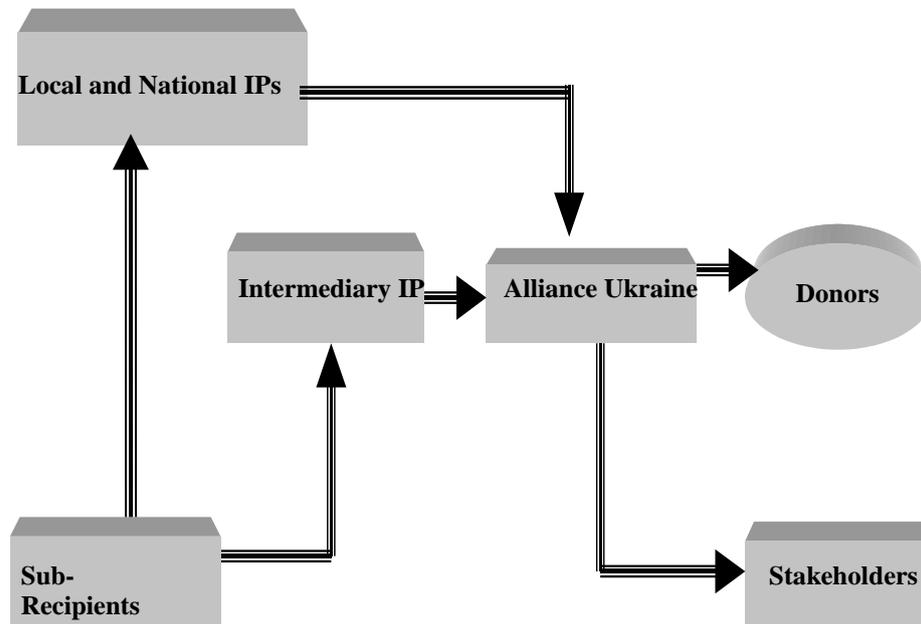
Periodically, normally on a quarterly basis, IPs shall submit programmatic and financial reports to the Alliance Ukraine, as indicated in the relevant Grant Agreement.

a) Programmatic Reports

Programme monitoring shall be conducted by the Alliance Ukraine. The data regarding the performed activities shall be provided to the Alliance Ukraine by all IPs, and their sub-recipients. IPs shall submit the data to the Alliance Ukraine in a format as stipulated in general requirements to programme reporting. However, primary reporting documents, provided by IPs' sub-recipients shall be available upon request. The Alliance Ukraine will then summarize the data collected from all the IPs and submit a summarized report to the relevant donors.

The flow of this information is presented in the chart below:

The Flow of Information – Program Monitoring and Reporting



The relevant programme implementation unit (PIU) shall provide all beneficiaries with general requirements to programme report, which is incorporated into the Grant Agreement, and provide technical assistance to IPs on the preparation of programmatic reports.

All IPs that undertake sub-granting activities must request from all sub-recipients to provide quarterly reports (according to those forms that are assigned by Grant Agreement). IPs that undertake sub-granting activities shall provide the Alliance Ukraine with their reports accompanied with copies of their sub-recipients' reports.

b) Financial Reports

The Field Support Finance Team of Alliance Ukraine shall provide all beneficiaries with general requirements regarding financial reporting, which are incorporated into the Grant Agreement. The Field Support Finance Team shall also provide technical assistance to IPs on the preparation of financial reports. The financial reports shall include:

- a. Actual expenditures against budget for the quarter and for the Grant Agreement period to date;
- b. Forecast expenditures for the following quarter;
- c. Funds reconciliation;
- d. Status of grant agreements with sub-recipients (if any); and
- e. Copies of all primary financial documents and supporting documents related to the report.

Programmatic reports are reviewed by the relevant Programme Officer and approved by the relevant Head of Team. Financial reports are reviewed by the relevant Field Support Finance Officer and approved by the Head of Team: Field Support Finance. The review and approval of financial and programmatic reports will follow the 'Yellow' process, as described in section 12.6.

12.4.12.2. Monitoring Visits

a) Programme Monitoring Site Visits

Programmatic monitoring site visits to IPs shall be carried out by a relevant Programme Implementation Unit and/or Monitoring and Evaluation Team. The purpose of the visits is to ensure that:

- All activities are carried out in accordance with Grant Agreement;
- The programmatic activities are implemented in accordance with the approved project description and the work plan and in line with the expected project results;
- The project is reaching its planned targets for the period on all performance indicators;
- The project internal documentation is in line with and verifies the figures reported quarterly.

b) Finance Monitoring Site Visits

Financial monitoring site visits to IPs shall be carried out by the Field Support: Finance Team and/or representatives of an independent auditor. The purpose of the visits is to ensure that funds are spent:

- In accordance with the approved budget;
- In line with the approved work plan and the expected project results;
- In line with Alliance Ukraine and donors' rules and regulations,

and that all activities are carried out in accordance with Grant Agreement and legislation of Ukraine.

c) Joint Visits

Joint visits (consisting of all programme components and finance staff to ensure the multi-sectoral regional approach) shall also take place in order to have a comprehensive view of the implementation of the programme in the region. The Monitoring Teams shall be appointed by the relevant Department Director. The Monitoring Teams shall visit regions of their responsibility. The reports of the Monitoring Team shall be a part of quarterly reporting of the Alliance Ukraine to the Donor.

Monitoring site visits of the Field Support Finance Team and Programme Implementation Unit shall result in the completion of the Programme and Financial Forms for Monitoring Site Visits (refer to Annex 7-C12 to this Chapter 12), which shall

be used for following up the recommendations made to the monitored IP during the visit.

d) Disclosure of the Violation by IP

If a monitoring visit and/ or information from other sources shows significant violations within the IP's programme and/ or financial and administrative activities, the relevant field Programme Officer (staff member) is obliged to submit a detailed office memo to a relevant Head of Team within 3 (three) working days after that violation was revealed and/ or the information received. In turn, the Head of Team shall review the submitted information, report to a relevant Department Director and, if necessary, initiate a working group to analyze and solve the situation. The working group shall have the right to make an un-announced monitoring visit to the IP to assess the situation. The working group shall come up with a recorded decision in the form of a protocol describing further cooperation with the IP claimed in having violated the project implementation regulations.

The working group shall make a decision related to each of the claimed violation within one month after the violations were revealed.

A relevant Department Director shall review and approve the working group's decision while the Alliance Ukraine SMT shall provide the final approval.

12.4.13 Disbursements upon Approval of Programmatic and Financial Reports

Further disbursements to the IP shall be based on the review and approval of programmatic and financial reports, the project funds balances held by the IP at the end of the reporting period and the forecast received, in line with the "Yellow" process.

12.4.14 Close-out

Grant activities are closed when the applicable administrative actions and all the required work, as detailed in the Grant Agreement, have been completed by the IP. The procedure is as outlined below:

12.4.14.1 Submission of Final Reports

The IP should submit to Alliance Ukraine final financial, programmatic and other reports as specified in the terms and conditions of the Grant Agreement.

If required, the Alliance Ukraine may approve extensions when required by the IP. There are three typical cases:

1. When a Grant Agreement comes to an end and is not renewed.
2. When a Grant Agreement comes to an end and is renewed with extra funds being awarded (Cost Extension);
3. When a Grant Agreement comes to an end and is renewed but no extra funding is available. A no cost extension of existing funding is awarded (No Cost Extension).

These are as detailed under Section 12.4.15 below.

In liaison with the IP, the following areas should be checked:

- a. Make sure all advances have been justified;
- b. Bank balances should have been verified (bank reconciliations and statements);
- c. Outstanding liabilities;
- d. Remaining bank balances reduced by duly justified outstanding liabilities already accrued within the project shall be returned to the Alliance Ukraine.

12.4.14.2 Property and Equipment financed under the Grant being closed out

The IP shall account for any property acquired with Alliance Ukraine funds. As part of the final financial report, the IP shall submit a detail of all property acquired under the grant, including:

- a. Description of property/equipment
- b. Acquisition date
- c. Acquisition cost
- d. Location and condition
- e. Intended use after closeout of the grant

The IP shall receive confirmation from the Alliance Ukraine of the title of all property financed under the grant, in accordance with donor's rules and regulations.

12.4.14.3 Final payment

If necessary, the Alliance Ukraine will make prompt payments to the IP for allowable reimbursable costs within the approved budget under the grant being closed out.

12.4.14.4 Refunds

The IP shall promptly refund any balances of cash that the Alliance Ukraine has advanced or paid and that is not authorised to be retained by the IP for use in other projects.

The Alliance Ukraine reserves the right to require refund by the IP of any amount which the Alliance Ukraine determines to have been expended for purposes not in accordance with the terms and conditions of the Grant Agreement.

12.4.14.5 Final Audit

Under normal circumstances, an Alliance Ukraine appointed Auditor will conduct a financial audit of the books and records of the IP or programme, and prepare a Management Letter unless the Grant Agreement states otherwise.

The audit exercise and Management Letter shall be carried out in accordance with internationally accepted auditing standards, and/or any other requirements specified by the Alliance Ukraine, and will include at a minimum the IP's income and expenditure related to the project.

In the event a final audit has not been performed prior to the closeout of a grant, the Alliance Ukraine retains the right to recover an appropriate amount after fully considering the recommendations on disallowed costs resulting from the final audit.

12.4.14.6 Record Retention

Financial records, supporting documents, statistical records and all other records pertinent to a grant shall be retained for a period of three years from the date of submission of the final expenditure report.

If any litigation, claim or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.

Records for real property and equipment acquired with Alliance Ukraine funds shall be retained for three years after final disposition.

12.4.14.7 Close-out Confirmation

The Alliance Ukraine shall formally inform the IP that the grant has been closed out and confirm title of property of all assets purchased under the grant.

12.4.15 Renewal of Grant Agreement

Renewal of existing Grant Agreements may be necessary to ensure continuity in the implementation of the same programme activities. The decision on the renewal of a Grant Agreements is:

- a. Made by the relevant Head of Team based on the past performance of existing IPs, their rating and the availability of funds. It also depends on whether the renewal is needed. If renewal is necessary, it should be raised by the relevant Programme Implementation Unit not later than one month before the Grant Agreement expiry date, and
- b. Approved by the Alliance Ukraine SMT.

If the Grant Agreement is to be renewed, a new Agreement or an Amendment is signed before the old one expires. This ensures continuity of the project and protects the legal position of the parties. It shall normally be the responsibility of the relevant Programme Implementation Unit to initiate this process.

In the event of the renewal, the IP is requested to submit a Project Proposal Forms as described above in this Chapter 12 and the grant cycle is further repeated from the point 'Project Description and Budget' as described in these Policies and Procedures. A Green process should be used both for new Grant Agreements and Amendments to the existing Grant Agreements, as detailed in section 12.6.

12.4.15.1 New Agreement

A new Grant Agreement may be necessary to renew same programme activities with the same IP in case of change of donor of the programme or in the case that an existing donor has specific restrictions regarding Grant Agreements.

A new Grant Agreement, in this case, shall be subject to the closed CFP procedure as described in these Policies and Procedures (refer to section 12.4.2 above in this Chapter 12).

12.4.15.2 Amendments to the current Grant Agreement (without extension and provision of additional funding)

The Project activities under Grant Agreement shall be implemented by the Grantee according to the approved description and budget of the Project (Annexes No. 2 and 3 to the Grant Agreement) in order to achieve results and meet performance indicators of the Project (Annex No. 5 to the Grant Agreement). At times it is necessary to change composition or amount of the Project budget by Grant funds reallocation within and between the budget items within and between program lines of the project activities.

The Grantee shall be entitled to independently, without further approval by the Alliance Ukraine, reallocate funds within the budget item of each separate approved program activity line within 10% of the budget line funding amount which is decreased, but not more than UAH 2000 (two thousand), except the items stipulating Project administration expenses, salary payment and/or other remunerations to individuals.

In all other cases the Grantee shall be entitled to reallocate the Grant funds including reallocation of budget items which stipulate Project administration expenses; salary payment and/or other remunerations to individuals only upon the previous written approval by the Alliance Ukraine.

The decision on the feasibility of Grant funds reallocation shall be taken by the Alliance Ukraine on the basis of the original copy of the Grantee request for reallocation of funds (hereinafter – Budget Change Request) as follows:

- a. If the list of approved program activities lines is not changed, the decision on Grant Funds reallocation is taken by the Responsible Head of Team/Budget Holder on condition of approval by a specialist of financial department of program activities support, by signing the Budget Change Request.
- b. If the list of the approved program activity lines is cut down, the decision on Grant funds reallocation is taken by the Responsible Director of Department by signing the Budget Change Request.
- c. If as the result of the reallocation suggested by the Grantee the latter has to initiate the activities under the program line not indicated in the Grant Agreement, the decision on the Grant funds reallocation is taken by the Board of Senior Management Team of the Alliance Ukraine with subsequent execution of an additional agreement.

Based on the consideration results the Grantee is notified about the Alliance Ukraine's decision regarding the feasibility of the grant funds reallocation suggested by the Grantee by providing to it the signed request of the Grantee or execution of an additional agreement.

Procedure and format of the grant funds reallocation request submission by the Grantee to Alliance Ukraine

- 1) The Grant funds reallocation request shall be submitted by the Grantee to the Alliance Ukraine according to the approved format (***Annex 14-C13 – Budget Change Request***).
- 2) The Grant funds reallocation request shall be submitted by the Grantee at any time, but not later than 2 (two) weeks prior to the Grant Close-out Date.

12.4.15.3 Amendment to an Existing Grant Agreement (Cost Extension and No Cost Extension)

Sometimes there is a need to amend a Grant Agreement within the Project implementation period or the period of a Grant Agreement shall end before all the project activities have been completed. In these cases, an amendment in a form of a Cost Extension or a No Cost Extension may be granted.

A cost extension shall be granted if new funds are committed to the activity. A no cost extension shall be granted if no additional funds are committed.

The relevant Head of Team reviews the results of the project implementation and recommends to the relevant Department Director either to extend a grant (Cost Extension/No Cost Extension), or not to extend it.

The relevant Department Director:

- a. makes a decision whether to grant No Cost Extension or not;
- b. presents the recommendation on Cost Extension to Alliance Ukraine SMT. The Alliance Ukraine SMT makes a decision about granting or not Cost Extension.

A Cost Extension or a No Cost Extension shall not be subject to a CFP procedure as described in these Policies and Procedures and the grant cycle in this case shall be further repeated from the point 'Project Description and Budget' as shown in the Onward Granting Cycle (section 12.4 of this Chapter 12).

12.4.16 Termination or Suspension of the Grant Agreement

a) Suspension

Suspension means an action by the Alliance Ukraine that temporarily withdraws Alliance Ukraine donorship under a grant, pending corrective action by the Implementing Partner organisation or pending a decision to terminate the grant.

b) Termination

Termination means the cancellation of Alliance Ukraine donorship, in whole or in part, under an agreement at any time prior to the date of completion.

12.4.16.1 The Alliance Ukraine right to Terminate

The Alliance Ukraine has the right to terminate grants at any time, in whole or in part, upon written notice to the IP. The Alliance Ukraine has the right to terminate grants in the following cases:

- a. Whenever it is determined that the sub-grantee (IP) has materially failed to comply with the terms and conditions of the grant.

- b. With the consent of the IP, in which case the two parties shall agree upon termination conditions including the effective date of termination and, in case of partial termination, the portion of the award to be terminated .
- c. Whenever it is determined that continuation of all or part of the funding is not in the interest of the Alliance Ukraine or would be in violation of an applicable law.

The agreement to terminate shall be set forth in a letter from the Alliance Ukraine to the IP.

The Alliance Ukraine may, following notice to the IP, suspend or terminate a grant, in whole or in part, and prohibit the IP from incurring additional obligations chargeable to the grant other than those costs specified in the notice of suspension during the period of suspension.

If the situation causing the suspension continues for 60 days or more, then the Alliance Ukraine may terminate the grant on written notice to the IP and cancel that portion of the award which has not been disbursed or irrevocably committed to third parties.

12.4.16.2 The Implementing Partner organisation’s right to Terminate

The IP has the right to terminate at any time, in whole or in part, upon sending written notification to the Alliance Ukraine with the following information:

- a. The reasons for the termination
- b. The effective date of termination
- c. The portion of the award to be terminated (in case of partial termination).

However, if the Alliance Ukraine determines, in the case of partial termination, that the reduced or modified portion of the grant will not accomplish the purpose for which the grant was made, the Alliance Ukraine may terminate the grant in its entirety.

12.4.16.3 Refunds

The IP shall, within 30 days after the effective date of such termination, repay to the Alliance Ukraine all unexpended Alliance Ukraine funds which are not otherwise obligated by a legally binding transaction applicable to the grant.

Should the funds paid by the Alliance Ukraine to the IP, prior to the effective date of termination of the grant, be insufficient to cover the IP’s obligations in the legally binding transaction, the recipient may submit to the Alliance Ukraine within 90 calendar days after the effective date of such termination a written fund request covering such obligations. The Alliance Ukraine shall determine the amount to be paid to the IP under such claim.

12.5 Onward Granting Cycle Responsibilities

For the efficient implementation of this Manual, clear roles and responsibilities have been allocated, as indicated in the table below. Please note that each activity should be properly documented.

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Alliance Ukraine Staff Manual
Chapter 12: Onward Granting Policies and Procedures

Activity	Undertaken by	Approved/ Authorised by	Relevant documents
Definition of Programme Criteria for Implementing Partners	<ul style="list-style-type: none"> • Relevant Head of Team • PRC • Relevant Department Director 	<ul style="list-style-type: none"> • Alliance Ukraine SMT 	<ul style="list-style-type: none"> • CFP Announcement • Specification Requirements
CFP	<ul style="list-style-type: none"> • Relevant Head of Team • Relevant Field Support Officer: Finance • PRC • Relevant Director 	<ul style="list-style-type: none"> • Alliance Ukraine SMT 	<ul style="list-style-type: none"> • CFP Announcement • Requirements specification • Project Proposal Forms •
Selection of Implementing Partners	<ul style="list-style-type: none"> • Proposal Review Committee • Relevant Director • Relevant Field Support Officer: Finance 	<ul style="list-style-type: none"> • Alliance Ukraine SMT, • • Governing Board of the Alliance Ukraine (when appropriate) 	<ul style="list-style-type: none"> • Project Proposal Forms • Proposal Evaluation Form • Project Review Committee Meeting Minutes
Project Design Instruction	<ul style="list-style-type: none"> • Relevant Programme Officer/Manager • Relevant Field Support Officer: Finance 	<ul style="list-style-type: none"> • Relevant Head of Team 	
Project Description and Budget	<ul style="list-style-type: none"> • Relevant Programme Officer/Manager • Relevant Field Support Officer: Finance 	<ul style="list-style-type: none"> • Relevant Head of Team • Relevant Department Director • Director: Operations • Finance Director 	<ul style="list-style-type: none"> • Project Description • Project Budget • Green Form
Grant Agreement	<ul style="list-style-type: none"> • Relevant Head of Team • Relevant Field Support Officer: Finance 	<ul style="list-style-type: none"> • Executive Director • • Governing Board of Alliance Ukraine (when appropriate) 	<ul style="list-style-type: none"> • Green Form • Grant Agreement with Annexes
IP Capacity Assessment	<ul style="list-style-type: none"> • Senior Field Support Officer: Finance • Programme Officer • M&E Officer 	<ul style="list-style-type: none"> • Finance Director • Relevant Department Director 	<ul style="list-style-type: none"> • IP Capacity Assessment Form / Pre-audit Checklist
Recommendations to the IP and Introduction to Onward Granting	<ul style="list-style-type: none"> • Relevant Field Support Officer: Finance 	<ul style="list-style-type: none"> • Finance Director • Relevant Head of Team 	

P&P	<ul style="list-style-type: none"> • Relevant Programme Officer/Manager • M&E Officer 		
Disbursement	<ul style="list-style-type: none"> • Field Support Finance Team 	<ul style="list-style-type: none"> • Executive Director • Director: Operations • Finance Director • Relevant Director 	<ul style="list-style-type: none"> • Disbursement Request • Yellow form
Implementation	<ul style="list-style-type: none"> • Field Support Finance Team • Relevant Head of Team 	<ul style="list-style-type: none"> • Relevant Head of Team 	<ul style="list-style-type: none"> • Financial Report Form • Programme Report Form
Financial M&E (Reports/Visits)	<ul style="list-style-type: none"> • Independent Auditor • Field Support Finance Team • 	<ul style="list-style-type: none"> • Finance Director • Director: Operations 	<ul style="list-style-type: none"> • Auditors' opinion on Financial Report • Yellow Form • Financial Site Visit Monitoring Form
Programme M&E (Reports/Visits)	<ul style="list-style-type: none"> • Relevant Programme Officer • M&E Team 	<ul style="list-style-type: none"> • Relevant Head of Team 	<ul style="list-style-type: none"> • Programme Officer's Comments on Programme Report • Yellow Form • Programme Site Visit Monitoring Form
Oblast Teams Monitoring	<ul style="list-style-type: none"> • Oblast Team 	<ul style="list-style-type: none"> • Field Support Finance Manager/Officer • Relevant Director • Executive Director 	<ul style="list-style-type: none"> • Oblast Team Info Form
Close-out	<ul style="list-style-type: none"> • Relevant programme Head of Team • relevant Field Support Officer: Finance 	<ul style="list-style-type: none"> • Finance Director • Director: Operations • Relevant Department Director • Executive Director 	<ul style="list-style-type: none"> • Yellow Form

12.6. "Greens" and "Yellows" Procedures

12.6.1 Purpose of "Greens" and "Yellows"

"Greens" and "Yellows" are forms that have been developed by the Alliance Ukraine to encapsulate key processes in the programmatic and financial cycles at different programmatic and administrative levels. Greens are used to process the Approval of Grant Agreements, or amendments to them. Yellows are used to authorise disbursements to Implementing Partners and approve regular (quarterly) and final programmatic and financial reports.

12.6.2 "Greens" Procedure

Green forms (refer to Annex 9-C12 to this Chapter 12) have been designed to encapsulate the process involved when signing or modifying Grant Agreements. Greens are used in the following instances:

- a. Signature of Grant Agreements with IPs;
- b. Amendments following a change in the budget, work plan, or in any other aspects of the Grant Agreements.

The step by step process is as follows:

12.6.2.1 Issue of the Green

The relevant Programme Officer shall create a set of documents containing the Grant Agreement/Amendment, with all relevant annexes and any other relevant documents (e.g. correspondence).

12.6.2.2 Programmatic Review

After review and approval of the Grant Agreement, the relevant Programme Officer/Manager shall up-date and sign off the programmatic review box on the green front sheet as well as note his/her key comments for subsequent reviewers to consider. The programmatic reviewer shall then date and sign off.

12.6.2.3 Financial Review

The green shall then be passed on to the relevant Field Support Finance Team member for review and approval. The review shall concentrate on making sure that all relevant Grant Agreement provisions are appropriate, that the Budget is accurate, the budget code of the donor (if applicable) is correct and that it is in accordance with donor regulations. Any key comments shall be noted for subsequent reviewers to consider. The financial reviewer shall then date and sign off.

12.6.2.4 Final Sign off and Dissemination

After completion of the financial review, the green shall be passed on to the Budget holder for sign off.

The green shall then undergo the scrutiny of the Finance Director, Relevant Programme Director and Director: Operations who shall complete a final review to ensure the Grant Agreement is in line with the work plan and budget is in compliance with the general Alliance Ukraine budget and authorised by the Alliance Ukraine SMT and the relevant Governing Body of Alliance Ukraine (when appropriate), as well as in compliance with any donor restrictions.

The Executive Director shall sign two sets of the Grant Agreement as well as all annexes.

The Programme Officer shall ensure that the two sets of the Grant Agreement and the relevant supporting documentation are sent to the partner to be signed. The implementing partner shall send one fully signed set of the Grant Agreement back to the Alliance Ukraine.

12.6.3“Yellows” Procedure

Yellow forms (refer to Annex 10-C12 to this Chapter 12) have been designed to encapsulate the processes required to make a transfer of funds to the implementing partners of Alliance Ukraine according to the Grant Agreement provisions. Yellows also

record the review process of any financial and programmatic reports that do not require disbursement (i.e. close-out reports).

The IP shall send programmatic and financial reports to the Alliance Ukraine, as specified in the Grant Agreement. These reports shall follow a detailed review process, which might lead to a disbursement of further funds to the IP.

The step by step process for disbursements either following the signature of a Grant Agreement or the submission and subsequent review and approval of financial and programmatic reports is as follows:

12.6.3.1 Issue of the Yellow

The relevant Programme Officer shall issue a yellow for the review and approval of the regular or final programmatic report. He/she shall put together a set of documents containing the financial and programmatic reports and any other relevant documents (e.g. correspondence).

12.6.3.2 Programmatic Review

The Programme Officer/Senior Programme Officer shall review the programmatic report and should then date and sign off the programmatic review box on the Yellow front sheet as well as note any key comments for subsequent reviewers to consider.

12.6.3.3. Financial Review

The Yellow should then be passed on to the Field Support Officer: Finance for review and approval of the regular or final financial report. The review shall concentrate on making sure the disbursement is in line with the disbursement schedule in the Grant Agreement with the IP. Any key comments shall be noted for subsequent reviewers to consider. The financial reviewer shall attach a disbursement request letter. The financial reviewer shall prepare a Payment Voucher for the disbursement, then date and sign off the Yellow form.

12.6.3.4. Management Review

Once the financial review has been completed, the Yellow and the Payment Voucher shall be passed on to the Budget Holder for authorisation and sign off.

The Yellow and the Payment Voucher should then undergo the scrutiny of the Finance Director who shall complete a final review to ensure the disbursement is in line with the Grant Agreement.

12.6.3.5 Disbursement

The Finance Department shall check the banking details and be responsible for making the transfer.

12.6.4 Filing of hard copies of signed Grant Agreements, Greens and Yellows

It is the responsibility of the relevant Programme Officer and relevant Field Support Finance Officer to file signed Grant Agreements, the programmatic and financial reports as well as the associated Greens and Yellows at Field Support Finance Office.

12.7. Regulations for the Proposal Review Committee (PRC)

12.7.1 Main Objectives of the Proposal Review Committee

The Proposal Review Committee ('Committee') is created to:

- a. Review and recommend Call for Proposals Announcements.
- b. Recommend media for Call for Proposals Announcements.
- c. Evaluate Proposals and make recommendations to the Alliance Ukraine to (not to) support such Proposals in accordance with these Regulations.

12.7.2 Principles

12.7.2.1 Granting and Procurement Charter

The Committee shall ensure that the grant-giving process is conducted in an open, transparent and fair manner in accordance with the Alliance Ukraine Granting and Procurement Charter (see Chapter 5, point 5.9.1 of this Manual).

12.7.2.2 Conflict of Interest

In order to ensure transparency in the decision-making process, the Alliance Ukraine has developed a Conflict of Interest Policy (refer to Chapter 4, section 4.4 of this Manual). All Committee members are "Covered Individuals" for the purposes of that Policy.

Before any Committee meeting takes place, all members of the Committee shall read the Conflict of Interest Policy and sign a statement agreeing to its terms.

Any other person participating in the meeting (whether as an observer or otherwise) who has information regarding any conflict of interest shall immediately report it to the Secretary of the Committee.

In the event of a conflict of interest revealed after a decision has been made by the Committee, it shall reconvene to consider the conflict in accordance with the Conflict of Interest Policy. If a conflict exists, the members of the Committee shall determine whether the decision of the conflicted member would have affected each of their votes. If not, the initial decision shall stand. If any member states that his vote would have been affected, the vote shall be retaken.

12.7.2.3 Confidentiality

Calls for proposals documents and information should be treated as confidential. A Committee member or Alliance Ukraine's employee has no right to disclose information he/she becomes aware of as follows:

- a. With regard to the text of the CFP Announcement and related documents – until the Announcement is published;

- b. With regard to the proposals and other CFP documents, and discussions at the Committee's meetings – until a decision is taken on the proposals;
- c. With regard to the identity of individual members of the Committee (except for the Alliance Ukraine employees) – the Alliance Ukraine does not disclose the identity of the Committee members, except for the cases when a Committee member personally decides to disclose such information or if the Alliance Ukraine SMT makes the ad hoc decision.

The above information and documents should not be disclosed to any persons, except for other Committee members, Alliance Ukraine employees and observers.

Observers attending the Committee meetings are also expected to keep the aforementioned information and documents confidential, (excepting for the reports they provide to their organizations under their terms of reference).

12.7.2.4 Regulations

In its work, the Committee shall be guided by Ukrainian legislation, this Chapter 12, donor restrictions and any other relevant policies and procedures of Alliance Ukraine.

12.7.2.5 Absence of Instructions

In case of an absence of instructions on any procedural issue in this section 12.7, the Committee shall make a decision based on the need to ensure the fair, impartial and prompt conduct of the CFP process in accordance with the Granting and Procurement Charter (see Chapter 5, point 5.9.1 of this Manual). Such a decision shall be formally recorded in writing with a note of the procedure followed.

12.7.3 Committee Membership

The Alliance Ukraine has a preselected pool of individual experts, who have profound knowledge, expertise and background in different fields of activities to ensure unbiased, versatile and professional decision making on project proposals. Representatives of stakeholders and representatives of international organizations and institution are also got involved where it is crucial for program implementation.

12.7.3.1 Qualifying as a Committee Member

A qualifying member of the Committee can be any person who:

- a. Does not have a conflict of interest which prevents his/her participation in a particular matter to which that conflict relates, as defined by the Conflict of Interest Policy (see Chapter 5, point 5.9.1 of this Manual), or, in case he/she has such a conflict of interest, he/she was duly admitted to participate in the Committee meetings;
- b. Has given his/her consent to act as a member of the Committee; and
- c. Is able to act as a Committee member for the purposes of Ukrainian law.

Should the relevant person not comply with the above provisions, this may be regarded as a Disqualifying Ground within the meaning of 12.7.3.4 below.

12.7.3.2 Selection of Members

The membership of the Committee shall consist of:

- a. Experts in the subject matter of the respective CFP, including at least three experts who are not employees of the Alliance Ukraine.
- b. Representatives of organisations that have a background in the subject matter of the respective CFP.
- c. Representatives of relevant international organisations and institutions.
- d. Relevant Alliance Ukraine staff.

The Committee members are selected as follows:

- a. Individual membership – the Committee members are chosen from the preselected pool of experts, experts in the subject matter of the respective CFP;
- b. Institutional membership - the representatives of organisations and institutions, which are stakeholders in the subject matter of the respective CFP, are chosen as Committee members (at least two possible representatives should be identified).

Based on the qualifying requirements, the Committee members are selected (in accordance with this section 12.7) by the relevant Alliance Ukraine Head of Team, approved by relevant Department Director, the final decision on membership is made by Alliance Ukraine SMT.

Alliance Ukraine staff and their representatives may also attend the Committee meetings.

12.7.3.3 Observers

To ensure the transparency of the decision-making process, observers may attend Committee meetings at the invitation of Alliance Ukraine.

Observers may include donors, governmental institutions, NGOs, technical assistance agencies, other relevant interested bodies and/or their respective agents. A relevant donor's representative shall always be invited to observe the meeting related to the relevant programme implementation.

Observers are not able to vote. After being invited, the Observers shall receive a letter notifying them of the result of the Committee meeting, irrespective of whether or not they attended the relevant meeting.

12.7.3.4 Challenging a Member of the Committee under 12.7.3.1 Above

Any person involved in the proposals review process is obliged to challenge any Committee member or potential member as soon as they become aware of that member being subject to a Disqualifying Ground under 12.7.3.1 above.

Any member or potential member must challenge his/her own membership immediately he/she becomes aware of him/her being subject to a Disqualifying Ground under 12.7.3.1.

Any challenge under this paragraph accompanied by reasons, shall be submitted to the Committee Chair (or the relevant Department Director if a Chair has yet to be appointed), who shall accept or reject the Disqualifying Ground.

A successfully challenged member shall be disqualified from the Committee with immediate effect. A written report, signed by the Committee Chair (or the relevant Department Director), shall document the circumstances of any such disqualification.

Notwithstanding the rest of this clause, in case of a challenge on the basis of an alleged conflict of interest, the procedure in the Conflict of Interest Policy (see Chapter 4, section 4.4 of this Manual) shall govern its adjudication and resolution.

12.7.3.5 Other means of Disqualification

A member of the Committee may also be disqualified as follows:

- a. by vote of the Committee in case of a member's death or incapacity by serious illness;
- b. by vote of the Committee if a member is challenged on the grounds of incompetence.

In case of disqualification, a replacement member shall be appointed in accordance with this section 12.7. If it is not possible to replace a disqualified member at the same meeting, the quorum shall disregard the disqualified member.

12.7.4 Call for Proposals Announcements

12.7.4.1 Reviewing Announcements

The Committee members are sent:

- a. A copy of the recommended draft Announcement; and
- b. A draft list of the recommended media by which the Announcement should be made and a request for a recommendation as to what should be changed in the draft list.

Each member shall then respond to the relevant Programme Officer within three working days of receipt of the draft Announcement recommending media for making the Announcement and:

- a. Approve the draft Announcement; or
- b. Suggest revision of the draft Announcement; and
- c. Approve the draft media list; or
- d. Suggest revision of the draft media list.

A failure to respond within three working days of receipt of the draft Announcement shall be taken as deemed acceptance of its contents and of the media list.

In the event of a suggested revision of the draft Announcement by one or more members, a revised version of the draft Announcement shall be circulated to each of the members for their respective approvals within two working days of their receipt. Any further suggested revisions shall be submitted to the Executive Director for his determination as to the final text of the Announcement.

After receipt of all responses made within the required period, a final draft of the Announcement shall be prepared by the relevant Department Director and submitted to the Alliance Ukraine SMT for its approval.

12.7.5 Administration of Meetings and Decision Making

12.7.5.1 Quorum and Voting

Alliance Ukraine is responsible for determining the maximum number of the Committee members.

The Committee shall comprise of no more than seven (7) voting members and four (4) observers.

Five (5) members or more shall constitute a quorum. A minimum of two (2) observers shall be invited to attend meetings.

An odd number of the Committee members is preferable.

The Committee makes decisions by a simple majority of vote by those members present at the meeting.

Absent members may not vote in any manner, whether by fax, email or by some other means.

12.7.5.2 Appointment of Chairman and Secretary

The Chairman is elected by a majority vote of members at the start of each meeting.

The Secretary is appointed at the beginning of the meeting. As a rule, the Secretary shall be either the Head of Team, Programme Manager or the Senior Programme Officer of the relevant Programme Team.

12.7.5.3 Location

Unless otherwise specified by Alliance Ukraine, the meeting shall be held at Alliance Ukraine's Kiev office.

12.7.5.4 Languages

The working languages of the Committee sessions shall be Ukrainian and English. Translators shall be present when translation is considered appropriate.

All Proposals shall be submitted by competing organisations in either Ukrainian or English and translated if necessary.

12.7.5.5 Documenting the Process

A formal protocol of the Minutes, stating the results of the vote, shall be kept, for every meeting of the Committee. Members may have a separate opinion with regard to the matter put to vote, so they have the right to express such opinion/record their own views (having been expressed at the meeting) in a separate document, which will be attached to the formal protocol of the Committee minutes .

All material, including minutes of all meetings and decisions of the Committee shall be kept by the Alliance Ukraine's Field Support Finance Unit in a secure location at its Kiev office. The minutes shall be signed by all members of the Committee and the Secretary.

12.7.5.6 Calling Committee Meetings

No less than 14 calendar days prior to a meeting, the relevant Head of Team shall send invitations by e-mail to selected Committee members and Observers providing:

- a. The agenda for the meeting.
- b. Exact time and address of the meeting.
- c. List of invited persons and organisations.
- d. Alliance Ukraine Granting and Procurement Charter and Conflict of Interest Policy (see Chapter 5: Decision Making, point 5.9.1. and Chapter 4: Compliance and Risk Management, section 4.4 of this Manual).
- e. All received Proposals specifying the proposals to be reviewed by definite members of the Committee.

The members of the Committee are divided into groups – two members of the Committee in each group (hereinafter – the Pair): each Pair has to examine in detail and to evaluate certain part of the received Proposals. The breakdown of the proposals between the Pairs is carried out by Heads of Teams and approved by the relevant Director. Each member (each Pair) has the right to examine and evaluate other proposals.

In the event of a response not being provided to an invitation, follow-up telephone calls shall be made to non-responsive members and observers.

12.7.6 Evaluating Proposals

12.7.6.1 Review and Evaluation of Proposals by the Pairs

The Pair shall review and evaluate the proposals allocated for it. The Pair has the right also to review and evaluate other proposals.

The principles for evaluating the proposals are as follows:

- a. Accordance to the formal criteria provided for in the Announcement (submission of all requested documents, formal (legal) ability to perform the proposed grant activities).
- b. Accordance to the Announcement in substance (ability to perform the proposed grant activities, reasonable budget).

Review and evaluation of the proposals by the Pair result in valid and reasonable conclusion on proposals recommended to be supported; the Pair presents the conclusions on each proposal during the Committee meeting.

12.7.6.2 Review and Evaluation of Proposals by the Committee

Each Pair presents the proposal during the Committee meeting classifying them into the following groups:

- a. Project proposals which can be supported and the grant awarded without introducing any amendments to them;
- b. Project proposals which demand clarifications, corrections or amendments before the grant can be awarded;
- c. Project proposals which should be rejected in any case.

Members of the Committee have the right to disagree with the conclusion of a Pair and to make different decision on a project proposal.

After the proposals have been examined and evaluated, the Committee shall by a majority vote, recommend:

- a. Which Proposal of the submitted Proposals is substantively responsive in accordance with the Announcement.
- b. Whether it should be recommended for the Alliance Ukraine support.
- c. Whether the recommended Proposal is the lowest evaluated Proposal to be substantively responsive in accordance with the Announcement.
- d. Whether the recommended competing organisation is qualified to perform the proposed grant activities satisfactorily.
- e. Whether, on the basis of a. to d., to accept the recommendation and award the grant accordingly.

The Committee's recommendation shall be made in writing and signed by the Chair of the Committee and Secretary.

12.7.6.3 Decision of the Committee

Decision of the Committee bears a recommendation character.

Taking into account the provisions of Granting and Procurement Charter and due to extremely importance the independent expertise and stakeholders representatives have in decision-making process the Alliance Ukraine considers that decision. Meanwhile the Alliance Ukraine reserves the right to depart from the Committee's decision, in particular, but not exclusively in the following cases:

- (i) If the decision contradicts the Alliance Ukraine universal goal, tasks and values in general or the goals of a relevant Programme;
- (ii) To increase the budget of a separate project for not more than 10% of the proposed project budget but not more than for 5,000 Euro;
- (iii) To cut down the budget of a specific project without reducing the range of activities
- (iv) To correct technical mistakes

According to the sub-points (iii) and (iv) a relevant Head of Team makes decisions related to changes in the Committee's decision while according to the sub-points (i) and (ii) these decisions are made by the Alliance Ukraine SMT.

Alliance Ukraine will consider the recommendation of the Committee but is not bound by its decision.