
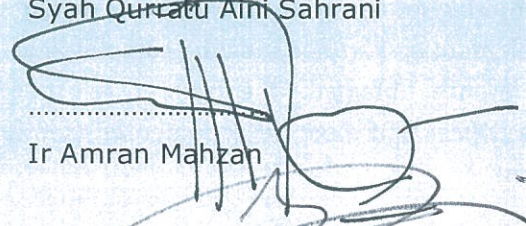
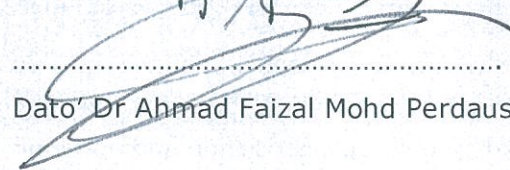


| PARTNERSHIP POLICY | | Document No: 01 |
|-------------------------------------|---|---|
| Distribution: All Holders | | |
| Summary of Changes: | | |
| Originator | : Yesotha Balakrishnan | |
| Reviewer | :  Syah Qur'atu Aini Sahrani | |
| Executive Director | :  Ir Amran Mahzan | Issue : 01 |
| President | :  Dato' Dr Ahmad Faizal Mohd Perdaus | Effective Date : 20 th May 2017 |

Purpose

This policy is to provide clear understanding for any MERCY Malaysia staffs who engage with implementing partners. This policy enables MERCY Malaysia staffs to plan and coordinate an effective partnership in accordance with humanitarian principles and Core Humanitarian Standards commitments.

Scope

This policy is applicable across the organisation focusing on the procedures and guidelines in engaging with implementing partners.

Attachments

- Attachment 1: Partnership Checklist
- Attachment 2: Partner Selection Assessment Form
- Attachment 3: Partner Evaluation Form

Associated Documents

1. Humanitarian Accountability Framework
2. Principles of Partnership (endorsed by the Global Health Humanitarian Platform, 2007)
3. MERCY Malaysia Partnership Guidelines

Rules and Guidelines

1. Implementing Partners are organisations to which MERCY Malaysia contributes conditional grants of money in order to carry out programmes. They are also described as sub-grantees. Before entering into any contract with an Implementing Partner, due diligent checks on the Implementing Partners must be completed and documented and a satisfactory written reference obtained. The partner selection process must be conducted by Programme Officer and must be documented (**see attachment Partner Selection Assessment Form**)

Implementing Partners may be, for example, national or local NGOs private or corporation sector companies; governmental bodies (at national, provincial, and district or local level); community-based groups association and academic institutions. MERCY Malaysia and the Implementing Partners implements with funding and technical support

from MERCY Malaysia. MERCY Malaysia has obligations to donors to use its funds properly in its work with Implementing Partners.

In exceptional circumstances, a verbal reference can be accepted but the details of the reference and the reason why a written reference is not available must be noted. The reason for the choice of partner must be documented. This is to be included in the report and shared with MERCY Malaysia.

2. The vetting process (see guidance) must be applied to all Implementing Partners and approval must be in place from the management before signing any Implementing Partners contracts (hereinafter referred to for all MOUs and /or LOUs). MOUs are in a form of a detailed form of an agreement and LOUs are in a shorter form for example in the form of a Letter of Agreement.

Selection criteria for a partner in the field:

- a. Officially registered in the host country
 - b. Members of Asian Disaster Reduction and Response Network (<http://adrrn.net/>) or recommended by ADDRN member
 - c. Recommended by UN coordination agencies
 - d. Good track record of working with MERCY Malaysia, UN agencies, INGO and Government agencies
 - e. No direct link to any political party in their activity
 - f. No link to any terrorist organisation
 - g. Acquire necessary capacity, skill and experience in project implementation
3. All contracts with Implementing Partners must be put in place in writing. This may be in the form of a MOUs or LOUs. One of value may be form for example in the form of a Letter of Agreement; these are still legally binding. The MOUs and LOUs must be signed before funds are transferred and work starts.

Project proposal (for an emergency response) which deal with sum greater than MYR250,000 should be approved by the President up to a maximum of MYR500,000. Executive Director will have the authority to approve up to MYR250,000. As a non-emergency project/Programs the EXCO will have the authority approve sum greater than MYR200,000. Project Officer to draft and forward to the Compliance Officer vet thru the contract and send to the legal team for a review before it is signed. The legal Team can also offer advice on high risk contract.

Verbal contracts are also legally binding but are not permitted under this policy as they create the risk of dispute as the parties rarely agree on what was said if something goes wrong. In emergency onset situations it is acceptable to send an e-mail to the partner setting out the use of funds as long as this is followed by a formal agreement or LOUs within 72 hours.

4. The Contract must be in English and preferably also the language of the Implementing Partner (the English version should apply if the two conflict) and must include the following:
 - a) The official names and registered address of the Implementing Partners and MERCY Malaysia;
 - b) A statement of what the project work is and what the deliverables will be;
 - c) A clear statement of the roles and responsibilities of the Implementing Partners;
 - d) Finance and funding clauses;
Use the correct legal name ie MERCY Malaysia, registered in Malaysia with Registration number : 1155
 - e) All donor requirements which must be complied with;
This may require the Implementing Partners to comply with the donor's policies on fraud and financial control. Ensure funds can only be spent by Implementing Partners in accordance with the funding agreement and conditions; otherwise there is a risk of clawback of funds by donors. Other donor requirements may include management of stock, equipment and procurement process. Always consider donor reporting requirements and ensure MERCY Malaysia will receive adequate and timely information of donors.
 - f) Review , reporting and monitoring clauses;
 - g) Use of MERCY Malaysia's name;
 - h) Monthly operation and financial report, official receipt, Monitoring & Evaluation visit to project site, self-assessment reports and construction progress report;
 - i) Implementing Partners to comply with Humanitarian Accountability Framework;
The Implementing Partners is expected to ensure that their staffs are aware of, understand and adhere to MERCY Malaysia's Humanitarian Accountability Framework (HAF). Failure to comply is extremely serious and may result in termination of the contract.
 - j) A confidentiality clause;
 - k) The start and end for the contract;
 - l) Termination clause;
 - m) A mechanism for resolution of disputes;
Usually refer dispute to e.g. Executive Director's level, then EXCO of each organisation. Only if the dispute cannot be resolved amicably by both parties then consider decision by an independent expert/mediation/arbitration by mutual agreement.
 - n) Liability , indemnity and insurance;
 - o) Changes to the project (eg. Beneficiaries, objectives, location)to be agreed between the parties
 - p) Governing law

5. The MOUs and LOUs must be signed by persons with proper authority to sign on behalf of both parties.

6. Implementing Partners will be evaluated at the end of the project by MERCY Malaysia's Quality and Accountability Department or other independent observers.
7. Any capacity building/support offered by MERCY Malaysia to partner



PARTNERSHIP CHECKLIST

| | |
|-----------------------------|--|
| Project Title | |
| Project Code | |
| Implementing Partner | |

PARTNERSHIP CHECKLIST

MERCY Malaysia Collaboration with partners

MERCY Malaysia defines partnership based on different levels of collaboration. MERCY Malaysia is committed to work with various levels of partners from community organisations to international level agencies. The processes that MERCY Malaysia used in preparing this guideline are linked integrally to MERCY Malaysia Project Cycle Management, which will be used in applying Core Humanitarian Standard.

Stakeholder analysis

MERCY Malaysia will carry out stakeholder analysis during programme planning in order to identify any agencies or organisations that meet or have the potential to carry out MERCY Malaysia vision, mission and strategic commitments. Upon planning programmes/projects, project manager should identify and consider the following:

- i) Continue existing implementing partner or
- ii) Selection of new implementing partner

Desk research on potential IP

At the initial stage, project manager should include information on existing partners or their review on potential implementing partner. The findings on partners should be included in desk research report.

Meeting with potential IP

Project manager may consider filling up the partner selection forms, during the first meeting with potential implementing partner, or during desk research. During meetings with potential implementing partner, project manager should clarify clearly MERCY Malaysia vision, mission, strategic commitment and accountability practice.

Re-evaluation of IP

At the end of the project, project manager is required to complete partner evaluation form (see attachment) and provide comments and recommendations on the services provided by implementing partner.

Note that, partners may be appointed at any stage in the project (from programme/ project identification to implementation). At which ever stage the partner joins, the partnership checklist must be completed from point in stage 1 to stage 4. (refer page 3-5).

In cases where access to the field are denied due to security measures and government policies, selection of partners and monitoring can be done using other medium (e.g. phone calls, skype, using peer), provided all discussions and decisions are documented.

STAGE 1: PROGRAMMING/ PROJECT IDENTIFICATION

| No | MERCY Malaysia Accountability to Partner | Means of Verification | Please (/) when this activity is done |
|-----------|--|--|---------------------------------------|
| 1 | Ensure that from the start of the process, there is a common understanding and clarity among stakeholders on MERCY Malaysia policies, strategic commitments, and accountability practices. | Minutes of meeting | |
| 2 | MERCY Malaysia will share its accountability framework, Principled Humanitarian Action, and Core Humanitarian Standard Commitments with partner. | Minutes of meeting/ emails | |
| 3 | Project manager will explain partner selection process that MERCY Malaysia currently practiced to partner. | Minutes of meeting | |
| 4 | Project manager will document and provide justification on his/her partner selection with approval by senior management. | Proposal attached with partner selection form/ Assessment report | |
| 5 | MERCY Malaysia will be transparent on its expectations on the roles and responsibilities that should be carried out by partner as well as negotiation on how partner will be accountable to beneficiaries. | Job description/ LOU, MOU and other agreements | |
| | | | |
| No | MERCY Malaysia Accountability to Beneficiaries regarding Partner | Means of Verification | |
| 1 | MERCY Malaysia will explain the partner selection processes to the community and consult with them on criteria of partner selection. | Minutes of meeting | |
| 2 | When partner has been selected, community will be informed as who has been selected, and justification of the selection. Roles and responsibilities of partner will also be explained. | Minutes of meeting/ mission report / progress report | |
| 3 | Vision, mission, strategic commitments and accountability practice will be shared with communities through our partner or during the meeting with community. | Minutes of meeting/ mission report/ progress report | |
| | | | |

STAGE 2: PROJECT FORMULATION

| No | MERCY Malaysia Accountability to Partner | Means of Verification |
|-----------|---|---|
| 1 | When working with partner, contextual analysis should be done with relevant existing partner or potential partner as far as possible. Ideally, contextual framework should be discussed during this phase and an exit strategy should be developed at this time. | Contextual framework and project proposal |
| 2 | MERCY Malaysia will always practice active listening and open to any discussions, feedbacks on the design of the project (either MERCY Malaysia programme design or partner designed programme). | Project proposal |
| 3 | MERCY Malaysia will also respect any ideas and views from partner on ensuring accountability to beneficiaries, as well as ideas on encouraging community participations and other humanitarian response coordination. | Minutes of meeting/ assessment report |
| 4 | MERCY Malaysia will listen and discuss with partner on project monitoring and evaluation plan. | Project proposal |
| 5 | All necessary documents, supporting documents, and information required from partner in fulfilling accountability practice, should be informed earlier to partner. | |
| 6 | MERCY Malaysia will discuss with partner on the effective way to address and resolve complaints and other procedures regarding Complaint Response Mechanism. (Please refer Complaint Response Mechanism Manual). | Contextualized Complaint response Mechanism/ Minutes of meeting |
| 7 | In supporting partner capabilities in accountability practices, MERCY Malaysia will assess and identify partner strength and weaknesses. Proposed plan to strengthen capacity of partners on accountability and project deliverable will be captured in project proposal. | Project proposal and partner selection form |
| | | |
| No | MERCY Malaysia Accountability to Beneficiaries regarding Partner | Means of Verification |
| 1 | Information regarding projects and partner will be displayed in projects sites or any community centre (where appropriate). | Photo |

| | | | |
|---|---|--|--|
| 2 | Procedures of lodging complaints against partner and its services or MERCY Malaysia staffs and services will also be discussed and explained to beneficiaries. | Minutes of meeting, contextualized CRM | |
| 3 | Feedbacks and complaints will be addressed and documented by partner, and resolved within provided timeline (by either MERCY Malaysia or partner) | Complaint & Feedback Log | |
| STAGE 3: IMPLEMENTATION AND MONITORING | | | |
| No | MERCY Malaysia Accountability to Partner | Means of Verification | |
| 1 | MERCY Malaysia will facilitate partner's work in project implementation and ensure skilful staff from MERCY Malaysia will support partner. | | |
| 2 | MERCY Malaysia will monitor partner's accountability practice, and progress of the project according to the agreement and proposal. | Progress report | |
| 3 | MERCY Malaysia will conduct monitoring visits to verify partner outputs and reports as per agreement | Monitoring report | |
| 4 | MERCY Malaysia will share results of the monitoring visits and discussed how the projects and services can be improved | Monitoring report/ minutes of meeting | |
| 5 | MERCY Malaysia encourages feedbacks and ideas from partner on the changes needed regarding the project. | Feedback and complaint log/ minutes of meeting/ progress report. | |
| No | MERCY Malaysia Accountability to Beneficiaries regarding Partner | Means of Verification | |
| 1 | During monitoring visits, feedbacks and suggestion on partner's performance by beneficiaries on project outputs and accountabilities practice are welcome and documented. | Monitoring report | |
| STAGE 4: CLOSURE AND EVALUATION | | | |
| No | MERCY Malaysia Accountability to Partner | Means of Verification | |
| 1 | MERCY Malaysia will conduct project evaluation and share the result of the project evaluation with partner. All lesson learnt from the project should be | Project evaluation report, Closure report | |

| | | | |
|-----------|--|---|--|
| | captured and shared. | | |
| 2 | MERCY Malaysia will review and evaluate the quality of the partnership and make recommendation on future collaborations | Partner evaluation report | |
| | | | |
| No | MERCY Malaysia Accountability to Beneficiaries regarding Partner | Means of Verification | |
| 1 | Feedbacks from beneficiaries during evaluation should be documented. (verbal or non-verbal) | Interview transcript / minutes of meeting | |
| 2 | Results from evaluation should be shared with beneficiaries (e.g. meetings with community or displayed in community centre). | Minutes of meeting,/ photo | |
| | | | |



MONITORING AND EVALUATION DEPARTMENT

REF NUM: MM/M&E/PSA001/2014

PARTNER SELECTION ASSESMENT FORM

Potential implementing partners must be assessed using checklist below in order to validate initial identification. The review shall also assist in identifying capacities of an implementing partner with the objective of identifying those areas in need of strengthening. Where deficiencies are noted, the assessment should include recommendations to address them. These recommendations should be reflected in the project document through the identification of required level of assurance and support services. In assessing the implementing partner, the following capacities must be reviewed:

- Managerial and technical
- Administrative and financial

It is the responsibilities of the Project Manager or the assigned assessment team to conduct the partner selection assessment and to submit it along with the project proposal.

| Project Title | | | |
|--|---|------------------------------------|----------|
| Name of the Institution | | | |
| Date of assessment | | | |
| INDICATOR | AREAS FOR ASSESSMENT | Please fill in or (/) in the blank | COMMENTS |
| PART I – REFERENCES AND PRELIMINARY CHECKS | | | |
| 1.1 History and Compliance with International Resolutions/Standards | | | |
| 1.1.1 History | Date of established and length in existence | | |
| | Has the institution gone through a recent re-organization/re-structuring? | | |
| 1.1.2 Mandate and constituency | What is the current mandate or purpose of the organization? | | |
| | Who is the organization's primary constituency? | | |
| 1.1.3 Legal Status | What is the organization's legal status (officially registered)? | | |
| | Has it met the legal requirement for operation in the program country | | |
| 1.1.2 Proscribed organizations | Is the institution listed in any reference list? (no link to any terrorist organizations) | | |

| | | | |
|--|---|--|--|
| 1.1.3 Certification | Is the institution already certified through international standards (e.g: CHS & People in Aid, Code of Conduct? | | |
| 1.1.5 Recommendation | Is the institution recommended by ADRRN or UN? | | |
| 1.1.6 Record | Is the institution having a good track record of working with MERCY Malaysia, UN agencies, INGO ad Government agencies? | | |
| 1.1.7 Funding | What is the organization's main source (s) of funds? | | |
| PART II. ASSESSING NATIONAL INSTITUTION CAPACITY FOR PROJECT MANAGEMENT | | | |
| 2.1 Managerial Capacity | | | |
| Ability to plan, monitor and coordinate activities | | | |
| 2.1.1 Leadership commitment | Are leaders of the organization ready and willing to implement the proposed project? | | |
| 2.1.2 Management experience and qualifications | What are their credentials and experience that relate to the proposed project? | | |
| | Do these managers have experience implementing MERCY Malaysia or other donor-funded projects? | | |
| 2.1.3 Planning and budgeting | Does the organization apply a result-based management methodology? | | |
| | Are there measurable outputs or deliverables in the strategies, programs and work plans? | | |
| | Are budgets commensurate with intended results? | | |
| | How do planners identify and accommodate risks? | | |
| 2.1.4 Supervision, review, and reporting | How do managers supervise the implementation of work plans? | | |
| | How do they measure progress against targets? | | |
| | How does the organization document its performance, (e.g. in annual or periodic reports)? | | |
| | How are the organization's plans and achievements presented to stakeholders? | | |

| | | | |
|--|--|--|--|
| | Are the organization's activities subject to external evaluation? | | |
| 2.1.5 Networking | How does MERCY conduct relations with these organizations? | | |
| | Is the organization a party to knowledge networks, coordinating bodies, and other fora? | | |
| 2.1.6 Planning, Monitoring & Evaluation | Does the institution produce clear, consistent proposals and frameworks, including detailed workplans? | | |
| | Does the institution hold regular programme or project review meetings? | | |
| | Are there measurable outputs/deliverables in the defined project plans? | | |
| | Was the institution previously exposed to MERCY approach/methodology or equivalent in other donor agencies? | | |
| 2.1.7 Reporting and performance track record | Does the institution monitor progress against well defined indicator and targets, and evaluate its programme/project achievements? | | |
| | Does the institution report to its stakeholders on a regular basis? | | |
| 2.1.8 Quality and Accountability | Does the institution adhere to Q&A standard such as CHS, CoC, Sphere? | | |
| | Does the institution implemented Complaint Response Mechanism (CRM) before and has the ability to handle complains? | | |
| | Does the institution have a clear beneficiary/ community consultation tool? | | |
| | How does the institution carry out beneficiary consultations/ participations? | | |
| 2.1.9 Safety and Security protocols | Does the institution have a clear safety and security protocols? | | |
| | Have the staffs been trained on safety and security protocols? | | |

| 2.2 Technical Capacity | | | |
|---|---|--|--|
| 2.2.1 Specialization | Does the institution have the technical skills required? | | |
| | Does the institution have the knowledge needed? | | |
| | Does the institution keep informed about the latest techniques/competencies/policies/trends in its area of expertise? | | |
| | Does the institution have the skills and competencies that complement those of MERCY? | | |
| 2.2.2 Ability to monitor the technical aspects of the project. | Does the institution have access to relevant information/resources and experience? | | |
| | Does the institution have useful contacts and networks? | | |
| | Does the institution know how to get baseline data, develop indicators? | | |
| | Does it apply effective approaches to reach its targets (i.e participatory methods)? | | |
| 2.2.3 Human Resources | Does the institution staff possess adequate expertise and experience? | | |
| | Does the institution use local capacities (financial/human/other resources)? | | |
| | What is the institution capacity to coordinate between its main office and decentralized entities/branches (if relevant)? | | |
| | Have staffs been trained on project management methodology? | | |
| PART III. ASSESSING NATIONAL INSTITUTION CAPACITY FOR ADMINISTRATIVE AND FINANCIAL MANAGEMENT | | | |
| 3.1 Administrative capacity <i>Ability to provide adequate logistical support and infrastructure</i> | | | |
| 3.1.1 Ability to manage and maintain infrastructure and equipment | Does the institution possess logistical infrastructure and equipment? | | |
| | Can the institution manage and maintain equipment? | | |

| | | | |
|--|---|--|--|
| 3.1.2 Ability to procure goods services and works on a transparent and competitive basis. | Does the institution have the ability to procure goods, services and works on a transparent and competitive basis? | | |
| | Does the institution have standard contracts or access to legal counsel to ensure that contracts meet performance standards, protect MERCY and the institution's interests and are enforceable? | | |
| | Does the institution have the authority to enter into contracts? | | |
| 3.1.3 Ability to recruit and manage the best-qualified personnel on a transparent and competitive basis. | Is the institution able to staff the project and enter into contract with personnel? | | |
| | Does the institution use written job descriptions for consultants or experts? | | |
| 3.2 Financial Capacity | | | |
| <i>Ability to ensure appropriate management of fund</i> | | | |
| 3.2.1 Financial management and funding resources | Is there a regular budget cycle? | | |
| | Does the institution produce programme and project budgets? | | |
| | What is the maximum amount of money the institution has managed? | | |
| | Does the institution ensure physical security of advances, cash and records? | | |
| | Does the institution disburse funds in a timely and effective manner? | | |
| | Does the institution have procedures on authority, responsibility, monitoring and accountability of handling funds? | | |
| | Does the institution have a record of financial stability and reliability? | | |
| | What is the maximum amount of money the organization has ever managed? | | |
| | If the proposed project is implemented by this organization, what percentage of the organization's total funding would the project comprise? | | |

| | | | |
|------------------------------------|--|--|--|
| 3.2.2. Accounting System | Does the institution keep good, accurate and informative accounts? | | |
| | Does the institution have the ability to ensure proper financial recording and reporting? | | |
| 3.2.3 Internal control | Does the organization maintain a bank account? | | |
| | Does the organization have a written rules and procedures on segregation of duties for receipt, handling and custody of funds? | | |
| | How does the organization ensure physical security of advances, cash and records? | | |
| | Does the organization have clear written procedures and internal controls governing payments? | | |
| | How does the organization ensure the expenditures conform to their intended uses? | | |
| | Does the organization have a policy requiring two signatures for payments over a defined limit? | | |
| | Is there any evidence of non-compliance with financial rules and procedures? | | |
| Accounting and financial reporting | Are accounts established and maintained in accordance with national | | |
| | When and to whom does the organization provide its financial statements? | | |
| | Can the organization track and report separately on the receipt and use of funds from individual donor organizations? | | |
| | Is there any evidence of deficiencies in accounting or financial reporting? | | |
| Audit | Is the organization subject regularly to external audit? | | |
| | Is audit conducted in accordance with international audit standards? | | |
| | Are audit findings public? | | |

| | | | |
|--|---|--|--|
| | If so, have the organization's financial audits produced any significant recommendations for strengthening of financial systems and procedures? | | |
| | Have audits identified instances non-compliance with rules and procedures or misuse of financial resources? | | |
| | What has been done to carry out audit recommendations? | | |

Recommendation and Justification

(In this section, authors may recommend the above institution to be considered as the implementation partner. If there is any unsatisfactory answer to the above questions, yet the authors may still want to consider the institution as MERCY Malaysia implementing partner, please provide solid justifications).

- Unsatisfactory answers to the above questions should result in disqualification of the organization from further consideration for the role of implementing partner.
- Reference documents and information sources: Annual report, media kit, website, legal registration, Audit reports, financial statements and reports etc.



MONITORING AND EVALUATION DEPARTMENT

REF NUM: MM/M&E/PSA001/2014

PARTNER EVALUATION FORM

ORGANISATION CAPACITY FOR PROJECT MANAGEMENT

| Project Title | | |
|--|---|---------------|
| Name of the Institution | | |
| INDICATOR | AREA OF ASSESSMENT | ANSWER |
| Project Management (including assessment, implementation, monitoring and financing) | 1) Did the organisation implement the program according to the intended outputs and outcomes? | |
| | 2) Is the budget commensurate with intended results? | |
| | 3) Did the organisations implement the program according to the proposed budget? | |
| | 4) How did the organisation identify and accommodate risks? | |
| | 5) How did the organisation monitor and supervise the implementation of the programs? | |
| | 6) Did the organisation abide with the reporting timeline? | |
| | 7) Did the organisation provide detailed financial report? | |
| | 8) How did the organisation measure the progress of the program? | |
| | 9) Did the organisation hold regular program review meetings? | |
| Accountability | 1) How did the organization document its progress, lesson learnt? | |
| | 2) Is the programs conducted by this organisations well-accepted by beneficiaries? | |
| | 3) Did they implemented Complaint Response Mechanisms and how? | |
| | 4) Did the document all complaints and feedbacks? | |
| | 5) Did they consult with/ inform beneficiaries across the project phase? Please provide evidence. | |
| | 6) Did the organization conduct continuous | |

| | | |
|----------------|---|--|
| | assessment during the program? | |
| Human Resource | 1) Did all the organization's staffs who work with MERCY Malaysia programs understand their job descriptions? | |
| | 2) Did the organisation train their staffs on project management? | |
| | 3) Did the organisation used local capacities and build their local capacities? How? | |

Recommendation and Justification

(In this section, authors may report implementing partner's overall performance. Authors may include personal experience working with implementing partners, problem encounters, implementing partner's strength and lesson learn. Please include recommendation for future collaboration).