

TECHNICAL SHEET – AID MODALITIES

3 - PROGRAMME FUNDING

(THROUGH FRAMEWORK PARTNERSHIPS)

I. Description

Contrary to project funding, programme-based funding is not earmarked for specific activities or tied to produce particular outputs but focuses on the attainment of more general outcomes through the implementation of a strategic programme or objective of an organisation. Programme funding can serve to reduce transaction and reporting costs for beneficiaries and can add a more strategic dimension to CSO or LA funding. Although programme funding is allowed for by the financial regulation, EuropeAid does not currently engage in such funding.

II. Legal framework

The current financial regulation allows for grants under a framework partnership (Art. 108 FR, Art. 163 IR), defining such partnerships as a long-term cooperation mechanism between the Commission and the beneficiaries of grants in the form of an agreement or a decision. Such framework partnership agreement shall specify inter alia the common objectives, the nature of the actions planned and the procedure for awarding specific grants (Art. 163(2) IR).

Their duration may not exceed four years (save in exceptional cases) and their use may not be contrary to the principles of transparency or the equal treatment of applicants (Art. 163(2) IR).

III. Needs covered and target groups

Needs

- § Support long-term processes & strengthen the sustainability of interventions and organisations (need 1).
- § Enhance the actor-based dimension of CSO support and allow for targeted funding - on the basis of the specificities of actors in their own contexts – with specific criteria (need 5).
- § Support role of CSOs in political dialogue & monitoring of government and donor policies and practices (need 6).
- § Provide effective support to local authorities and decentralisation efforts (need 8).
- § Enhance territorial approaches to development & local governance (need 9).
- § Support service delivery in partner countries (filling gaps, when needed; support to innovative approaches) - in respect of LAs & CSOs own mandates & roles (need 10).

Target groups

Particularly relevant to: CSOs & LAs (both at European level and country-level) with proven operational and financial capacities, as a means to reach common long-term policy objectives; CSOs focusing on governance and democratic ownership.

IV. Key issues to be considered when using this modality

- § A number of criteria were put forward in terms of **eligibility** for programme funding. They include having a **strategic plan** with a long-term vision and specific objectives, proven organisational and management strength, **democratic internal governance**, clearly identified beneficiaries and **experience in participatory approach**, a poverty alleviation focus and/or policy advocacy role aiming at enhancing participation in public policy. Organisations requesting programme funding should also be able to demonstrate their ability to operate in a given field (and possibly their leadership in doing so), commitment to learning and capability to demonstrate value for money (result-based approach).
- § One of the main **targets for programme funding** could be **membership organisations**, at **regional or global level**, that can prove a formal and strong relationship with their constituency. This modality would allow them to strengthen their own and their member's capacity, while keeping a level of independency. Programme funding is also seen as conducive for supporting **networking or coalitions** (by sector or type of actors). Finally, this mechanism can also be relevant for individual organisations.
- § Programme funding should be established around a sector or value chain in a specific geographical area. Selected programmes need to be complementary to and in line with country programmes and strategies, taking into account the added value each actor can bring to them. Joint setting of priorities is therefore needed and can be done in a strategic dialogue between the donor and the beneficiary.

- § In terms of **duration**, a five-year horizon is seen as a minimal commitment to allow the beneficiary organisations to strengthen its capacities and engage actively on core work without having to focus on predictability.
- § Regular and transparent result-oriented **reporting** on programme implementation is needed as general objectives are targeted. Clear reporting guidelines need to be defined when engaging in a long-term relationship with the organisation. The reporting format can be adopted according to the specificity of the beneficiary organisation: streamlined reporting on programme implementation for service delivery or specific actions, or impact-oriented monitoring for achieving more general outcomes.
- § The **links** between programme, core and project modalities should be further explored, especially in the case of organizations combining them.
- § The added value of such mechanism at the EU level should be assessed compared to EU Member States' existing schemes.

V. Strengths and weaknesses

Strengths

- § Offers an alternative for funding strategic programmes or objectives of CSOs&LAs;
- § Ensures better ownership and enhances the strategic dialogue between CSOs/LAs and donors;
- § Allows for more comprehensive programming and greater flexibility (CSOs&LAs may adjust activities and approach throughout the programme cycle);
- § Increases funding predictability and can serve to reduce transaction and reporting costs for beneficiaries;
- § Can be a guarantee for CSOs to preserve the integrity of their mandates, vision and constituency;
- § Makes it possible to provide support to CSOs operating in particular fields of action, like advocacy.

Weaknesses

- § May favour CSOs that have a strong organisation and are already known and trusted by the donors (i.e. larger, urban-based, professional CSOs)
- § Risks to concentrate the funding on an even more limited number of CSOs and to become an extra incentive for "donor darling" organisations;
- § May create tensions among CSOs, between those benefiting and those without access, unless transparent selection mechanism is established;
- § May entail high initial transaction costs for donors (assessing who should benefit);
- § Requires a far stronger dialogue allowing for adequate monitoring of results whereas there is a lack of adequate resources in EUD to engage in such dialogue;
- § May be riskier as it tends to involve larger funds and longer time commitments;
- § May lead to vaguer reporting of results and less targeting (in terms of specific actions/sectors) for donors.

VI. Feasibility

Programme funding would be particularly relevant for organisations working with **long-term perspectives, and would bring greater sustainability of actions**. It could also lead to a decrease in transaction costs. Programme funding could be used to better target the added value of the various partners, given them the opportunity to reproduce or continue conducive projects without additional funding, or develop some projects, which are 'catalytic' for participating in policy formulation.

However, in the absence of an increase of the overall budget to support CSOs and LAs, the introduction or programme funding would necessarily imply a reduction to the funds that, for example, are available to finance projects and/or a reduction in the number of beneficiaries, thus contributing to the further concentration of funds.

Hence, further engagement of the EC on programme funding has to be based on a clear vision and definition of what can be achieved with the modality that cannot be achieved another way, its objective and who the EC wants to work with. Some parameters about the context and the time lapse for such support would need to be defined in order to specify the exact role of programme funding in the modality mix. The added value of the EC in providing programme funding compared to other donors, especially EU Member States, should be assessed before further commitment to provide EC programme funding.