

FOR DECISION

BM.03/DOC. 05: CORE FUNDING MECHANISM: COUNTRY FUNDING CYCLE

1. PURPOSE

The purpose of this paper is to seek the approval of the Governing Board (the “Board”) of the country funding cycle of the Core Funding Mechanism (“CFM”) and its decision making schedule timetable.

2. BACKGROUND AND REASONS FOR RECOMMENDATIONS

Country Funding Cycle

2.1 At its first meeting in November 2014, the Board endorsed the establishment and launch of the Core Funding Mechanism (“CFM”) in a limited number of pilot countries (see BM.01/DEC.05). In 2015, the CFM was successfully launched in Bangladesh, Mali, and Nigeria.

2.2 When it was first presented, the CFM was not elaborated beyond its first pilot year, to allow for flexibility in implementing it in volatile and rapidly changing contexts, and to allow lessons to be learned from its initial implementation. At the end of a successful pilot year there is now sufficient experience to structure and operationalise the CFM in the longer term in order to achieve optimal performance levels.

2.3 The proposed country funding cycle has been guided by the following two mutually reinforcing assessments:

- i. As a global funding mechanism, GCERF has the opportunity to make an important contribution to the prevention and countering of violent extremism (P/CVE) by providing the international donor community with a unique way to bolster community engagement and resilience, recognising that:
 - a. violent extremism represents a long-term transnational threat to national security globally and international development efforts (as reflected in Goal 16 of the United Nations 2030 Agenda for Sustainable Development) that will require long-term and sustained intervention at a national level; and
 - b. addressing the local drivers of radicalisation to violent extremism by supporting local community-level responses remains an important, underexploited, and underfunded strand of a holistic, integrated policy for P/CVE. Sustained support will promote wider recognition of the importance of local drivers and support for local community-targeted responses.
- ii. Providing predictable and multi-year commitments to beneficiary countries (as an established commitment of the Paris Declaration on Aid Effectiveness, 2005, updated by the Accra Agenda for Action in 2008) will:

- a. allow for the integration of such support into the planning of inclusive national P/CVE strategies and programmes that place increasing emphasis on the role of local communities;
- b. reinforce the accountability of beneficiary countries to their citizens and reinforce their own commitment to P/CVE nationally;
- c. allow local, community-focused actors to identify and replicate good practices, and sustainably scale up and extend successful approaches at a community level; and
- d. allow GCERF to enhance its return on investment as it takes advantage of its expanding knowledge, experience, and expertise to more effectively target and leverage its funding each year.

CFM Decision Making Schedule

2.4 The adoption of the proposed Country Funding Cycle has implications on the Board decision making schedule for critical stages of the CFM. These implications are discussed and presented in Section 4.

3. COUNTRY FUNDING CYCLE

Waves

3.1 The countries approved by the Board as beneficiary countries in a particular year collectively form a 'wave'. Once selected, the countries in a wave will follow the same country funding cycle, unless significant changes in the operational environment require action (e.g. new legal obstacles to the fulfilment of GCERF's mandate requiring the withdrawal of GCERF funding). For planning purposes, it is currently assumed that each wave will be composed of three countries.

Eight Year Country Funding Cycle

3.2 As presented below in Table 1, the CFM will follow a country funding cycle of up to eight years. The funding cycle is the period of time during which GCERF is actively working to support a specific country. Each country funding cycle will have three 'rounds' of potential investment, launched in successive years. Each round will be an opportunity for the country to submit a National Application for grants with terms of up to three years, thus providing predictability and multi-year commitments to each country.

Table 1: Country Funding Cycle for Wave 1 Countries

Wave	Round	2014	2015	2016	2017	2018	2019	2020	2021
Wave 1	1	Country Selection	Grant Making	Y1 Grant Implementation	Y2 Grant Implementation	Y3 Grant Implementation	R1 Performance Evaluation		R3 Performance Evaluation -- Final Cycle Performance Evaluation -- Renewal Decision
	2			Grant Making	Y1 Grant Implementation	Y2 Grant Implementation	Y3 Grant Implementation	R2 Performance Evaluation	
	3				Grant Making	Y1 Grant Implementation	Y2 Grant Implementation	Y3 Grant Implementation	

Three Rounds of Funding

3.3 Each round will follow a five-year cycle, comprised of the following three phases: (i) grant making (year 1); (ii) grant implementation (years 2-4); and (iii) grant closure and performance evaluation (year 5); after which the Board may opt to renew the country funding cycle in a particular country. Table 2 below shows the key milestones associated with each phase; and associated Board decisions.

Table 2: Phases, Milestones and Board Decisions of a Round

Year(s)	Phase	Milestones	Board Action
1	Grant Making	<ul style="list-style-type: none"> • Formation of Country Support Mechanism • National consultation on P/CVE priorities • Selection of potential Principal Recipients • Consortium formation • Submission of National Application • Grant agreement development 	<ul style="list-style-type: none"> • Decision on country funding pre-allocation • Decision on National Application funding allocation
2-4	Grant Implementation	<ul style="list-style-type: none"> • Grant agreement signing • Ongoing grant implementation • Regular grantee reporting • Secretariat monitoring and management • Annual evaluation • Annual work plan and budget agreement • Grant reprogramming • End-of-round evaluation • High performance reinvestment 	<ul style="list-style-type: none"> • Portfolio performance monitoring and evaluation
5	Grant Closure and Performance Evaluation	<ul style="list-style-type: none"> • End-of-cycle performance evaluation • Request for second country funding cycle • National consultation on P/CVE priorities 	<ul style="list-style-type: none"> • Decision on country renewal

End of Cycle Performance Evaluation

3.4 In addition to the annual performance evaluations and national award evaluations as described in the original version of the CFM presented at the 1st Board Meeting (BM.01/DOC.05 v. 2, paragraphs 4.43-4.49¹), a final end-of-cycle performance evaluation will be conducted in the seventh year. The purpose of this evaluation will be to: (i) assess the overall performance of GCERF’s grant awards (Round 1 to Round 3); and (ii) inform Board consideration of the renewal of funding to a country after a full 3-round cycle.

3.5 End of cycle performance evaluations will be informed by the reports of previously conducted performance evaluations; and will be further elaborated by the Secretariat for future consideration by the Board.

3.6 In the final year of a country’s funding cycle, the Board may decide to renew a country for a further cycle. The renewal decision for countries in Wave 1 will be necessary only in 2021 after completion of the end-of cycle performance evaluation.

4. CFM DECISION MAKING TIMETABLE

4.1 Based on the working assumption of the Board approving an additional new wave of beneficiary countries each year, Table 3 presents an overview of the proposed CFM decision making timetable through 2017.

Table 3: CFM Decision Timetable

Wave	Round	2015	2016		2017	
		December	May	December	May	December
Wave 1	1	National Application Funding Allocation				
	2		Country Funding Pre-Allocation	National Application Funding Allocation		
	3				Country Funding Pre-Allocation	National Application Funding Allocation
Wave 2	1	Country Selection	Country Funding Pre-Allocation	National Application Funding Allocation		
	2				Country Funding Pre-Allocation	National Application Funding Allocation
Wave 3	1			Country Selection	Country Funding Pre-Allocation	National Application Funding Allocation
Wave 4	1					Country Selection

¹ http://www.gcerf.org/wp-content/uploads/DOC_05_Funding_Model.pdf

5. FINANCIAL IMPLICATIONS

The financial implications of implementing the CFM are subject to Board decisions on the approval of new beneficiary countries for 2016 presented in BM.03/DOC.07, and are separately presented alongside the proposed 2016 Budget in BM.03/DOC.10.