

## CORE FUNDING MECHANISM (CFM)

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### 1. Guiding Principles

The hallmarks of the Global Community Engagement and Resilience Fund (GCERF) Core Funding Mechanism (CFM) are:

- (a) **Impact:** Demonstrably strengthen resilience against violent extremist agendas through addressing the local drivers of radicalisation to violent extremism.
- (b) **National Support:** Encourage and promote national government support based in existing regional and national countering violent extremism, counter-terrorism, and development strategies and goals, as well as the UN Global Counter-Terrorism Strategy (UNGCTS), and contribute to the implementation of Pillar I of the UNGCTS.
- (c) **Efficiency:** Maximise donor funding to community-targeted projects.
- (d) **Reach:** Bridge the gap between donor funding at the international and national level and community-targeted projects at the local level.
- (e) **Access:** Through GCERF's broad public and private donor base, provide civil society with much needed access to politically neutral resources.
- (f) **Multi-Stakeholder Engagement:** Facilitate state, private sector, and civil society collaboration at the country and local levels, in support of funded projects.
- (g) **Sustainability:** Build the resilience and capacity of supported organisations, as assets to their communities and countries.
- (h) **Performance-Based Funding:** Provide a robust and practical framework for performance monitoring and evaluation, appropriate to the scale of funding involved, the capacities of intended grantees, while managing the risks associated with innovative approaches.
- (i) **Innovation:** Support creative and entrepreneurial initiatives, acknowledging the risks involved.
- (j) **Independence:** Provide an efficient, independent, and transparent decision-making process for the allocation of funding, based on the technical merit and feasibility of the proposals and the socio-political concerns of stakeholders.
- (k) **Transparency:** Provide regular, detailed and timely information on the volume, allocation and when available, results of the use of funding to all stakeholders, recognising the potential security concerns for grant recipients. Make efficient use of potential national and local beneficiaries' resources by providing clear information concerning the potential funding available.
- (l) **Agility:** Respond promptly and flexibly to emerging opportunities and challenges in achieving GCERF's purpose.
- (m) **Accountability:** Provide accountability and integrity.

- (n) **Harmonisation:** Promote and facilitate coordination and cooperation at the country and local levels amongst stakeholders, including donors, to avoid duplication. Complement ongoing national countering violent extremism efforts and reinforce regional, and international initiatives to count violent extremism, including those of the United Nations Counter-Terrorism Implementation Task Force and the United Nations Counter-Terrorism Centre.
- (o) **Leverage:** Provide a channel for the funding of community-targeted projects within the broader development context by the same or other donors or funding sources.

## 2. Annual Funding Cycle

The Core Funding Mechanism will initially follow an annual cycle, reflecting the funding model proposed here. During each annual funding cycle, the Board would decide on the intended beneficiary countries for the following calendar year. Grants may have a term of up to three years. The Board may wish to review the regularity of the funding cycle in future years.

## 3. Targeted Use of Funding

The Core Funding Mechanism provides targeted and mutually reinforcing support for applications from Principal Recipients representing a consortium of organisations able to demonstrate community-level participation and targeting those which incorporate tailored capacity development for consortia members.

## 4. Beneficiary Country Self-Identification and Board Approval

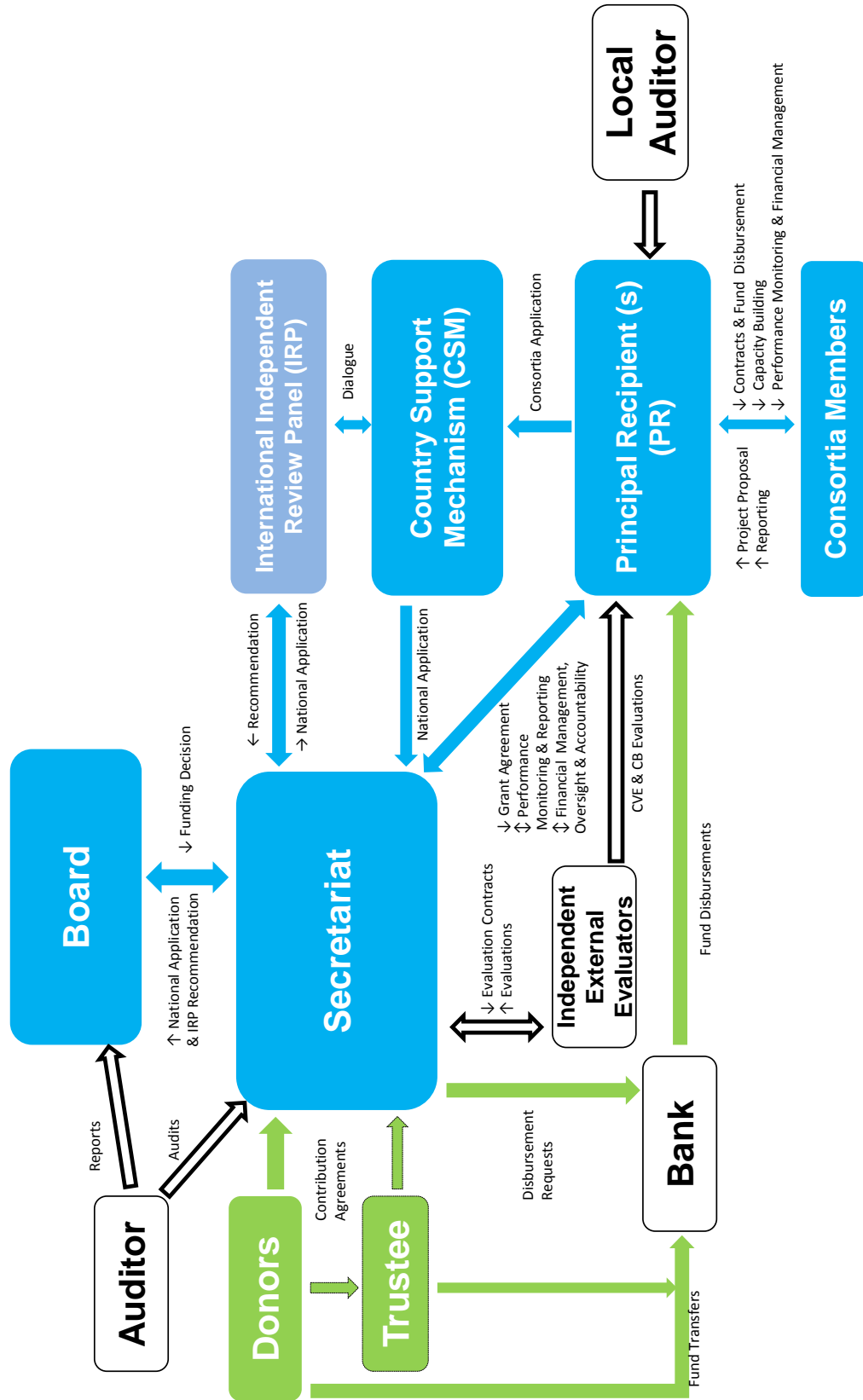
4.1 To be eligible, prospective pilot country must be included on the current list of countries eligible for Official Development Assistance<sup>1</sup> and:

- face a radicalisation to violent extremism challenge;
- have government committed at the national-level to countering violent extremism and engaging local communities as part of this effort; and
- be willing to support and facilitate the provision of GCERF grant-making nationally.

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<sup>1</sup> <http://www.oecd.org/dac/stats/49483614.pdf>

**Figure 1: Grant Management Process**



4.2 It is envisaged that the Core Funding Mechanism will provide grants in five countries in 2015 and a further five countries in 2016. To guide interested countries and to facilitate Board decision-making, a detailed eligibility policy will be prepared for approval at the next face-to face meeting of the Board.

## **5. Country Support Mechanism**

5.1 Eligible countries will be invited to form a Country Support Mechanism or “CSM.” The CSM is a national multi-stakeholder entity ideally composed of representatives of national government, sub-national authorities, local civil society, the private sector, as well as bilateral donors, United Nations entities, and multilateral and regional organisations active in the country.

5.2 In addition to the specific functions in relation to the Core Funding Mechanism detailed in this document, the CSM is responsible for:

- (a) Ensuring national support and respect for country-led responses to the threat of radicalisation to violent extremism;
- (b) Focusing on the creation, development and expansion of partnerships among all relevant actors within a country, and across all sectors of society, including governments, civil society, multilateral and bilateral agencies, and the private sector;
- (c) Strengthening the participation of communities and people at risk of radicalisation to violence and of people living with insecurity as a result of violent extremism in addressing the threat of radicalisation to violence;
- (d) Building on, complementing, and coordinating with existing national strategies to counter violent extremism, counter terrorism, and development goals; and
- (e) Encouraging transparency and accountability.

## **6. CSM Country Needs Assessment**

6.1 The CSM is responsible for providing an analysis of existing levels of community resilience against violent extremist agendas and the drivers of radicalisation to violence, including the identification of the demography and geography of communities at risk. This assessment will also include an analysis of: levels of community engagement in identified communities at risk, community-identified gaps in addressing such drivers, and the structures and capacities of community-level stakeholders servicing and representing these communities. Such assessments will build on national strategies to counter violent extremism, country and local expertise and the body of relevant analysis by academic, governmental, multilateral, and non-governmental entities.

6.2 The analysis is based on established assessment criteria agreed upon by GCERF's international Independent Review Panel ("IRP") (discussed in paragraph 12 below), in consultation with the Secretariat and relevant beneficiary state authorities.

6.3 The CSM is responsible for providing its country needs assessment to the IRP via the Secretariat in order to inform the IRP's fund allocation recommendation.

## **7. Country Fund Allocation**

7.1 The CSM's needs assessment will be shared with the IRP, facilitated by the Secretariat. The IRP will use the assessments, as well as information from the Secretariat on available funding, to provide a recommendation to the Board regarding the maximum potential funding that may be granted to each intended beneficiary country for a three-year period.

7.2 The IRP will base its recommendations on the comparative established and perceived needs of each country under consideration that year, the enabling environment provided by the national-level government in each country, and the overall secured funding available for that period.

## **8. Grant Application Criteria and Process**

8.1 The CSM is responsible for the promotion, through existing institutional channels and networks, of GCERF's mission, mandate and calls for proposals. The grant application process begins with an open call by the CSM for expressions of interest from potential Principal Recipients.

## 8.2 GCERF grant assessment criteria are as follows:

### **A. PROPOSAL**

#### **Soundness of Approach**

1. Responds to highest priorities and most critical gaps in countering violent extremism, reflecting the drivers, demography (including engendered issues), and geography of radicalisation to violence in a particular country, as identified by the CSM's country needs assessment.
2. Demonstrates a focus on identified vulnerable target populations.
3. Demonstrates local community ownership, leadership, and participation in the proposal.
4. Reflects current, evidence-based technical good practices and approaches that best fit specific country contexts for countering violent extremism and addressing the drivers of radicalisation to violence.
5. Shows creativity and initiative in responding to opportunities and challenges posed by radicalisation to violence in a particular country.
6. Leverages the assets and resources available nationally and internationally to achieve its intended impact, while at the same time de-conflicting and harmonising with existing initiatives, to minimise duplication.
7. Delivers a technically sound and strategically focused response in a cost-effective manner, avoiding replication and any other form of waste.

#### **Feasibility**

1. Understands and responds to local political, social, legal, and economic opportunities and constraints that may enhance or prevent grant implementation.
2. Ensures structural barriers to accessing services, including those related to human rights, are adequately understood and addressed to achieve the goals.

#### **Capacity Development**

1. Demonstrates how the following capability of consortia members will be developed in the following areas:
  - Act and commit: to plan, take decisions, and act on these decisions collectively (e.g. appropriate governance, structures, leadership, management, ability to mobilize resources, programme and financial management).
  - Deliver on objectives (e.g. available resources, appropriate human resources, infrastructure, standards, performance measures).
  - Adapt and self-renew through learning and adaptation to changing external and internal environmental factors.

- Establish and maintain relations with external stakeholders (e.g. their communities, government, private sector, and other civil society organisations).
- Achieve coherence in their identity, self-awareness, and discipline (e.g. clear mandate, mission, values and strategic directions, operationalized through appropriate principles, systems).

#### **Potential for sustainable outcomes**

1. Addresses the drivers of radicalisation to violence in ways that bring about lasting improvements in the lives of target populations and wider society.
2. Is consistent with broader countering violent extremism and development efforts, and complements national or international counter-terrorism and development strategies and goals.
3. Develops the resilience and capacities of supported organisations, as long-term assets to their communities and countries.

#### **B. APPLICANT**

##### **The Principal Recipient in the application demonstrates the capacity to:**

1. Engage with and mobilize relevant communities and other stakeholders in the development of a GCERF application.
2. Provide a robust and practical framework for performance monitoring and evaluation, appropriate to the scale of funding involved, while managing the risks associated with innovative approaches.
3. Provide necessary financial accountability and management of the grant funds, including those managed by its staff and those managed by other consortium members as required.
4. Identify and support the development of capacity of other consortia members.
5. Facilitate learning, coordination and cooperation amongst key stakeholders.

## **9. Principal Recipient**

9.1 The role of a Principal Recipient is to act as the lead agency for a consortium of organisations working at the community-level applying for funding. Specifically, Principal Recipients must be a locally registered legal entity able to enter into a grant agreement and receive and manage funding from GCERF, prepare and submit one consolidated proposal (on behalf of the consortium they represent), and manage approved funding ensuring integrity up and down the system by complying with GCERF requirements and monitor compliance of grantees.

9.2 The Principal Recipient is responsible for the financial accountability and management of grant funds received by other consortium members. Grant policies will include limits to administrative overheads, which in all cases will be required to reflect the actual and documented administrative costs associated with ensuring the financial accountability and management of grant funds managed by the Principal Recipient, including those it disburses to other consortia members. However, in cases where the capacity of consortia members is low with regards to financial management, Principal Recipients will be encouraged to include a plan and budget for capacity development in their application. These costs will be reviewed as part of the capacity development dimension of the grant application.

## **10. Open Call and Selection of Principal Recipients**

10.1 To avoid unnecessary use of resources by prospective grantees on preparing full applications and engaging with other potential consortium members, potential Principal Recipients are selected following an open call for expressions of interest. The selection of potential Principal Recipients will be a joint decision made by the CSM and IRP in consultation with the Secretariat based on the “Applicant” grant assessment criteria listed in paragraph 8.2 above. The CSM, IRP and Secretariat will base the selection on principles of transparency, exogenous and endogenous accountability, and sound risk management. The CSM, IRP and Secretariat will seek to reach consensus in the selection of potential Principal Recipients. In instances in which consensus cannot be reached, the commissioning by the Secretariat of an independent external *ex-ante* evaluation may be requested by the IRP or CSM to guide the final decision.

10.2 Multiple potential Principal Recipients once selected may be invited to submit applications in a beneficiary country, depending on geographical considerations (e.g. reach), intended levels of funding to be made available (i.e. demand), and demographics (i.e. communities served).

10.3 Once selected, the potential Principal Recipient will be informed by the CSM and given three months to develop their applications.

## **11. National Application**

11.1 A National Application is comprised of the individual applications of selected Principal Recipients submitted by the CSM to GCERF for funding. The CSM is responsible for selecting those applications of selected Principal Recipients it wants to endorse and include in its National Application. There is no lower or upper limit on the number of selected Principal Recipient applications to be included in a CSM’s National Application.

11.2 A National Application is submitted via the Secretariat for review and recommendation by the IRP before submission to the Board.



## **12. International Independent Review Panel (IRP)**

The international Independent Review Panel or “IRP” is an independent, impartial group of 8 to 14 experts appointed by the Board to provide a rigorous technical assessment of requests for funding made to GCERF. The IRP fulfils the functions relation to the Core Funding Mechanism outlined in this document. Detailed Terms of Reference are attached to this document.

## **13. IRP Funding Recommendations**

13.1 The IRP will provide funding recommendations to the Board based on the review assessment criteria outlined in paragraph 8.2 above. The IRP reviews the national application against established technical standards and places special emphasis on the overall coherence and performance potential of the application as a whole.

13.2 The IRP has up to 30 days to make its recommendation with any reservations/requests for modifications. In the event that modification and/or clarifications are sought by the IRP, the CSM will be provided with a reasonable amount of time to address them, including consulting with the Principal Recipient(s) if necessary. The IRP will then have a further two weeks to accept modifications or clarifications provided by Principal Recipients through their CSM.

13.3 The IRP’s final recommendation is then submitted to the Board, including any outstanding reservations/requests for modifications that have not been addressed or resolved.

## **14. Board Decision-Making**

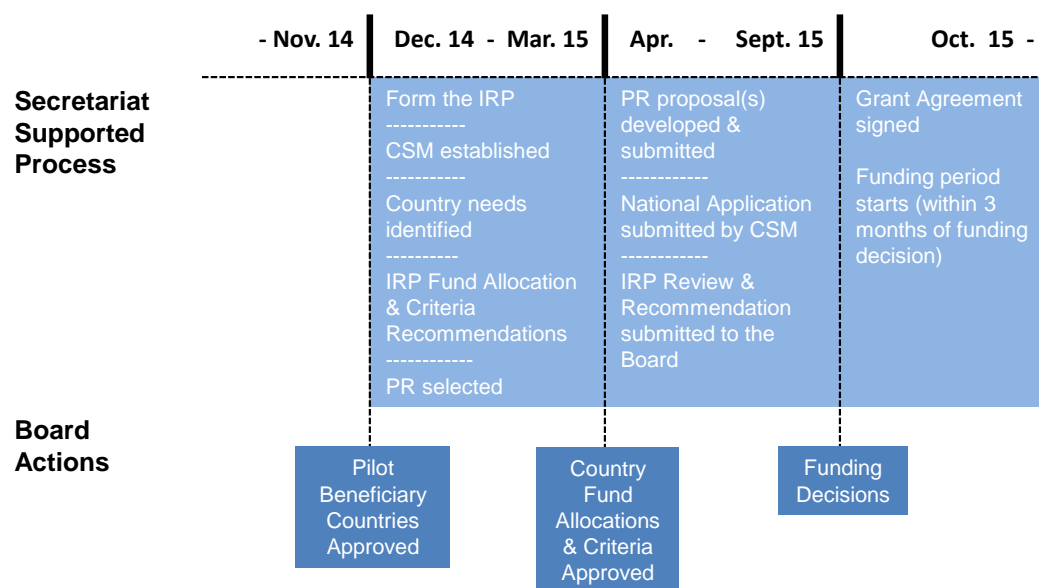
14.1 The Board makes funding decisions in accordance with its Statutes, Bylaws, and Policy on Ethics and Conflict of Interest.

14.2 Board decision-making should place emphasis on the merits and potential impact of applications, in light of the risk assessment made and reflected in the recommendation (e.g. contextual considerations), and any outstanding reservations/requests for modifications of the IRP.

14.3 The Board may choose to approve a National Application, or to do so subject to specific reservations or conditions. A decision not to fund a proposal will be recorded in the minutes of the meeting, with an indication of whether the applicant is encouraged to re-submit.

14.4 Considering the process that each proposal will go through before reaching the Board, a decision not to fund is an unlikely occurrence; however, it is reserved by the Board as an option, especially in light of changing circumstances in a country.

**Figure 2: Overview of Pilot Grant-making Cycle**



## 15. Grant Awards and Disbursements

15.1 Following Board approval, the Secretariat will negotiate grant agreements with each Principal Recipient, which will take into account the specific programmatic and financial risks related to each programme and Principal Recipient.

15.2 Disbursements to Principal Recipients are made on a semi-annual basis, one quarter in advance. Disbursements by Principal Recipients to other consortia members are made on a quarterly, semi-annually or annual basis depending on the size of grant.

## 16. Performance Monitoring and Evaluation (Programme and Financial)

16.1 The purpose of GCERF's performance monitoring and evaluation (PM&E) is to promote exogenous and endogenous accountability and transparency. GCERF will adopt a robust and pragmatic PM&E framework appropriate to the size of grants made that recognizes the specific contextual constraints inherent to targeting the community-level. A detailed PM&E Framework will be developed by the Secretariat in consultation with key constituencies following the 1<sup>st</sup> Board meeting, sent to the Board for comments during that period and presented to the Board for information during the second quarter of 2015.

16.2 The purpose of GCERF's PM&E framework will be to (i) support the robust programmatic and financial management of grant performance; (ii) promote learning and

the identification of good practices; and (iii) inform improvements in current grant implementation and future grant-making. GCERF's PM&E framework will comprise periodic monitoring and episodic evaluation.

#### *Progress Monitoring*

16.3 The purpose of GCERF's progress monitoring is to (i) improve the efficiency and inform adjustments in grant implementation by Principal Recipients; and (ii) oversee direct expenditure and disbursements to other consortium members by Principal Recipients. GCERF's monitoring specifically refers to the level of activities and outputs based on pre-defined progress indicators.

16.4 The Secretariat will be responsible for overseeing the implementation of grant awards by Principal Recipients based on agreed financial reporting requirements and pre-defined progress indicators. The Secretariat will maintain close and regular communication with Principal Recipients.

16.5 GCERF will track grant progress regularly through the routine review of progress reports. Principal Recipients will be required to provide quarterly programmatic and financial reports on grant implementation. These reports will include a management section identifying progress trends during the period, significant deviations or concerns, and recommended midstream corrections. Progress reports will be designed to ensure unreasonable or undue burden is not placed on Principal Recipients or smaller consortia members.

16.6 Principal Recipients will be responsible for the routine oversight of consortia members, based on agreed financial reporting and pre-defined progress indicators. These requirements will be informed by standard guidelines provided by the Secretariat that take into account the size and duration of funding provided to consortia members. Due to the potential capacity limitations of smaller consortia members, a Principal Recipient may facilitate and support the preparation by smaller consortia members' of narrative and financial progress reports, subject to clear guidelines concerning transparency.

16.7 Enhanced oversights of Principal Recipients' progress by the Secretariat will be provided through annual quality assurance assessments of each Principal Recipient primarily for verification purposes.

#### *Performance Evaluation*

16.8 The purpose of GCERF's performance evaluations are to (i) improve the effectiveness and inform adjustments in grant implementation by Principal Recipients; and (ii) oversee the financial management and cost-effectiveness of Principal Recipients. GCERF's performance evaluations specifically refer to the level of outcomes based on performance indicators and qualitative impact assessment.

16.9 GCERF will undertake annual performance evaluations of each Principal Recipient. These limited scope assessments will: (i) evaluate the aggregate performance outcomes and when possible impact achieved by the Principal Recipients against the approved goals and objectives of their grant award; and (ii) identify potential areas of underperformance and inform recommendations for midstream corrections; (iii) verify reported implementation and expenditure; and (iv) ensure compliance with financial management requirements.

16.10 The Secretariat will reserve the right to undertake a random performance evaluation of a Principal Recipient at any time of the year with due notice.

#### *National Award Evaluation*

16.11 The Secretariat will commission independent external evaluations of each CSM's portfolio during the final year of their current grant period. These assessments will evaluate the aggregate performance outcomes and impact achieved by each Principal Recipient against the approved goals and objectives of the overall approved national grant award. The intention of these evaluations will be to: (i) assess the overall performance of GCERF's grant award for key stakeholders (e.g. donors, beneficiary countries); and (ii) to inform future GCERF funding based on the needs of the country.

16.12 National award evaluations will be informed by the reports of previously conducted performance evaluations.

16.13 Especially in this pilot phase, GCERF may decide to commission one or a number of mid-term national award evaluations to inform future GCERF funding.

16.14 GCERF will reserve the right to suspend funding in a particular country, or to a particular Principal Recipient, in light of a spectrum of internal and/or external issues. General conditions concerning the grounds for the suspension of funding will be detailed in specific conditions in individual Grant Agreements.

### **17. Financial Audits**

17.1 Principal Recipients will be required to appoint auditors in an open, competitive and transparent process. Principal Recipients will be required to share with GCERF their annual audited reports and, in appropriate circumstances, to provide a grant specific audited statement.

17.2 In some cases, the Secretariat may initiate external financial reviews of a Principal Recipient to promote robust financial management practices and performance. These reviews may include probes into individual disbursements for the compliance of other consortia members.

17.3 The Board will appoint an independent auditor to conduct an audit of the GCERF's books and records on an annual basis. The annual audited financial statements of the GCERF will be shared with the Board.

**18. Fund Disbursements**

18.1 GCERF will issue fund disbursement requests to its bank for payment to Principal Recipients.

18.2 Principal Recipients will be responsible for fund disbursements to other consortia members.