



The Programme Based Approach: 10 lessons

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Cover photo: Abdulkadir/NRC, 2020

A hygiene promoter demonstrates proper hand-washing during awareness raising on COVID-19 at Anole IDP settlement in Kahda district, outside of Mogadishu.

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1 Introduction

The Norwegian Refugee Council, (NRC), Swedish International Development Cooperation Agency (Sida) and the Norwegian Ministry of Foreign Affairs (NMFA) embarked on an experiment in 2017, to pilot a programme-based approach to humanitarian funding across NRC's country programmes¹. Programme Based Approach (PBA) funding has subsequently grown from this pilot. Sida now provides PBA funding to three NGO partners, NRC, ACF and IRC and the NMFA issued new framework agreements to six NGO partners in early 2020, which partners can choose to use as programme-based funding. ECHO finalised the selection of NGO partners in early 2020 to pilot a new programme-based partnership approach over a three-year period.²

Programme-based funding is relatively common practice for development actors, and examples exist in UN humanitarian programmes. But for humanitarian NGOs, programme-based funding is a novel approach. There is consensus among these early adopters that the PBA has been on balance a positive experience, delivering a range of effectiveness and efficiency gains across the entire chain of aid recipient, implementing organisation and donor. This study summarises lessons drawn from the first years of PBA experimentation and learning, drawing on the experiences of NRC, IRC, ACF, Sida and the NMFA. The study is intended as a contribution to the policy debate on increasing the provision of quality funding for humanitarian response, and as a step towards building the case for a substantial scale-up of programme-based funding.



Children in Kongoussi Rural commune, Centre North region, Burkina Faso, gather around a small radio to listen to a French lesson on spelling. Photo: Adama Kouraogo, Education Officer NRC Burkina Faso

¹The NRC pilot with Norway was contractually with the NMFA. Until 2019 however, NRC also received some funding from Norad channelled through the NMFA agreement.

²As a very new instrument, the details of ECHO's new funding agreements and the degree of flexibility they will provide were not fully established. Key features that ECHO selected four partners to participate in three-year programmatic partnerships. Each organization will receive EUR 5-15 million annually, though funding is not committed beyond the first year due to ECHO's annual budgeting process. Partners will also be able to draw on Partner selection included consideration of priority given to sub-granting funds and providing capacity building support to local partners, and the inclusion of an "exit strategy" or pathway to hand over programming to development actors. Reporting is expected to be at the level of outcomes rather than outputs (Development Initiatives and NRC, 2020).

2 What is the programme-based approach?

The PBA provides funding earmarked only to country programme level. The intention is to support the delivery of a programme-based approach to humanitarian response that may include an integrated package of activities across a variety of sectors and themes. The PBA approach also intends to support the use of existing partner systems, tools and approaches. The Sida and NMFA agreements differ in some respects, but at the level of principle and in many practical areas, they share common features. These are outlined below.

For both Sida and the NMFA, PBA funding sits within a multi-year framework partnership agreement with an NGO partner. NRC, Sida and the NMFA began piloting the PBA in 2017. In 2018, IRC and ACF also began to receive Sida PBA funding. In 2019, the NMFA invited applications for their new round of framework partnership agreements. Six organisations were selected across seven framework agreements, with four-year framework agreements contracted in January 2020. The new NMFA partnership agreements provide opportunities for partners to follow either project or programme-based approaches, and partners may report on results and budgets at the level of the overall/global agreement. The NMFA offers therefore a high degree of flexibility. Currently however, most partners have yet to take full advantage of this and NRC's partnership is the most programme-based of the NMFA's framework partnership agreements.

PBA partners are required to support the achievement of Sida and the NMFA's high-level policy goals as part of their framework agreements, and their activities are required to fit within the scope of humanitarian action. In the case of Sida, this means activities should be within the scope of the Humanitarian Response Plan (HRP) or other coordinated responses. Beyond these criteria, and agreement on the size of country funding envelopes, decision-making on how funding is used within a country programme is at the discretion of the partner. Organisations have the freedom to direct PBA funding therefore towards areas of intervention, sectors, and budget lines based on their own priorities, so long as they are within the scope of the country programme strategy agreed with the donor.



Syrian refugee child fetching water in improvised settlement in Lebanon's Bekaa valley. Photo: Christian Jepsen/NRC

Sida and the NMFA support the use of their partners' existing systems under the PBA, reducing the bureaucratic burden, and organisations can in principle submit their country programme strategies and budgets in lieu of tailored proposals, simply indicating the percentage contribution to the whole programme budget they seek.

Both Sida and the NMFA PBA funding are flexible by design and therefore allow partners to shift funding to respond to unforeseen crises and new priorities without needing to request a formal amendment so long as they fall within the scope of the agreed country programme. Many partners are now using this flexibility to adapt their programming to the Covid-19 pandemic.

Both the Sida and NMFA have inbuilt or linked access to contingent funding for unforeseen emergencies and escalations in needs, which require additional injections of funds. Sida's strategic partners (including, but not limited to PBA recipients) may apply for additional funding through Sida's Rapid Response Mechanism (RRM) to respond to unforeseen emergencies. The new NMFA framework agreements reserve 20% of the total value of the budget annually, referred to as "Flex Funds", which operates in a similar way to the Sida RRM. Flex Funds can be drawn down on when unforeseen crises or escalations occur. Flex Funds should be used within six months and any unallocated funds cannot be carried forward to the following year.

Sida will provide a total of SEK 404.5 million in 2020 through the PBA (233 MSEK to NRC, 101.5 MSEK to ACF and 70 MSEK to IRC), which represents almost 10% of Sida's total humanitarian allocation for 2020. The NMFA expects to provide NOK 1.7 billion in humanitarian funding through their strategic NGO partnerships in 2020, which represents 31% of Norway's total humanitarian funding in 2020 (note however that not all strategic partnership funding is programme-based).

KEY POINTS IN THE EVOLUTION OF THE PBA

2017
<ul style="list-style-type: none"> • NRC pilots the PBA approach across 32 countries with funding from Sida and the NMFA. • Sida conducts an independent evaluation of its partnership with IRC recommending trialling a more flexible funding relationship.
2018
<ul style="list-style-type: none"> • IRC joins the Sida PBA pilot with 3 initial country programmes (Cameroon, CAR and Nigeria) • ACF joins the Sida PBA pilot with initial 5 country programmes (Bangladesh, Ethiopia, Myanmar, Somalia and Syria) • New Norwegian humanitarian aid strategy published, indicating Norway should change the way it works with NGO partners to support the delivery of Norway's strategy. • NRC conducts an internal review of the programme-based approach after the first year of implementation (June 2018)
2019
<ul style="list-style-type: none"> • ACF adds another 5 programmes to its PBA funding (Chad, Colombia, Lebanon, Philippines, South Sudan) • Norway issues a call for applications for its new Strategic Partnership Agreements.
2020
<ul style="list-style-type: none"> • IRC issues a learning review of the programme-based approach after the first year of implementation (January 2020) • Norway contracts 6 NGOs across 7 new framework agreements, including programme-based elements. NRC continues to apply the PBA under the new framework agreement with NMFA. • Norway introduces new level of flexibility to move up to 20% of funds between countries in response to Covid-19 pandemic. • ACF adds another two countries to its Sida PBA (Burkina Faso, Venezuela). • IRC adds another three countries to its Sida PBA (Mali, South Sudan and Yemen). • ECHO selects NGO partners to participate in a three-year pilot programmatic partnership approach.

3 10 Lessons

3.1 Flexibility enables more accountable and needs-based response

Some of the principal benefits of the flexibility the PBA provides is in enabling partners to respond to changing circumstances, and changing understandings of priorities, needs, and what works.

PBA funding allows partners to rapidly shift funds towards emerging needs and changing priorities. Eliminating the need to seek a formal amendment dramatically reduces the lead time and reduces disincentives to respond to emerging needs. This enables partners to respond quickly. For example, in CAR, in June 2018, the IRC was the first organisation to respond to displacements caused by inter-communal violence in the commune of Mbrès. IRC provided non-food items to the displaced, extended their protection activities into newly affected areas and provided follow-on income generating activities after the initial emergency response, all within the scope of their existing PBA programme funding, and without the need to request a formal amendment.

Partners have been able to very quickly shift programming priorities and resources to support responses to the COVID-19 pandemic. In Syria, ACF used PBA funds to initiate water trucking and begin procuring medical equipment and hygiene supplies. Their other donors meanwhile were far slower to agree programmatic changes. In DRC, NRC rapidly reprogrammed Sida PBA funds in Ituri to decongest overcrowded IDP camps. And in light of school suspensions, shifted part of their NMFA PBA funds which had been planned to support Safer Schools programming in Tanganyika towards emergency shelter and WASH activities in IDP camps.

PBA funding allows partners to address under-funded and overlooked needs. PBA partners provided examples of PBA funding allowing them to target needs in communities, geographic and thematic areas that fell outside of the priorities identified by the wider humanitarian system. ACF was able to assist refugees in Lebanon whose heating stoves had been lost or damaged (for example, by storms) but who did not meet the official criteria for accessing replacements. In Libya, NRC was able to tailor shelter responses to the particular needs of communities in under-served areas including providing communal infrastructure, temporary housing and shelter in IDP settlements. In CAR, NRC was able to provide a rapid NFI and WASH response to flooding in October 2019 in and around Bangui and in harder to reach rural areas, where no other humanitarian actors were present, using pre-positioned stocks and without having to wait to secure funding.

PBA funding allows partners to adjust activities to respond to programme monitoring and learning, and feedback from communities and partners. NRC's labour intermediation programme in Jordan for example supports working age Syrians and Jordanians to provide soft skills training and match them with employers. Monitoring data highlighted that employees needed additional post-placement support to help them stay in their new positions that was not originally planned and budgeted for in the project. With PBA funding, NRC was able to commission and design a package of coaching and mentoring support for roll-out by NRC staff with Syrian and Jordanian employee beneficiaries. In Lebanon, NRC switched from providing cash-based WASH assistance based on feedback indicating beneficiaries were struggling to receive cash and access shops to buy hygiene items following political upheaval since October 2019. ACF's Syria programme meanwhile was able to respond to suggestions from their partner the Syrian Red Crescent, to provide winter kits to additional locations they had not anticipated in their initial planning. In Nigeria, observing that exposure to cold winter temperatures could contribute to higher mortality rates among children, IRC altered their plan house a health facility stabilisation centre in tents, instead building a permanent structure. The mortality rate subsequently fell from 2.21% in 2018 in the tent structure, to 0.54% in the permanent structure.

3.2 PBA funding enables more strategic and effective response

PBA funding enables more integrated programming. One of the intentions of PBA is to promote integrated programming across a variety of sectors and themes. The flexibility of PBA funding does not set restrictions that limit multi-sectoral and inter-disciplinary approaches. This allows partners to elevate the level of their objectives from project-level outputs to more strategic programmatic outcomes. IRC's recent study on flexible funding confirms that "the PBA supports the realisation of strategic outcomes and is less focused on specific outputs, financing through the mechanism can better support integrated and multi- sectoral interventions (IRC, 2020). In IRC's Cameroon programme for example, greater programme integration encouraged operational linkages including referrals of cases across their different programming teams - GBV cases are referred to protection colleagues and rule of law staff for legal assistance, and to IRC's income generating activities (ibid).

Integrated programming is a strategic priority of NRC and NRC country offices are encouraged to use PBA to complement other funding more closely tied to sectoral deliverables. For example, the NRC Syria Country Office were able deliver 'soft' education components in schools they had rehabilitated within the "Creating Welcoming Schools" programme including training school staff in hygiene promotion to keep rehabilitated WASH facilities clean and functioning.

Partners regularly use PBA funding to build more coherent and strategic operational presence. Country offices regularly target PBA funding towards geographic areas and themes which they otherwise struggle to attract funding for. This enables a more needs-based response and also enables partners to pursue more strategic interventions. For example, NRC in Jordan noted that the ICLA and shelter program strategies are well funded and therefore target their PBA funding towards areas they have identified they would like to maintain support to particular vulnerable groups. Examples include youth programming and livelihoods programming for Syrian refugees living in Informal Tented Settlements, where funding is far more challenging to routinely secure. In DRC, NRC used PBA funding to ensure the continued presence of their offices in Tangynika province so they could not only respond in times of emergencies, rather they could build a package of programmes to support displaced people on pathways out of displacement over a period of years. In CAR, NRC has used PBA funding to refocus its activities as needs have shifted across the country, including scaling up in the East where few INGOs and UN agencies were present in 2019 and reducing and consolidating offices in the West, where the security situation had improved.

PBA funding allows partners to counterbalance "caveats" in collective analysis and prioritisation. PBA partners noted instances where they had been able to use PBA funding to highlight overlooked and under-prioritised areas and issues, and in some cases to draw attention and funding to these issues. For example, in Jordan, NRC used PBA funding to commission a study on the 100,000 non-Syrian refugees living in Jordan where little data exists as a contribution to shifting policy towards a "One Refugee" approach. This report informed NRC's decision to take a more holistic approach to data collection on refugees living in Jordan, allowing NRC to demonstrate refugees other than Syrians are, in fact, worse off than Syrian refugees across multiple areas such as shelter, education and livelihoods. ACF in Lebanon meanwhile used PBA funding to support targeted nutrition activities for breastfeeding women, in a context where nutrition surveillance is not permitted and there is therefore limited evidence and emphasis given to nutrition programmes by donors. There are limits however to the extent to which partners can extend priority programming, and in the case of Sida's PBA funding activities should still meet their understanding of humanitarian programming and fall within the scope of the HRP.

PBA funding can be catalytic, enabling new approaches and setting up new activities. ACF notes for example that PBA funds "can also help building or strengthening ACF experience and expertise in a particular area that can then be scaled up and attract additional funding or donors." (ACF, 2020). In Libya, PBA funding has been a key enabler for NRC to establish ICLA programming, allowing time to understand the legal framework and needs and establish relationships with government lawyers and public defender's offices, civil registries and local authorities. This enabled NRC to develop a work

plan, receive government approval to operate, and to recruit qualified staff from which the programme will be expanded in 2020.

PBA funding resulted in a substantial “trust dividend”, strengthening relationships with communities and partners. In Cameroon for example, IRC was able to use PBA funding to dovetail with a short Sida RRM emergency response project in the North West and South West regions, to maintain presence, capitalising on investments in establishing relationships and trust with authorities and communities in an area where negotiating access is extremely sensitive.

3.3 PBA funding delivers efficiency gains, but it is not cost or condition-free

There are several areas in which the flexibility the PBA enables considerable efficiency gains, notably, the reduced paperwork required by using existing partner proposal and reporting systems; substantial reductions in formal amendment requests; and the ability to use PBA funding to manage their cash-flow more efficiently to cover gaps in funding and prevent having to prematurely close offices and dismiss staff.

The anticipated approach to bureaucratic “lightness” has significant gains overall, but nevertheless required additional investments. The reduction in grant amendments is a major efficiency gain for everyone. In a striking comparison, across IRC’s non-PBA funded projects, in order to adjust to context and needs changes, IRC requested 16 amendments across in the first year of its framework agreement with Sida, which represents more than one request per project. Among IRC’s PBA programmes within the same framework agreement however, there were no requests for amendments and any changes were instead managed through regular informal dialogue with Sida.

Although both Sida and the NMFA had no specific requirements for proposals and reporting at the outset, in practice, additional guidance and templates have since been developed. However, since these were designed by agencies themselves, they are complementary to their existing tools and formats, and are therefore less burdensome to use. For example, initially NRC submitted an adapted version of their country strategies in lieu of a tailored proposal. While this worked well for country offices, it placed a substantial workload on the Oslo office to tailor 32 internal country strategies for a donor audience, and Sida found the format unwieldy. Some country offices also felt less able to be sufficiently frank in their country strategies in the knowledge that they would be shared externally. In 2019 therefore, NRC developed a tailored proposal format. IRC developed a proposal template at the outset of their PBA pilot, which was based on a simplified version of their country strategy documents, with an outcome framework. ACF also developed their own template based on their country strategy templates, with an adapted focus on humanitarian programming and additional fields to meet Sida’s requirements on coordination.

A similar process unfolded for programme reporting. It should be noted that within Sida’s NGO partner guidelines, there are some specific reporting requirements, notably on Sida’s cross-cutting thematic priorities and on numbers of people reached disaggregated by sector and modality. ACF did not have existing programme-level reporting templates at country level and therefore developed a template based on the 8+3 template, with the inclusion of fields to meet Sida’s reporting requirements and linked to ACF’s PBA proposal template. IRC also did not have existing reporting at country programme level and therefore developed a template linked to their PBA proposal template. NRC began by submitting their global annual reports to Sida and the NMFA. NRC’s global report, which was designed for a general public audience, did not provide sufficient analysis and detailed results however, and NRC subsequently switched to producing a programme-level report, aligned with the 8+3 harmonised reporting template.

PBA funding helps to smooth funding interruptions and plug gaps in support costs, enabling “business continuity” with associated cost savings. Partners use PBA funding in a variety of ways, while being mindful not to allocate large proportions of their PBA grants into a general support costs pot. In some cases this is a matter of optics: they are conscious that their donors may prefer to be able to see some line of sight between their investments and programming activities and outcomes. Nevertheless, the

flexibility of the PBA allows partners to staff positions and organizational costs which they consider important, but are difficult to fund, and to bridge funding gaps, and avoid costly and unnecessary termination and close-down costs.

There are some notable conditions which somewhat constrain flexibility. Sida and NMFA PBA agreements are not entirely without conditions on how partners allocate funds. For example, Sida's support to NRC's programmes in Palestine and Tanzania in 2020 is earmarked for ICLA activities and in Djibouti for ICLA and livelihoods, and therefore does not span the scope of a multi-sectoral programme. The NMFA's funding to NRC under their previous framework agreement had a specific thematic earmarking of funds for education, including a specific additional earmarking for education in Syria in 2018. This thematic earmarking has not been carried into the NMFA's new framework agreements however.

3.4 PBA funding enhances the effectiveness of the wider funding ecosystem

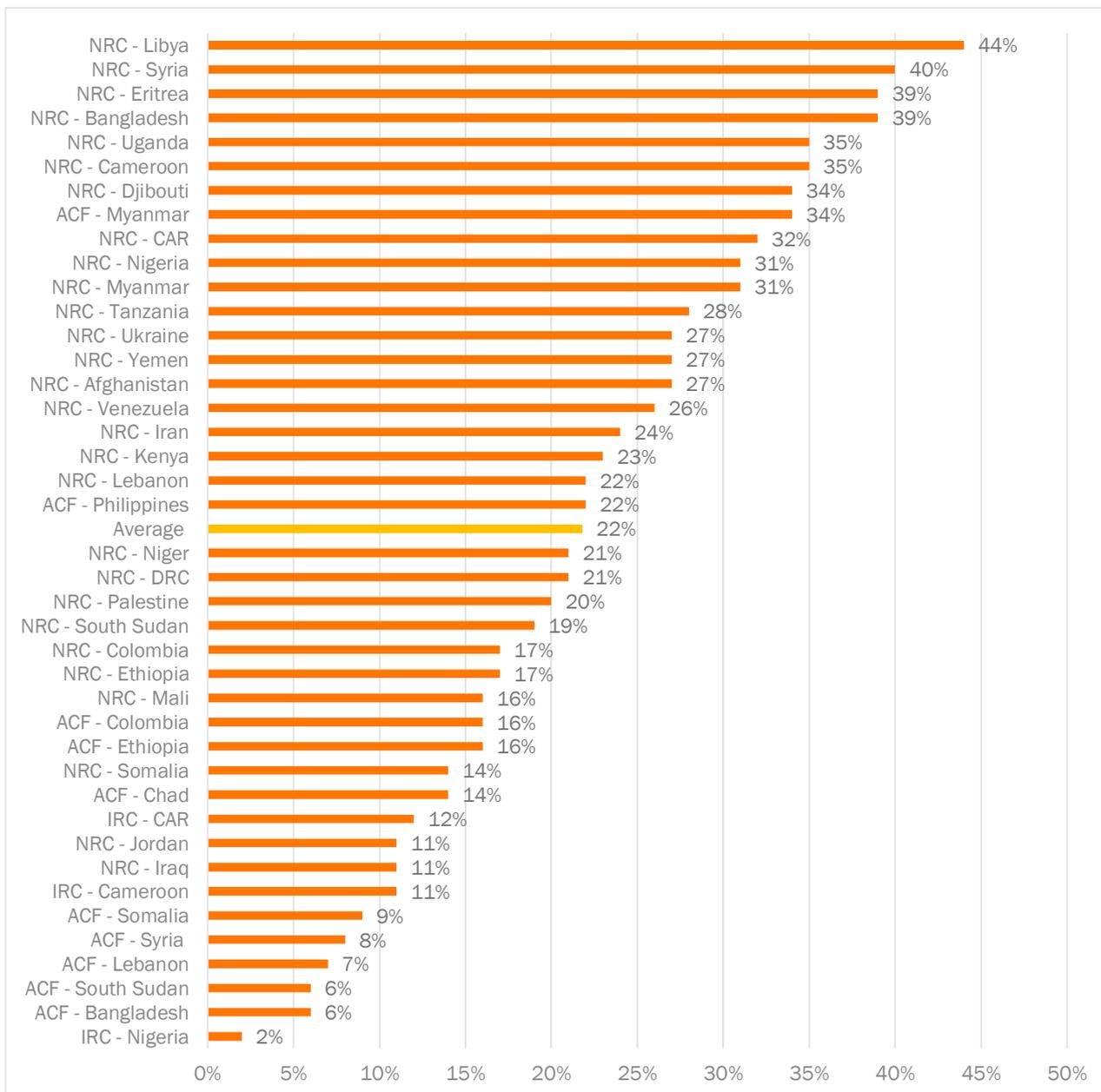
In addition to filling gaps in mosaics of earmarked funding, NGO partners provided a range of examples of PBA funding actively working in complementarity with and enhancing other sources of funding. For example, IRC responded with PBA funds with an initial distribution of WASH kits for newly displaced Nigerian refugees into Goura camp in the Far North of Cameroon in early 2019 while additional funding from Sida's RRM was under negotiation. ACF used PBA funding in Lebanon to complement funding from another donor, this enabled them to respond to sudden and unforeseen situations, for instance, they were able hire a snow plough to clear camps the morning after a heavy snow-storm, that had trapped and isolated refugees in their tents, impacting their safety and dignity. In Afghanistan, NRC used PBA funding to mobilise support from two additional donors for a pilot education intervention, which later attracted additional continuation funding.



Inside NRC's camp management center in the outskirts of Kabul, our staff provides masks to visitors from the camp, guide them on preventive measures and train them on how they can reduce potential risk of infection to them and their family. Photo: Enayatullah Azad/NRC

3.5 The funding and operating context influences the impact of PBA

Figure 1: PBA funding as a share of country programme funding for ACF, IRC and NRC



Notes: All figures provided directly from ACF, IRC and NRC. Figures for ACF and NRC are for 2019 and based on total contributions. Figures for IRC are for the first year of implementation which ran from May 2018. NRC receives PBA funding from both the NMFA and Sida.

PBA benefits vary according to the proportion of programme funding it represents, and the overall availability of funding. There is significant variation in the relative size of PBA funding across partner and country programmes (see Figure 1). At the lower end, PBA funding represented 2% of IRC's Nigeria programme's budget in the first year of implementation, whereas at the higher end, PBA funding from both Sida and the NMFA represented 44% of the NRC Libya programme funding in 2019. On average, PBA funding was equivalent to 22% of country programme budgets across the three NGOs.

Even relatively small amounts of PBA funding can prove extremely valuable. However, when only a small proportion of a country programme's funding is flexible, and the overall funding portfolio is large, there are reduced incentives to invest significant intellectual efforts and person hours to use that funding strategically. Where funding overall is constrained, there are reduced opportunities to use PBA funding for initiating new or innovative activities and funding is more likely to be used to keep the lights on. For example, the highly constrained overall funding environment in Cameroon has limited IRC's ability to invest in some planned strategic and innovative programming areas as they have had to prioritise funding towards core programme delivery.

There are a range of structural incentives and established systems in the wider humanitarian operating context which favour a project-based approach. The majority of funding remains tightly earmarked towards donor identified priorities, with a heavy reporting burden attached. There is not yet a critical mass of flexible funding therefore that would unlock the full potential of a programmatic approach. Current humanitarian coordination tools and systems rely heavily on a world understood through the lens of projects and also exert significant influence in favour of a projectised approach. The HRP process and OCHA Financial Tracking Service (FTS) rely on submission of projects. Cluster based coordination and allocation processes for country-based pooled funds have long struggled to deal with integrated programmes that span multiple sectoral areas. Programme-based approaches are simply unfamiliar to both international and national actors. For example, the government of Ethiopia is accustomed signing operating agreements with international partners on the basis of individual projects and struggled to comprehend a set of activities funded by multiple donors.

3.6 The combined benefits of flexibility *and* predictability have yet to be realised

The right balance of providing predictable and flexible funding through the PBA has yet to be struck. Both donors and their partners must weigh the need to retain some capacity to respond to changing needs at portfolio level, with commitments to plan and programme over a multi-year period. The Sida and NMFA PBAs have taken a variety of approaches to this issue, in consultation with their partners.

At country-level, there is often an expressed desire for greater predictability. ACF in Lebanon noted for example that when no other donor is supporting specific priorities funded through the PBA, annual variations in the PBA can make it difficult to maintain strategic investment in nutrition programming. NRC in DRC noted that predictability is of greater value overall than flexibility and could reduce competition for funding a country level. However, uptake of multi-year funding within the PBA has in fact been mixed among NGO partners, which may relate in part to the variable capacity of partners to deliver multi-year programmes.

For both donors the PBA sits within a multi-year framework agreement which confirms the intent to partner over several years. For the NMFA, a fixed funding envelope for each year is stated in the funding agreement and partners agree with the NMFA annually how to apportion this over their country programmes and thematic projects. For Sida, there is no agreement on funding envelopes in the partner agreement and amounts are negotiated for each country programme annually. There are however some exceptions and a number of negotiated instances of multi-year funding within the PBA framework agreements. Sida allowed partners to apply for multi-year PBA agreements for countries which had multi-year HRPs in 2018, though not in subsequent years, when they switched to providing multi-year funding on a project-funding basis. The NMFA offers the option of multi-year funding, with allocation amounts agreed and fixed in the first year for subsequent years for a select list of countries within their new framework agreements.

Among IRC's first round of pilot countries with Sida they adopted a mixed approach: Nigeria has annual allocations, CAR a two-year allocation and Cameroon a three-year allocation. IRC has noted a range of benefits in of multi-year and flexible PBA funding. Countries with multi-year allocations have designed longer-term interventions in line with their multi-year country strategies. Their CAR programme for example is taking a phased approach from meeting basic needs to supporting income generating activities and investing in supporting sustainable community-based protection committees. IRC also notes that they have seen benefits in providing stable funding to support staff continuity and capacity building and supporting strengthened relationships with local partners and communities.

NRC decided not to apply for the multi-year funding for specific countries under the NMFA strategic partnership agreement, considering that all NRC country programmes are already included in the agreement, and being mindful of retaining contingent financing capacity to respond to shifting priorities over the course of the agreement.

NRC is currently engaged in dialogue with Sida on the provision of multi-year funding within their framework agreements to combine predictability and flexibility. And there is clearly scope and appetite among partners to revisit and refine the balance of predictability and flexibility within the PBAs, particularly as Sida moves to reissue its framework agreements in 2021.

3.7 The PBA relies on trust rather than control

Donors need to be willing to trade trust for control. The PBA is fundamentally a relationship based on trust. Both Sida and the NMFA selected partners in whom they already had a high degree of confidence in their ability to deliver on a programmatic basis, and to account for funds. This means the bar for entry is set high, and in reality programme based funding may be beyond the reach of organisations who do not already have established relationships with donors. The PBA is not for micro-managers. Both Sweden and Norway have limited staffing capacity to manage their partnerships and they are therefore already inclined to rely on trust rather than control in managing their relationships with partners. The trade-off for donors is a reduced ability to attribute specific results to their funding, and a reduced ability to target or earmark funding towards political or thematic policy commitments and interests.

All partners reported that the PBA led to a strengthened and more strategic relationship. NGO partners and donors have engaged in regular dialogue, particularly in the pilot stage of the PBA, with many noting that they valued the spirit of mutual respect and frankness of discussions. NGOs noted that they felt confident to raise issues where they felt they or their donors could improve and to share their internal analysis with donors. NRC, IRC and ACF also worked in a collegiate fashion to share experiences and lessons.

3.8 All parties need to be clear in their expectations

From the outset there has been a lack of clarity in expectations around what the PBA was expected to deliver. The original motivation for the NRC-Sida PBA pilot, which Norway subsequently joined, was rooted in mutual desire to meet commitments to provide quality funding as a means to deliver more efficient and effective humanitarian response. The purpose however was not clearly defined, and along the way expectations that the PBA should deliver additional results or longer-term outcomes have also become attached to PBA funding, particularly from some staff within Sida. Differing interpretations of what the PBA could be expected to deliver caused confusion and a degree of second guessing among partners as to what Sida expected.

Significant progress has been made in developing guidelines on how to use PBA funding, but the debate on whether the PBA should deliver additional results, or longer-term transformative outcomes has yet to be fully resolved. Some are of the view that the PBA enables more efficient and effective humanitarian programming and that is a good outcome in itself, while others believe that it is reasonable to expect additional results or better outcomes, as one might expect from a programmatic

approach to development. Resolving this debate and clarifying the purpose and expectations of the PBA will help to build confidence in the added value of this approach.

3.9 Expect a learning curve and start-up costs

Donors and NGOs confirmed that the PBA experience has been a learning process for all of them and that an iterative process has been necessary to think and work through challenges as they have emerged. The enhanced quality of dialogue noted above and commitment of all parties to the experiment, has proved critical in enabling donors and their partners to navigate these challenges.

For all three NGOs significant investments were required to support country teams to get to grips with the new PBA approach. NRC, ACF and IRC followed different approaches to introducing the PBA and each organisation differs in the extent to which they already operated on a programmatic basis. NRC as the test subject for the PBA, introduced the PBA across all 32 country programmes with funding from both Sida and the NMFA, simultaneously. Building on NRC's early experiences, IRC and ACF proposed a phased approach, piloting in a few hand-picked country programmes.

Inevitably, not everything went smoothly as both the NGOs and donors felt their way through the pilot stages. Notably, country offices needed support and guidance to grasp the rationale and opportunities the PBA offered them. Country office staff are accustomed to working to donor rules within a heavy "compliance culture" and in some cases found the lack of guidance bewildering. The three NGOs agree that dedicating additional resources to support socialising and effective use of the PBA at country level, and a phased roll-out is a sensible approach. NRC for example carried out a learning review in 2018 that helped to guide the development of support to country offices and all three NGOs developed guidance for their country offices. All three NGOs also have dedicated staff support at headquarters to support country programmes. IRC for example has a Programmatic and Learning adviser partly dedicated to supporting the PBA pilot. IRC and ACF were also able to provide workshops and provide on-going feedback and support to their much-reduced number of pilot countries.

Reporting results and outcomes at programme-level may require additional and substantial investment. ACF notes that "Working with a PBA is a commitment to measure and report at outcome level. You are expected to move away from a grant level measurement." (ACF, 2020). NRC already had internal indicators and reporting systems which enabled them to monitor and report at programme level, but IRC and ACF's reporting systems were geared to reporting at project level and both organisations have made investments to enable them to aggregate, monitor and report on results at programme level. There are technical challenges in introducing programme level monitoring and evaluation and the cost and effort involved to support country-offices to adapt to programme-level monitoring and reporting should not be underestimated. Currently Sida is the only donor IRC and ACF have which require programme or portfolio level reporting. IRC had already decided at corporate level to harmonise indicators and invest in their ability to monitor and report at portfolio level, however other organisations may need to reflect carefully on their willingness and ability to make this investment, particularly if PBA funding represents a small proportion of their portfolio.



Shazia (10), her friend Mina (11) and another friend, are washing her doll in an IDP settlement in Kabul. "I wash my doll and her clothes because there is a disease spreading we've been told" says Shazia after she attended an awareness raising campaign by NRC staff. Photo: Enayatullah Azad/NRC 2020

3.10 Flexibility demands new ways of working

The PBA is flexible by intention and design, and Sida and NMFA have taken a range of measures to structure their agreements to allow a high degree of flexibility. Sida for example, provides funding in one tranche in the first quarter of each year to ensure that the pump is primed early in the year. But flexibility it is also partly an attitude and way of working. Both Sida and NMFA make considerable efforts to be accommodating to their partners, over and above the flexible conditions built into the agreements.

The PBA provides the opportunity for "adaptive management" but partners also need to be prepared to rise to this challenge. NGOs and donors noted that a "shift in mindset" is required to make full use of PBA flexibility and a programme-based approach requires different ways of working. Deciding where to direct PBA funding within a country programme for example, requires more cross-team or sector working.

Organisations approach programme-based approaches from different starting points. NRC for example has focussed on streamlining the PBA within their existing processes, structures and systems. IRC has also built on existing systems and tools and is investing in enhanced support and learning on adaptive programming.

Country offices meanwhile have grown in confidence and creativity in the ways they used the PBA over time and experimented with different approaches to decision-making and management of PBA funding. Notably, the NRC team in DRC initially targeted PBA funds across many geographical areas and sectors, reviewing decisions on a quarterly basis to ensure funds were continually targeted to priority needs. Ultimately this proved complex and labour intensive and they later switched to a more targeted approach to prioritisation, reducing the number of areas and sectors supported.

4 Conclusion

The PBA has proved to be a positive and beneficial experience for both donors and NGO partners and there is a wide range of evidence to support the case for programmatic funding as a powerful tool in enabling efficient, effective, principled and accountable humanitarian programming. The PBA also provides an opportunity for donors to meet their commitments under the Grand Bargain to provide quality predictable and flexible funding, whilst at the same time, maintaining a higher level of visibility of results, detailed and quality dialogue with partners than core funding at the organisational level offers.

The donors and NGOs involved are committed to continuing this approach. However, country programme staff consulted for this study frequently made the point that the potential to deliver a truly programme based approach cannot be realised until they achieve a critical mass of predictable and flexible programme-based funding, that would substantially reduce the bureaucratic burden and unpredictability of a kaleidoscope of earmarked grants. Other donors are strongly encouraged therefore to learn from and adopt programme-based approaches to their NGO partnerships in order to tip the balance in favour of quality funding at country programme level.

For implementing organisations, living up to the potential of PBA funding requires new ways of working, including the confidence and ambition to aim for higher-level outcomes and a willingness to learn and adapt, to try new approaches, to respond to new information and needs, order to deliver on these ambitions. Staff may need encouragement, support and guidance in order to shift from a project-based culture. Organisations may also need to invest in their systems and tools to enable staff to deliver programme-based approaches, particularly their monitoring and reporting systems. While flexible funding remains a small proportion of organisational funding however, there are powerful disincentives to make these investments and organisations will need to carefully consider the costs of re-tooling their staff and systems to deliver on a programmatic basis.



Crisis-affected people gathered for a cash distribution listen to announcements from NRC staff while they wait patiently for the cash distribution to begin in Ituri province. Photo: Itunu Kuku/ NRC/2019

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