Accessing funding
What non-state actors need to know

5.1 Funding is available, but with limitations

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5.5 What are the procedures for accessing and managing funds?
Among ACP non-state actors, there is a clear expectation that the current emphasis on participatory approaches will be translated into new opportunities to access EC funding. This chapter provides an overview of the main 'funding routes' that are open to non-state actors in ACP countries. It also explains the basic procedures that are used to access and manage funds under the Cotonou Agreement.

"The participation of non-state actors in the governance structure of programmes intended for them is crucial. It helps to ensure ownership and a focus on real needs. It may also contribute to building trust among state and non-state actors and to gradually expand the scope for constructive partnerships."

East African civil society organisation

"How serious will the engagement of the Delegation of the European Commission be in terms of promoting participatory development, particularly in countries which are not keen to work with civil society?"

West African civil society representative

"We don’t want the money of the EC, as it means too much stress."

Caribbean civil society organisation
5.1 Funding is available, but with limitations

Compared to the previous Lomé Conventions, the Cotonou Agreement offers a considerably wider range of opportunities for non-state actors to obtain EC funding. Before providing practical guidance on how to access these funds, however, it is important to offer some words of caution in order to avoid raising unrealistic expectations. All non-state actors should be aware of some limitations with regard to obtaining EC funding.

It is not possible just to knock on the door and get a project funded

The resources available for the ACP under the Cotonou Agreement cannot be used freely for all kinds of purposes or projects. On the contrary, EDF resources are allocated and planned according to a process and set of procedures, as spelled out in the Cotonou Agreement.

ACP governments have to approve non-state actor programmes

The EC cannot decide on its own to fund individual projects. In accordance with the principle of partnership that underpins ACP-EC cooperation, ACP governments are in the driving seat in the process of determining and managing aid policies. Clear choices will have to be made on where EC aid resources will be spent, and specified in the National and Regional Indicative Programmes.

This process of setting priorities, together with an estimation of the needs, will also help to determine the amount of funding available to non-state actors in ACP countries or regions. In addition to this, it will also be crucial to properly identify the needs of non-state actors (e.g. during a 'mapping exercise').

In practice, this means that ACP states have a major say in the funding that goes to non-state actors.

The procedures for managing EC aid can be complex

Non-state actors should not expect a 'quick fix' when it comes to obtaining funding. There are rather complicated procedures that must be followed, and it may take quite a long time – between three and twelve months at least – for projects to be approved. To some extent, this is inevitable, since it takes time to decide on priorities or prepare projects. Such procedures are also a 'necessary evil' if transparency in decision making and accountability for the use of the money are to be promoted.
5.2 The two main funding routes

There are two main funding routes for non-state actors who wish to obtain resources from the EC.

**ROUTE 1**
*The European Development Fund (EDF) is used for the cooperation between the ACP and the EC*

**Key features**
- The EDF is the source of funding for official cooperation between the ACP and the EC, as defined in the Cotonou Agreement.
- These resources are jointly managed by the ACP States and the EC.
- Non-state actors can access resources from the EDF.
- There are three ‘windows’ open to non-state actors to obtain funding from the EDF (see section 5.3).

**ROUTE 2**
*The EU budget lines are used for projects proposed by non-state actors from the ACP and from other developing regions*

**Key features**
- The EU budget lines are funded from the overall budget of the EU, and not from the EDF. These budget lines are intended to finance projects on a wide range of priority issues, such as human rights, HIV/AIDS and environmental protection.
- The resources involved are managed by the European Commission alone, and not in association with the governments of developing countries (including the ACP states).
- Non-state actors can access resources from the budget lines either directly or indirectly (through a partnership with a European actor).
- There are several thematic budget lines that may be of interest to non-state actors (see section 5.4).
5.3 The three windows of the European Development Fund

Let us start with the first major funding route for non-state actors: the resources from the European Development Fund (EDF) that have been put aside to finance the cooperation with the 77 ACP countries and the six ACP regions under the Cotonou Agreement.

Under Route 1, there are three windows of opportunity for non-state actors to get part of the EDF resources allocated to a given ACP country/region:

1. capacity building programmes for non-state actors;
2. microprojects and decentralised cooperation programmes; and
3. standard EDF development projects.

Types of activity funded

- The definition of capacity building for non-state actors is quite flexible. The types of activity to be funded will depend on the country context and on the specific needs of non-state actors.
- Activities can include efforts to improve the organisation and representation of non-state actors; to establish consultation mechanisms among non-state actors organisations; to facilitate networking; or to build their capacity for lobbying.

Who can benefit?

- First, a specific capacity building programme for non-state actors must be included in the National Indicative Programme of the country. If this is the case, the question of who can benefit is addressed during the so-called 'identification phase', when the content and implementation modalities of the programme are defined in detail.
- It is desirable for non-state actors to be involved in the design of these programmes and in definition of the eligibility criteria that will be used to select beneficiaries.
- Under the Cotonou Agreement private sector organisations may be supported in the same way as non-state actors from civil society, as long as they carry out relevant activities that are non-profit making. For instance, chambers of commerce that organise seminars for private sector actors on trade-related issues could be eligible for support.
Special features
- Alongside a support programme for non-state actors, funded under the EDF, non-state actors in a given ACP country could also benefit from funding available under the EU budget lines (see further section 5.4).
- Capacity building initiatives for non-state actors can go beyond providing organisational support to individual organisations. They can also aim at strengthening the civil society as a whole (see example of the Sudan in the box below).
- If the National Indicative Programme does not include a specific capacity building programme, non-state actors may be able to obtain capacity support through either of the other two windows.

During the protracted civil war in Sudan all aid (except for humanitarian assistance) was suspended. As a result, the capacity building needs of Sudanese non-state actors are huge. In February 2002, the Delegation of the European Commission in Khartoum took the initiative to start a dialogue process with non-state actors in this vast and divided country.

The overall aim of the dialogue was to prepare non-state actors in the north and south of the country for the possible resumption of EC-Sudan cooperation once peace is concluded. To this end, the Delegation of the European Commission entered into extensive consultations with all relevant actors – non-state actors, official parties, donor agencies and international non-governmental organisations – and conceived a comprehensive capacity building programme.

The EUR 2 million allocated for this programme is intended not to finance a myriad of isolated projects from individual organisations, but rather to help build an active and viable civil society. The activities will typically focus on a number of priority areas:

- building capacity at both national and local levels;
- building confidence between non-state actors and governments;
- promoting the development of a coherent vision of the role of civil society vis-à-vis the state;
- helping non-state actors to make the shift from humanitarian approaches to longer-term development strategies;
- exploring mechanisms to ensure effective representation so that grassroots concerns are heard at higher levels of policy making;
- initiating capacity building and training activities that will benefit all non-state actors; and
- preparing non-state actors to become effective and eligible partners in future cooperation by improving their governance structures, as well as their capacities for policy analysis, advocacy and project execution.
Beyond the capacity building programmes described above, the Cotonou Agreement (Articles 70 and 71) also makes it possible to fund two other programmes specifically intended for non-state actors – microprojects and decentralised cooperation.

These two approaches existed under the Lomé Conventions. In recent years, it is possible to observe an evolution in several ACP countries whereby microprojects gradually evolve towards decentralised cooperation approaches (see box, page 68).

However, both the ACP and the EC agree that the provisions with regard to decentralised cooperation in the Cotonou Agreement need further clarification. In order to avoid confusion at this stage, the guide will not deal with decentralised cooperation in any detail.

MICROPROJECTS

Purpose
• As the name suggests, microprojects are small-scale projects at the local level, involving limited funding, that address immediate and concrete needs.
• This is the oldest financing instrument for non-state actors. It was introduced under the Lomé I Convention (1975-80) and retained in the Cotonou Agreement. Several ACP countries have included a new microproject programme in their recently elaborated National Indicative Programmes.

Types of activity funded
• small infrastructure projects, such as building a rural school or a bridge; and
• income-generating activities.

Who can benefit?
• local communities; and
• grassroots organisations.

Special features
• There is a strong focus on direct action with a view to alleviate poverty.
• The local community is expected to contribute up to 25% of the cost of a microproject.
• The funds are generally managed by a separate unit (often called the project management unit), under the supervision of the National Authorising Officer (NAO) and the EC.
• Microprojects tend to be stand-alone interventions, with limited links to other development programmes or to local governments.

Several evaluations of microprojects programmes were made. Generally, they conclude that microprojects can be a useful approach to fight poverty at local level. However, they also stress the need to better ‘embed’ these projects into the broader development process and the activities of other players (e.g. local governments).
This is fully consistent with the basic philosophy underpinning the Cotonou Agreement to build bridges between state and non-state actors. Madagascar offers an interesting example of an evolving microprojects programme that promotes joint action between non-state actors and local governments, based on their respective comparative advantages (see box).

Support programme for local development initiatives in Madagascar

The support programme for local development initiatives in Madagascar (with funding of EUR 8 million under the 8th EDF) is defined as a microprojects programme. However, it displays some specific features that clearly distinguish it from a traditional microprojects programme. In particular, it:

• targets both non-state actors and local governments;
• puts dialogue between local governments and the local population at the centre of the cooperation process;
• encourages the full participation of local non-state actors in this broader partnership; and
• stresses the need for coordination with the deconcentrated state services, and for coherence with local development plans and sector strategies.

The purpose of this new approach is to go beyond the logic of small ad hoc projects. While concrete development activities will still be funded, the programme is also being used as an instrument to promote dialogue and collaboration between local governments and non-state actors to address broader local development challenges.

The programme offers two opportunities for non-state actors to access funding:

• local groups (e.g. grassroots organisations, women’s or youth associations, small producers, etc.) can obtain funding for the execution of infrastructure projects (as in traditional microproject programmes); and
• non-state actor support structures (e.g. local NGOs specialised in capacity building) or local experts can be contracted to provide and facilitate a wide range of services (e.g. context analysis, capacity building for non-state actors, promoting dialogue with local governments, etc.)
Window 3  
STANDARD EDF PROGRAMMES AND PROJECTS  

Purpose  
• Non-state actors can also access funds by participating in the implementation of standard EDF programmes, i.e. sector programmes or development projects promoted by their government (and included in the National Indicative Programme).  
• In practice, this means that funds are put aside in these programmes to pay for the services provided by non-state actors in the implementation process.  

Types of activity funded  
• The types of activity to be funded will depend on the nature of the sector programme or project to be implemented.  
• Non-state actors can play different roles in the implementation process, to be agreed upon with the government for each project.  
• Non-state actors are usually invited to provide specialised services that will contribute to the realisation of the project.  
• The participation of non-state actors can take the form of public-private partnerships for implementing a programme or project. Implementation can also be entrusted to a non-state actor to provide services or added value (see section 4.2).  

Who can benefit?  
• Different groups of non-state actors, depending on the sector programme or project.  
• The main criteria to access this type of funding are likely to be the skills and competencies of each non-state actor.  

Special features  
• The government is clearly in the driving seat, as this concerns the implementation of government programmes.  
• When analysing the NIP of their country, non-state actors are advised to look beyond the specific programmes intended for them to see whether there are any other opportunities for them to participate and access funds through the other programmes.  
• The involvement of non-state actors in standard EDF programmes and projects will contribute to the gradual mainstreaming of their participation in the overall cooperation process.  

5.4 Additional resources through EU budget lines  
In addition to EDF funds under the Cotonou Agreement, the EC also provides resources through a number of special budget lines. These are managed by the European Commission, without the involvement of ACP governments, and are financed through the overall EU budget. Perhaps the best known among non-state actors is the ‘Co-financing with NGOs’
budget line, through which European NGOs can support the activities of their partners in ACP countries.

Over time, the number of budget lines has increased dramatically. They now provide funding for a wide range of activities, such as promoting human rights, democracy and decentralised cooperation, combating HIV/AIDS, etc.

Four things

There are four things that non-state actors should know about the EU budget lines:

1. The budget lines offer funding for activities proposed by non-state actors. Some funds are reserved for European non-state actors (for example, the ‘Co-financing with NGOs’ line), while others are open directly to non-state actors from the ACP countries as well (for example, the ‘Decentralised cooperation’ line).

2. In ACP countries where the relationship between state and non-state actors is difficult, and funding for non-state actors activities through the National Indicative Programme is not forthcoming, the budget lines provide an alternative source of funding that is beyond their government’s control.

3. Funding through the EU budget lines is increasingly made available through a process of calls for proposals, which are publicised widely. This means that, at regular intervals, the EC invites non-state actors to submit project proposals. Calls for proposals are posted on the EU website and are published in the EU’s ‘Official Journal’, together with guidelines on what applicants have to do to obtain funds. Note, however, that these guidelines need to be followed very strictly, processing times are often long, and competition is usually fierce, so expectations of success should not be too high.

Further information on the EU budget lines on the Internet

For readers who have access to the Internet, detailed information on the budget lines and the application procedures can be found on the website of the EuropeAid Cooperation Office: www.europa.eu.int/comm/europeaid/index-en.htm

The EuropeAid Cooperation Office has issued an Info Guide for Co-financing with NGOs and Decentralised Cooperation Projects, which provides detailed information on the procedure for applying for funding under these and other budget lines:

BOND, the network of British development NGOs, also provides up-to-date information on the budget lines for its member organisations:
www.bond.org.uk/eu/budglines.htm
If you want to apply for funding, it may be useful to get support from a non-state actor based in Europe who may be more familiar with the procedures.

4. The EU is currently reviewing and harmonising the system of budget lines in order to improve the coherence between them and other sources of EC aid, such as funding for the National Indicative Programmes under the EDF.

**Relevant budget lines**
The EU budget lines relevant for ACP non-state actors are listed in the table below.

<table>
<thead>
<tr>
<th>Code</th>
<th>Name</th>
<th>Directly available to ACP non-state actors</th>
<th>European partner needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>B7 6000</td>
<td>Co-financing with NGOs</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>B7 200 &amp; B7 201</td>
<td>Food aid and food security</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>B7 70</td>
<td>Democracy and human rights</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>B7 6312</td>
<td>Reproductive health</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>B7 6211</td>
<td>Fight against poverty diseases (HIV/AIDS, malaria, tuberculosis)</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>B7 6002</td>
<td>Decentralised cooperation</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>B7 6200</td>
<td>Environment and tropical forests</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>B7 6220</td>
<td>Integrating gender issues in development cooperation</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>B7 641</td>
<td>Rehabilitation and reconstruction in ACP countries</td>
<td>To await new call for proposals to see if directly available</td>
<td></td>
</tr>
</tbody>
</table>

Table 1: EU budget lines
Whilst we do not wish to turn non-state actors into procedural experts, this final section offers some essential practical information on how cooperation programmes (including support to non-state actors) are managed and administered within the framework of the Cotonou Agreement.

Ten questions and answers
The main aspects that non-state actors need to know are summarised below in the form of 10 questions and answers.

1. **Who should we contact to find out about funding opportunities for non-state actors?**

   In order to find out about funding opportunities for non-state actors you do not need to contact European Commission staff or the ACP Secretariat in distant Brussels. There are three contact points in your own country where you should be able to obtain the necessary information:

   - The **National Authorising Officer (NAO)**. In some countries, NAO offices have a desk for non-state actors (for the addresses of NAO offices, see Annex VIII).

   - The **Delegations of the European Commission**. All Delegations of the European Commission should have one officer specifically responsible for relations with non-state actors. It is this liaison officer you should ask for when you call or pay a visit (for the addresses of Delegations of the European Commission in ACP countries, see Annex IX).

   - **National or regional platforms of non-state actors**. In some countries (such as Fiji, Mali and Chad), non-state actors have begun to form their own platforms, umbrella organisations and/or networks to focus on issues related to the Cotonou Agreement. These organisations and networks can be sources of relevant information. Check whether such a body exists in your country. Some non-state actors (e.g. NGOs) have also started to organise themselves at the regional level. They can help you to find information on opportunities for participation in EC-supported regional programmes (for the regional ACP Civil Society Forum focal points, see Annex VII).

2. **Can the European Commission provide funds directly from the 9th European Development Fund?**

   There are three possible scenarios:

   - In principle, no funds can be disbursed to non-state actors without the prior consent of the National Authorising
Officer. The Cotonou Agreement determines that the NAO must sign all financing agreements. This is the general rule of decentralised management (or management by the ACP state) as it is applied in ACP-EC cooperation.

- This principle of decentralised management has raised quite some concern among non-state actors, since in some countries there is no tradition of governments and non-state actors working together. In others, the NAO office may lack the capacity and sometimes also the will to deal with and support non-state actors. In such cases, the Delegation of the European Commission can discuss and seek to agree with the NAO to manage the funds within the Delegation (this is called centralised management).

- The NAO can decide on its own to delegate the management and administration of funds for non-state actors to the Delegation of the European Commission. This has been the case in South Africa, for example.

What is the role of the NAO and the Delegation of the European Commission in managing funds for non-state actors?

Under the Cotonou Agreement, the NAO and the Head of Delegation of the European Commission jointly manage programmes for the non-state actors. If the disbursement of funds to non-state actors is foreseen in the NIP, both the NAO and the EC can play a facilitating role by taking a number of initiatives.

In practice, this facilitating role may involve:

- identifying the relevant non-state actors in the country, and the roles they are playing or could play in implementing the national development strategy;
- providing non-state actors with information on the funding opportunities available to them;
- drawing up financing proposals for support to non-state actors;
- supervising the implementation of non-state actors projects and monitoring them to ensure that the funds are used correctly;
- ensuring the complementarity of projects funded through the EDF and those funded from the EU budget lines (principally the task of the Delegation); and
- ensuring coordination between projects funded through the EDF and those supported by other donors and development partners.

These are quite demanding tasks for the NAO and the Delegations of the European Commission, many of which are understaffed, and often lack expertise and expe-
rience in managing programmes for non-state actors. In order to strengthen their capacities, Technical Assistance (TA) will generally be necessary (in the form of local or international consultants) to help with some of these functions.

4 What is the application procedure for obtaining funding through the EDF?

Just as in the case of EU budget lines, the procedure of calls for proposals (see section 5.4) also applies to funding for non-state actor programmes under the EDF.

In practice, this procedure works as follows:

• The first requirement is that a support programme for non-state actors is included in the country’s NIP (and allocated a certain amount of funds).

• Then the programme needs to go through an identification process (‘what are the priorities for support?’ ‘what are the selection criteria?’).

• Based on these priorities, the official parties launch a call for proposals and publicise it in local newspapers.

• Non-state actors are invited to submit project proposals according to a standard format and within certain deadlines.

• An evaluation committee will then be set up to judge the projects submitted in response to the call for proposals.

Many non-state actors might submit proposals, in which case, depending on the amount of funding available, competition may be fierce. Thus, the better and more convincing your proposal, and the more quality it offers, the more likely it is that your project will be selected.

An exception to the calls for proposal rule can be made if there is only one non-state actor organisation that is capable of delivering a particular service. For example, if your organisation is the only one specialising in delivering education on HIV/AIDS, and this is something the NAO/Delegation of the European Commission have decided to support, then the contract may be awarded directly to you.

5 Can we obtain EDF money no matter what area we work in?

Whether you can obtain EDF resources depends on several factors:

• The priorities included in the National Indicative Programme. If, for example, you want funding for an environmental protection project, but this does not fit into any of the programmes specified in your country’s NIP, it is unlikely that you will be assisted.

• The existence of a capacity building programme. If the NIP includes such a programme (see section 5.3) and you want to strengthen the capacity of your
organisation, it may not matter whether you work in health, environment or education. In this case, you might be able to obtain funding as long as you meet the eligibility criteria of the programme and get your project approved.

**6 Do non-state actors have a say in the management of programmes intended for them?**

As mentioned above, responsibility for managing development programmes under the Cotonou Agreement lies with the official parties – the NAO and the Delegation of the European Commission. However, when there is a specific support programme for non-state actors, ways are generally sought to involve non-state actors in the management of the programme.

This is usually sorted out during the programme identification phase, when decisions have to be made on the focus of the support programme, as well as on the institutional arrangements that will need to be put in place to manage it. Non-state actors will normally be consulted. They can thus influence the decision on the focus and most appropriate management structure for the programme.

In practice, there are two main ways in which non-state actors can be involved in the management of the programme:

- **Overall policy orientation.** Each support programme for non-state actors, like any other programme supported under the Cotonou Agreement, should have governance structures that give direction to and supervise the programme management team. The NAO and the Head of the Delegation of the European Commission will normally seek to involve non-state actors in such structures.

- **Administration of funds.** It is also possible that non-state actors may be entrusted with the administration of the funds involved in a support programme under the ultimate responsibility of the NAO (see box 'Non-state actors as implementing agency: The case of Tuvalu', page 77).

**7 Who is responsible for the day-to-day management of a programme specified in the NIP?**

In principle, depending on the nature of the programme, any of four actors - or implementing agencies - may be responsible for day-to-day management. These are:

- **A Ministry.** For instance, if the NIP includes a programme aimed at reforming the judicial system, the implementing agency will most likely be the Ministry of Justice.
• **A private company.** Private sector companies are often involved in managing programmes under the Cotonou Agreement. In practice, this means that a company is contracted to take care of day-to-day management, under the supervision of the NAO. The company then recruits technical assistants to staff a programme management unit (PMU) or programme implementation unit (PIU) that will carry out the work.

• **Non-state actors.** As the example of Tuvalu illustrates (see box, page 77), the management of particular project components can be delegated to non-state actor organisations provided they meet the necessary legal, financial and any other requirements.

• **The Delegation of the European Commission.** When the Delegation acts as the implementing agency, it may recruit technical assistants to carry out some of the work (e.g. preparatory work on a call for proposals).

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**8 Is training available for non-state actors on how to write project proposals?**

Resources can be reserved in the budget of a development programme to provide training for non-state actors (e.g. to help writing project proposals).

**9 How long will it take to obtain funding?**

A long time can pass between getting in touch with the NAO and/or the Delegation of the European Commission and obtaining funding from EDF resources (if you are eligible). It can take anything between several months to several years, depending on where the official parties stand in their programme implementation. For many non-state actors this is too long a time to be feasible. They may be fighting for the survival of their organisations on a daily basis, and so need money today rather than tomorrow. Engaging in ACP-EC cooperation requires long-term, strategic planning, and a lot of pro-active efforts on the part of the non-state actors. Yet, if you manage it, it can be a rewarding process.

The EU is currently trying to speed up its procedures, to make things easier for non-state actors and to disburse funds more quickly to needy organisations.

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**10 Is there a deadline for finalising projects?**

This is regulated in the General Regulations and Conditions, as well as in the EC Financial Regulation applicable to the 9th EDF.
Because of the delays experienced in financing many projects in the past, considerable funds remain unspent.

The financial regulation of the 9th EDF sets quite tight timeframes by which financing agreements must be made, projects must be implemented, etc.

When participating in a project funded through the EDF, make sure you are aware of these timeframes, and stick to them, if possible. Otherwise, your funding may be cut and reallocated.

Tuvalu is a tiny island in the Pacific and member of the ACP Group. In the programming process under the 9th EDF, Tuvalu decided to devote all of its EC aid to a single sector: social development (in the areas of education, environment and water) as specified in the national budget. Within this sector framework, 90% of the EC support is allocated to government, and the remaining 10% to non-state actors.

An innovative institutional arrangement has been devised to give non-state actors a leading role in managing the 10% 'envelope' reserved for them. The following features of the scheme are worth noting:

- The NAO of Tuvalu has overall responsibility for the implementation of the programme through an annual work programme (AWP).
- The non-state actors created a structure called the Tuvalu Association of NGOs (TANGO) to act as the implementing partner. TANGO will be responsible for running, coordinating, reporting and monitoring the non-state actor component of the AWP.
- Specific eligibility criteria have been defined for non-state actors to access the funds under the 10% envelope.
- All project proposals submitted by non-state actors will be processed through TANGO. They will need to be agreed on an annual basis by the NSA Forum for Cotonou, an umbrella group of non-state actors (coordinated by TANGO) in which relevant line ministries and the Delegation of the European Commission participate.
- TANGO will submit approved project proposals to the NAO and the relevant line ministries for inclusion in the national budget.

**Non-state actors as implementing agency**

*The case of Tuvalu*