

April 2014

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Recommended Citation

Moust, Fabienne and de la Vingne, James (2014) "Get More Value for Money: The Benefits of Multiyear Funding," *The Journal of ERW and Mine Action* : Vol. 18 : Iss. 1 , Article 11.
Available at: <https://commons.lib.jmu.edu/cisr-journal/vol18/iss1/11>

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Get More Value for Money: The Benefits of Multiyear Funding

by Fabienne Moust [Ministry of Foreign Affairs, Netherlands] and James de la Vingne [MAG (Mines Advisory Group)] - [view pdf](#)

In the experience of the government of the Netherlands, multiyear funding plans increase the efficiency and effectiveness of humanitarian mine action programs for donors, operators and national authorities.

The Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-personnel Mines and on Their Destruction (Anti-personnel Mine Ban Convention or APMBC) has served as an important framework for promoting technical and financial support to affected states working to realize their convention obligations. However, more could be done to improve the effectiveness of resources provided. The Paris Declaration, the Accra Agenda for Action and the Busan Partnership demonstrate a growing commitment from the international development community to ensure effective, efficient and economical use of often limited resources.^{1,2} Varying solutions were considered and tested to ensure the greatest impact on the ground, while also ensuring cost-effectiveness. Multiyear funding, which commits funds to specific organizations over more than one funding year, has been identified as one valuable approach to achieving these aims.

The Netherlands' and other donors' experiences demonstrate that multiyear funding offers numerous benefits. In 2008, the Ministry of Foreign Affairs of the Netherlands consulted several humanitarian mine action (HMA) operators on what funding mechanisms they thought would deliver the greatest impact and best value for money. The Netherlands decided to continue with a program of bilateral, multiyear, multiprogram funding: the Humanitarian Mine Action and Cluster Munitions Programme (2012–2016). Four organizations, MAG (Mines Advisory Group), The HALO Trust, Handicap International and DanChurchAid, are enjoying benefits of this bilateral multiyear funding mechanism.

“The benefits of multiyear funding can be seen from donor, operator and national perspectives.”

Collectively, these organizations recognize that multiyear funding is not just advantageous from an operator's perspective. In a time when resources for HMA are coming under pressure from other competing priorities, multiyear funding is an approach worth considering—especially from a donor's perspective. The benefits of multiyear funding can be seen from donor, operator and national perspectives. Examination of these benefits serves as a starting point for further discussion among stakeholders who share a common interest: more effective, efficient and economical use of limited resources for HMA.

The Donor Perspective

For many donors, the economic context and procurement and funding regulations determine funding systems and modalities. The Netherlands, having identified several advantages, is one of only a few donors that have committed its funding to mine action through multiyear financing. The Netherlands recognizes that similar benefits can be achieved

Funding mechanisms spanning several years often raise concerns that problems which arise early within the funding period can be exacerbated across the remainder of the project. Multiyear mechanisms need a degree of flexibility to ensure that if assumptions turn out to be incorrect, or if the external environment changes, the funding source can respond and adapt. By ensuring operators work and report on adjustable operational plans, the Netherlands has been able to ensure its funding for mine action meets the realities on the ground.

Multiyear financing offers the following advantages:

Administrative efficiency. A significant and fairly self-evident benefit of multiyear-funding mechanisms is that fewer administrative resources are spent on developing, issuing and awarding funding agreements over the project period. Instead of spending valuable resources on developing and managing annual tender processes, the process is done, for example, only once every three or four years.

Strategic relationships. Multiyear funding also enables donors to develop strategic relationships with operators and national authorities to focus on thematic areas that require committed and sustained development. For example, a longer project period means that crosscutting issues such as impact monitoring or gender can be addressed systematically within the project's lifecycle. Management of these initiatives across multiple annual or smaller funding cycles is possible but complex, especially given that a substantial amount of time is often required to capture baseline and follow-up data at several points throughout the project.

Common interests. Greater value for money is achievable when donors, operators and national authorities can plan together over the long term. As such, benefits for donors arise from the advantages for operators.

The Operator Perspective

The benefits of multiyear funding from an operational point of view are numerous.



Administrative efficiency. Administrative efficiency is one of the key advantages as multiyear funding incurs lower administrative and programming costs. Greater value for money is achieved by enabling operators to negotiate with local contractors and exercise a long-term, more economical approach that spreads capital asset investments across a multiyear commitment.

Capacity building. Multiyear funding better supports effective capacity building. Efficiencies can be achieved when the capacity of national staff is built and the need for supporting national capacity with international personnel is reduced. Importantly, an operator's capacity to design and implement structured capacity-building programs for its national staff positively impacts staff morale and employment confidence by offering job security.

Flexible and stable programming frameworks. Multiyear funding can act as a flexible and stable programming framework.

Operators can adapt to fluid contexts, adjust plans, respond to emergencies as they arise and cushion the impact of funding gaps between shorter funding commitments. Flexibility within the Netherlands' multiyear mechanism enabled a quick response to the influx of Syrian refugees in Dohuk, Iraq. This resulted in the clearance of 650,000 sq m (161 ac) of land where 40,000 refugees live and the delivery of emergency risk education along the Shilikye border crossing, which continues to provide an entry point from Syria to the camp.

Flexibility is not necessarily an inherent characteristic of multiyear funding. As mentioned above, in the design of the multiyear program, adjustments within the program cycle are critical to ensure funding is allocated to activities that achieve the greatest impact possible.

Strategic relationships. Again, crosscutting issues such as gender and impact are better addressed within longer-term funding modalities. Multiyear funding provides a framework in which operators commit to these issues with stakeholders, staff and beneficiaries over an extended period. A demonstrable sustained commitment to working with a community can lead to greater beneficiary satisfaction in the long term. Similarly, multiyear funding enables

operators to develop strategic relationships and get more value for more with the practice of multiyear funding authorities (NMAAs) and local authorities. Practically speaking, these relationships are key for successful support of national ownership. Additionally, they allow partners to develop links between mine action strategies and national socioeconomic and poverty-reduction plans.

The ability to demonstrate results during the first phase of a multiyear project also increases the ability of an operator to leverage funding for follow-on or additional support to remaining activities.

Project design and development. Combined with more long-term strategies, multiyear funding should lead to a more informed response, supporting the delivery of sustainable high-quality outcomes.

Multiyear funding and planning facilitates sustained participatory approaches and monitoring and impact assessment. In single-year funding cycles, impact assessment is often implemented outside the project cycle, meaning results are missed in shorter reporting cycles. Consequently outcomes are clear, but impacts are not. An extended funding commitment enables operators to commit resources to sustained information gathering within communities. Examining whether certain enabling factors promote or limit clearance—such as a country’s development status, the type of contamination, national tasking structures and amount of external investment—helps to ensure program effectiveness and efficiency.

The National Authority Perspective

For national authorities, predictable and sustained financial and technical support greatly increases the ability to plan effectively and coordinate HMA. Funding commitments that span several years can increase the likelihood of full national ownership and a systematic approach toward the completion of treaty-based clearance obligations.


Strategic relationships. Multiyear funding is one form of commitment that facilitates the development of strategic and long-term relationships. The majority of NMAAs undergo capacity-development processes. Sustained funding is a significant catalyst, as it allows for implementation of long-term national strategies that support this process. While some operators do make long-term plans under the assumption that they will receive funding, or by underwriting activities with funding from other budgets, clearly this does not sit easily as an ongoing strategy.

Support to treaty compliance and reporting. Last but not least, multiyear funding is one modality that facilitates effective support to national authorities in fulfilling their obligations under the APMBC. By increasing planning capacity, affected states can report in greater detail and communicate remaining support needs in line with the APMBC’s Article 7, which leads to more systematic and structured approaches to achieving end states.

“Importantly, the impact of multiyear funding wholly depends on the flexibility given to planning within the project cycle.”

Conclusion

Presenting the benefits of the multiyear approach from these three perspectives broadly highlights three main advantages: (1) Increased administrative efficiencies; (2) stronger long-term coordination between donors, operators, national authorities and affected communities; (3) more flexible, responsive programming driven by evolving needs.

Importantly, the impact of multiyear funding wholly depends on the flexibility given to planning within the project cycle. In order for this model to be effective, it must be flexible enough to respond to changing demands within the operating context. Moreover, Article 7 of the APMBC’s reporting obligations provide an important framework to ensure that where needs do change, states and implementing partners remain accountable and open with respect to subsequent reallocation of funding. Flexible multiyear funding is therefore a pragmatic solution to a complex problem that benefits greatly from a framework in which all stakeholders can plan for the long term. 

This article was adapted with permission from a version published on <http://apminebanconvention.org> in May 2013. Find the original at <http://bit.ly/1isJvFV>.

Biographies

Fabienne Moust was the humanitarian mine action policy adviser of the Ministry of Foreign Affairs, Netherlands (2012–2013). Simone van der Post is the current policy adviser.



James de le Vingne has been the business development officer at MAG (Mines Advisory Group) since October 2011. He was seconded to a project manager role in Myanmar (Burma) for three months in 2013 before returning to his role at MAG's headquarters in Manchester, U.K.

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Endnotes

1. The Paris Declaration (2005) is a framework designed to improve aid effectiveness and outlines the five following principles: ownership, alignment, harmonization, results and mutual accountability. The Accra Agenda for Action (2008) was created to improve the implementation of the Paris Declaration's objectives. "Aid Effectiveness: Paris Declaration and Accra Agenda for Action." OECD. Accessed 21 October 2013.
<http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm>.
2. According to OECD, "The Busan Partnership document is the outcome document of the Fourth High Level Forum on Aid Effectiveness (Busan, Republic of Korea, 29 November – 1 December 2011)." "Aid Effectiveness: The Busan Partnership for Effective Development Co-operation." OECD. Accessed 21 October 2013.
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ISSN 2154-1485

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