



Australian NGO Cooperation Program (ANCP) Funding Policy

March 2024

Purpose

The aim of the Australian NGO Cooperation Program (ANCP) Funding Policy is to articulate an effective and fair approach to the allocation of funds to accredited NGOs.

Funding Aims

Effectiveness

Working with NGOs engaged in international development leverages networks, knowledge and community support to extend the reach and effectiveness of Australian aid. ANCP links performance to funding through accreditation and Partner Performance Assessment processes that ensure DFAT funds high performing NGOs.

Fairness

ANCP funding aims to achieve fairness to Australian NGOs, both in the process used to determine funding and the final distribution of funding.

Funding Principles

Consistency

Accredited NGOs will have access to ANCP funding from year-to-year as long as their accreditation status is maintained.

- A consistent approach to allocating funding supports good development practice, assists long term planning and allows NGOs to build sustainable partnerships.

Transparency

ANCP funding will be communicated clearly, easily understood and open to scrutiny.

- Transparency contributes to fairer processes and outcomes for NGOs. It enhances trust and accountability.

Organisational capacity and community support

Funding will link to core foundations of ANCP's design including organisational capacity through accreditation level, and community support through Recognised Development Expenditure (RDE).

- Funding based on organisational capacity and level of community support increases effectiveness, mutual accountability, sustainability and assists Australia's public diplomacy.

Flexibility

The ANCP allows NGOs to determine the direction of their development programs and respects organisation autonomy.

- Flexible funding allows NGOs to focus on their core competencies and complements other sources of funding. This facilitates innovation and increases the reach of Australia's aid program.

Policy

1. Funding is allocated to accredited ANCP NGOs on an annual basis.
2. Each ANCP accredited NGO will receive a minimum annual grant amount consistent with their accreditation tier:
 - a. Base accredited NGOs - \$277,000; or
 - b. Full accredited NGOs - \$427,000 plus a proportion of the total remaining funding based on their respective RDE.
3. RDE is averaged over three years and calculated by totalling an NGO's eligible expenditure as outlined in the RDE explanatory notes.¹
4. Funding to NGOs is subject to budget availability.
5. Funding is subject to NGOs:
 - a. maintaining accreditation status;
 - b. meeting the RDE threshold for their accreditation tier (\$50,000 for Base NGOs and \$100,000 for Full NGOs);
 - c. meeting the terms and conditions of their contract with DFAT; and
 - d. receiving satisfactory ratings under DFAT's Partner Performance Assessment (PPA) process (where applicable).
6. Funding to NGOs reflects the changes to overall budget appropriation for the ANCP, the impact of NGOs moving across accreditation tiers and new NGOs entering the ANCP. Full NGOs' grants will increase or decrease proportionate to these annual changes. To maintain a level of consistency, the annual change to each existing Full NGO's grant will be limited to a maximum 25% increase and 20% decrease.²
7. New NGOs entering the Full tier will receive the minimum annual funding grant of \$427,000 in their first financial year in the ANCP. The NGO will have access to their total eligible grant amount from their second financial year in the ANCP.
8. NGOs upgrading from the Base tier to the Full tier will have access to their total eligible grant amount from their first financial year in the Full tier.
9. The total eligible grant amount for new and upgrading NGOs entering the Full tier will be calculated based on existing Full NGOs not exceeding the maximum annual grant decrease, in line with point 6.
10. No NGO will be allocated more than 22.5% of the total available ANCP funding.
11. The NGO must match one dollar for every five dollars that DFAT provides under the ANCP (20% match). The NGO contribution to ANCP projects consists of funds raised from the Australian community. Counterpart NGO and other donor contributions cannot be counted as matching funds. The match is applied to the entire NGO's ANCP grant, not individual ANCP projects.
12. Funding is provided to each NGO in two payments:
 - a. 80% on DFAT approval of ADPlans (tranche 1); and
 - b. 20% on DFAT approval of Annual Performance Reports (tranche 2).
13. Newly accredited NGOs will receive 100% of their grant funding on the submission and approval of ADPlans in their first year in the ANCP.
14. NGOs may roll over a maximum of 10% of their grant from one financial year to the next, or provide written request to DFAT to roll over an amount in excess of 10% in line with terms and conditions of their contract with DFAT.
15. DFAT may consider, in exceptional circumstances and on a case by case basis, amendments to the application of the policy where appropriate and in consultation with the affected NGO.

Review and Consultation

The funding policy will be reviewed every five years, or as circumstances require. ANCP accredited NGOs will be informed prior to any funding policy amendment.

¹ Available at <http://dfat.gov.au/about-us/publications/Pages/recognised-development-expenditure-worksheet-explanatory-notes.aspx>

² This will be applied from 2019-20 onwards at the conclusion of the transition period for this policy.