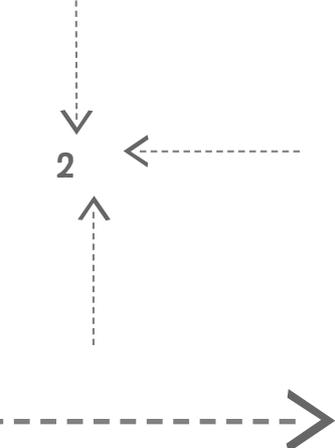# T-Kit on
Funding and
Financial Management

Welcome to the T-Kit Series

Some of you may wonder: what does "T-Kit" mean? Well, we had two things in mind when introducing it: the simpler solution has to do with the full English title of this series: "training-kit". The second one has more to do with the way it sounds: "ticket" – something we all need when travelling somewhere. In a similar way, we would like this series to serve youth workers and trainers as their ticket to go and discover new ideas.

In each of the T-Kits, the reader finds a combination of theoretical and practical contents to help youth workers, youth organisations and trainers in their day-to-day work with young people. T-Kits are written by groups of experienced trainers and specialists from around Europe. These authors are selected by the Partnership Programme to contribute through their different cultural, professional and organisational backgrounds and profiles. We hope that we succeed in presenting consolidated high-quality publications while recognising the diversity of approaches across Europe to each subject.
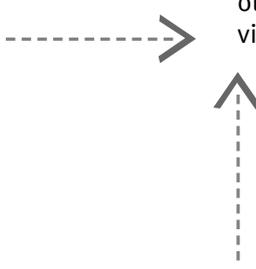
The T-Kits are produced in the framework of the *Partnership Agreement on European Youth Worker Training*, a joint programme of the Council of Europe and the European Commission. The Partnership also publishes a bi-annual magazine for youth trainers called "Coyote" and maintains a dynamic web site at **www.training-youth.net**. To find out more about the Partnership Programme, and get the latest news and updates, visit the web site or write to the Partnership Secretariat at **info@training-youth.net**.

T-Kit on Funding and Financial Management

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T-Kit on Funding
and Financial Management

Table of contents

T-Kit on Funding
and Financial Management

T-Kit on Funding
and Financial Management

"Die Phönizier haben das Geld erfunden — warum bloß so wenig?!"

(The Phoenicians invented money — but why so little?!)

Johann Nepomuk Nestroy (1801-62)
Austrian dramatist

Introduction
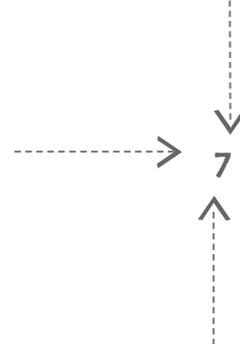
The search for funding and financial management has been a challenge ever since organised youth activities began some 150 years ago. In Europe funding for youth activities has come from various sources over the years. Members of youth organisations and individuals have always been sources of financial and material support. Support from religious communities, political parties and the state flourished throughout the 20th century, though their respective roles changed dramatically as the century wore on. The latest change has been the re-definition of the state's role since the end of the Cold War division of Europe.

At the beginning of the 21st century the funding and financial management of youth activities in all parts of Europe are characterised by three major trends:

- a European mix of funding sources, combined with growing diversification and increasingly influential international/transnational funding;

- financial management is developing increasingly away from the mere adminis-tration and disbursement of money into a complex system of relations with funders and donors, whether public or private, individuals or groups, as well as with members, participants and young people;

- access to funding is increasingly competitive, the basic model being calls for projects in line with often rapidly changing political or organisational priorities. This is typified by a focus on project- as opposed to administrative funding and by a tendency for funders to have a mechanical vision of the effect of funding on long-term development.

The European mix of funding sources for youth activities

Funding for youth activities at all levels is increasingly raised from a broad range of sources. Often a single project raises funds from individuals at local level, gets support from the municipal or national level and may also receive support through the budget of the European Union. The project itself may have been conceived as part of a regional youth policy plan, which may have been developed in cooperation with a foundation that also gave some seed money for a pilot activity. The youth workers running the project may even have attended a Council of Europe training course at the European Youth Centre which has developed their ideas.

This example is not limited to the youth sector. The diversity of funding sources is an increasingly common feature of social policies in Europe. Admittedly, differences exist – for instance as regards the role of independent funders such as foundations and trusts. Independent funders have entered the scene in an unprecedented way. Only some 15 years ago they played almost no role in most of the 45 member states of the Council of Europe. Today, trusts and foundations, corporate giving programmes and individual philanthropists are funding youth activities in all parts of our continent.

European Union funding has also reached all corners of Europe. All European countries are able to benefit from it in one way or another. Young people and youth associations in countries which are not members of the European Union often have access to democratisation or civil-society activities or can even participate in specialised youth and education programmes.

Of course, the state and local self-government play an important role in supporting and funding youth activities. Thanks to Council of Europe capacity-building and co-operative action, government at all levels is contributing to youth activities, and certain Europe-wide trends can be observed.[1]

Finding a way through this labyrinth has become yet another skill which volunteer and professional youth workers need to have. All too often youth workers are their own fund-raisers and are given little assistance by their boards of management. Ambitious plans often come with little financial provision except "Good luck with the fund-raising!" We hope the T-Kit will narrow that gap and provide a comprehensive overview of funding sources (Part I). As funding can be a labyrinth, we have drawn a large-scale map of the European funding community, in all its variety. It goes without saying, but it is better said: from the European level and perspective we cannot provide you with insights into the detailed operation of your local government scheme to support youth groups. But we can help you ask the right questions and find out about funding sources which you can access.

We focus on rationale and how the different funding institutions and funders work. Thanks to our co-operation with the European Foundation Centre we are also able to provide a deeper than usual overview of issues relating to independent funders in Europe.

Financial and relationship management

Knowing the sources of funding is one step, understanding your funders yet another. Financial management has developed more and more into relationship management. By this we do not mean that you will have to deal with your bank manager but that any youth project takes place in a continuum of relationships many of which are linked to financial transactions. Only if you are able to understand the motivation of your funding partners will you be able to raise funds successfully on a long-term basis. Securing the funding for your organisation means building a relationship and permanent dialogue with your funders. Ultimately, you want to be able to influence the agenda of your funding partners with your ideas.

Part II of the T-Kit looks at financial management from this perspective. We are not looking so much at your internal relationship management with members, participants and young people as such. These issues are covered in the T-Kit on Organisational Management.

We also look at the concept of accounting rather than at accountancy, though properly kept and certified accounts have never been so important, even for small youth groups. This trend, again, comes back to relationship management as a process of creating justified and institutionalised trust in your ability to run projects successfully and to spend money wisely and keep the necessary documentary evidence.

Competition as a basic idea in allocation of funds

The idea of competitive bidding for funds has taken root almost everywhere. Though, regrettably, not all competitions are fair or transparent, individual European funding institutions have taken many measures to ensure a fair and equitable process of project selection. Funding institutions' calls for projects reflect political and organisational priorities. By prioritising their fields of intervention, funders and funding institutions try to achieve certain objectives in partnership with others. As such this process is to be welcomed and reflects legitimate concerns of funding institutions and their political decision-makers.

Young people, however, do not live in project cycles. Youth workers think in terms of educational and developmental processes rather than management objectives. The move away from structural administrative support to calls for projects has a considerable

1. Cf.: Howard Williamson, Supporting young people in Europe: principles, policy and practice, Council of Europe, Strasbourg, 2002.

effect on organisations' work and culture. This effect is not all negative, as it allows changes of programmes and priorities. But organisations which are not clear about their own mission and strategy, purpose and goals, will find adapting to this reality difficult and dangerous, and they will not be in a position to strategically influence the terms of reference of the funding they need.

Clarifying your own mission and strategy and identifying clear objectives for your actions have become key tasks for youth organisations and workers. The T-Kit series is a good illustration of the shift to management principles. To compete, you need a good idea of what you can offer the funder and how you can integrate a call for projects into your own plans. The challenge becomes to identify priorities that you and the funding institutions have in common. If you are to maintain your own vision, this is crucial. Otherwise your organisation risks being a mere "implementing agency" for other people's ideas and policy. At the end of the day, this is also a question of taking part in debate in your society. It is essential for youth organisations to participate in the funding debate as actors and not just as passive beneficiaries of new funding doctrines.

Active participation in the funding debate will also allow you to react to quickly changing priorities and fashions. All too often we see funding institutions seeking to achieve long-term development goals through short-term funding programmes. In such an environment it is difficult to organise long-term funding for organisational development when public sources, in particular, are scarce.

How to use the T-Kit

With these trends in mind, the T-Kit has been divided into two main parts, one on *funding sources* and one on *financial management*. A third part contains a *glossary and recommendations for further reading*, on both paper and the Internet. Throughout the text you will find hints on issues which we – as a team writing this T-Kit – found relevant. Whenever possible, we also tried to find some good real-life examples of the issues discussed in the text.

You will find that you can read the T-Kit in one go and that there is a certain amount of repetition. The repetition is deliberate. Firstly, chapters of the T-Kit can be read separately and can be understood on their own. Secondly, many of the questions raised cannot be repeated often enough – there will always be incorrectly calculated budgets, late, inconsistent reports, missed deadlines etc. These are the types of problem the T-Kit will help you avoid.

The T-Kit does not set out to be exhaustive. Many aspects of funding and financial management had to be left uncovered. But with your help we may be able to develop it further in the future and adapt it to changing realities. Your comments are – as always – welcome.

Tobias FLESSENKEMPER
Editor

Part 1 - Sources of funding

There are many sources of funding available to youth organisations and other non-profit organisations working with young people. In general, one can distinguish three kinds of funding source:

- own resources, revenues and fund-raising from individuals;
- public funding from various levels of government, ranging from international/ European to local;
- independent funders, mainly foundations.

Part One gives a short introduction to all of these sources of funding and their characteristics. You should consider all of them carefully in order to develop your individual funding strategy, whether for a specific project or your organisation as a whole. In most cases you will combine at least two of the three sources of funding. So a good grasp of the differences between them is important for your success as a fund-raiser and financial manager.

Section 1 — Own resources, revenues and fund-raising from individuals

When thinking about the various sources of funding, you should never overlook self-help: first of all it is important to identify all the possible ways in which your organisation can raise money without approaching an external funder or donor organisation.

For any organisation it is essential to consider all the possible ways of achieving financial sustainability. Experience shows that the best way is to be as independent as possible of external factors, such as frequent changes in funders' policy. We would therefore like to draw your attention to various ways of unlocking finance in your more immediate environment or community.

1) Membership fees — key to ownership and participation

Most youth activities are organised by youth organisations with young people as the individual members. Membership fees are important not only because of the money raised, but even more because they develop members' ownership of and responsibility towards their organisation. People who pay membership fees are periodically reminded that they are part of an organisation, which exists for them and because of them. When members understand how their membership fees are used, it may even become easier to raise the amount or to call for special donations.

Paying members also want to get something in exchange for their money: services, opportunities for volunteering and participation, social events, new friends, etc. Therefore fixing the right fee is important. If the fee is too low, being a member might be felt to be irrelevant in terms of financial engagement. Thus the higher the fee the more motivated the members tend to be. They become involved members instead of passive ones.

Coyote's hint #1

Too high a membership fee in youth organisations can discriminate against or be an obstacle for young people from a disadvantaged background. Some might not be able to pay a fee at all. However, just exempting them from paying the fee is not always a solution. Adapting the fee to the financial situation or replacing it by some contribution in kind is a better way round the problem. Never forget that paying a fee makes people feel responsible and part of an organisation's activities. Fees may also involve members in further fund-raising activities.

Own resources

T-Kit on Funding and Financial Management

2) Participation fees — get your project off the ground

Members are committed to a youth organisation and its goals. They often participate in its activities but they are not necessarily the only ones who take part. Therefore you might wish to have different participation fees for members and non-members. Often organisations recruit new members through their activities by offering membership in combination with participation fees. This has the advantage of creating a source of income over and above the basic project.

Coyote's hint #2

Youth activities should be open to all young people who are interested, so the same holds as for membership fees – participation fees should be non-discriminatory and adapted to young people's financial situation. They should never become an obstacle to participation.

In general, if someone wants to take part in an activity and is directly benefiting from a specific project, there is good reason to ask her/him to contribute financially. Sometimes the participation fee is symbolic or low because other sources of funding are available. In this case participation fees are the best source of the "own contribution" part of the budget that funders or donors request. Participation fees are also a good check on whether your project is relevant and attractive to your target group. Asking participants to pay some of their fee in advance secures good cash flow for your project as well: most funders will only advance the agreed money in instalments.

Participation fees

If a project is especially relevant and attractive to those who are involved in it but it is difficult to raise funding, participants might be asked to cover all the project costs with their fees. This includes indirect costs, such as administration, staff time, etc. Here, participation fees might be quite high but it is still acceptable to set the same participation fee for all. In this way you can pool all available financial resources so that everyone is participating under equal (or at least similar) financial conditions.

For some youth organisations participation fees are an essential part of their budget. In particular, organisations offering work camp and exchange activities often rely on the fees collected from the people interested in taking part. If you can charge participation fees it also tells you how relevant and attractive your projects are to your target group.

Coyote's hint #3

Collecting participation fees is not always straightforward. Charging fees may be taking you into the sphere of commercial transactions as you are offering a specified service in return for payment. The transaction might be regarded in your country as producing taxable income and conflict with your organisation's not-for-profit status. In some countries all income labelled as fees is treated as revenue from a commercial activity, in others only fees totalling more than a certain sum fall under the heading of commercial activity. It is therefore important to check the legal conditions for charging participation fees.

3) Providing services — your hidden financial potential

Services

Services provided by your organisation might actually be a part of your "core work" which you never thought of offering to others for payment. Most youth organisations have a lot of expertise which is of interest to others. It might take the form of volunteers or staff who are experts in training or other fields your organisation is engaged in. All youth organisations know a lot about young people in their community. This knowledge or expertise could be offered to companies, other organisations or individuals in a position to pay for it.

If you do not want, or are not able, to offer knowledge or expertise you can also raise funds by "creating work" for yourself and earning money from it. Your organisation's members and volunteers are valuable human resources who can offer their labour for money, which they can then donate to the organisation.

It does not take a big effort to distribute leaflets or wash cars for a couple of hours. Members and volunteers of the organisation can be mobilised for a good cause. The good cause could be earning enough money to cover the office rent or buy educational materials for poor children. The more people participate, the more money can be raised by offering services in your community. Though this sounds easy, bear in mind that this kind of fund-raising activity needs careful planning and good co-ordination. Most importantly, people need to feel that they themselves are ultimately getting something out of it.

Coyote's hint #4

Whenever money enters your organisation's bank account you need to be clear about its nature. Ask yourself: "Do I need to pay taxes on it or not?", "How can I avoid paying taxes?" etc. It is important that you check the legal situation before you start a fund-raising activity.

In most European countries organisations do not have to pay tax on donations (at least up to a certain level), so you can organise events where people earn donations to your organsation. When the organisation receives a donation it can often issue a receipt stating that the donation is tax deductible so that donors get some benefit out of it as well.

Real-life experience #1

Schüler Helfen Leben – Raise 3.5 million Euros in a day

"June 18, 2002 was welfare day (Sozialer Tag). Classrooms in northern Germany (Schleswig-Holstein, Hamburg, Lower-Saxony and Berlin) remained empty as school pupils opted to work for a social cause instead of attending classes. 210,000 school pupils tended gardens, carried suitcases in hotels, cleaned aircraft. What they earned they donated to youth organisation Schüler Helfen Leben (School Pupils in Aid of Life). Some 3.5 million Euros was earned by the welfare day. More than 150,000 companies and private individuals supported the project and offered little jobs for a day. Afterwards northern-German school pupils could relax, but for Schüler Helfen Leben the hard work in Bosnia-Herzegovina and Kosovo is only just starting."

More information available in German at *www.sozialertag.de*

4) Fund-raising classics

Never forget that business raises money from almost everything. If business can do it you might as well, particularly since it is for a good cause. You can raise money from anything and there is a lot of experience in this field. Some ideas for fund-raising events are:

- seasonal bazaars
- auctions
- tombolas
- street collections
- parties/discos
- sports competitions
- lotteries

If you are organising an event where the main priority is to raise funds there are two ways you can do it. You can cut costs to a minimum and you can raise as much income as possible. Cutting costs does not necessarily mean that you have to cut services or

facilities. It means that you cut costs for your organisation. Increasing income means that you look at every aspect of your event and exploit all areas to generate extra cash. In general it is better to hold fewer, larger events than a lot of small ones because they raise more money with less effort and they mean you are not asking people to turn out again and again.

5) Publications — a difficult tool

Many organisations produce their own publications. Some try to target a wider audience than their own membership. Publications with a wide circulation can potentially generate more money through sales than they cost to produce. In addition you can sell advertising space. But many organisations communicate via the Internet and production costs are high, so you should make careful calculations before going into print. A key challenge for publications is good distribution. All of us have seen piles of brochures gathering dust in youth organisations' back rooms because nobody worked out a proper distribution plan beforehand. But how about an advertisement on your website?

6) Mail campaigns — European diversity

Mail campaigns are a very specific way of raising funds from individuals. You will never have met most of the people you ask for support. Your organisation will not know anything about them, except their addresses. Most probably they will not have heard of your organisation either, so the success of the campaign depends totally on your message and its presentation and credibility. The success of a mail campaign may be influenced by external factors such as public awareness about the issue you are addressing. This often depends entirely on how much coverage the issue gets in the media.

First of all you have to make sure that you are asking for money for a cause that people are likely to support. On the whole – to take an example – people are not going to be interested in paying your office rent. Excellent graphic appearance, a clear, concise message, good examples of your previous and current activities, easy-to-understand text and pleasant style are all essential to the success of your campaign.

It is also important to include precise information on how the contribution can be made. As a rule of thumb, make it as easy as possible. For example, use forms (credit card debit, bank draft, bank transfer, etc) which people can send back easily. If you opt for one of these forms make sure that donors can post them to you free of charge (this means you have to pay or arrange for postage).

There are considerable cultural differences in Europe regarding direct mailings. In some countries people are used to giving in this way and have considerable trust in organisations. In other countries (most of central and eastern Europe, for example) a mail campaign has little chance of success. Another important factor is how well off the people you are targeting are. The very poor clearly lack the means, while the very affluent may prefer a more personal approach. You may also get negative reactions to unsolicited letters. Some people perceive them as intrusions into their privacy, in some countries more than in others.

Mail campaigns thus need to be well planned and thoroughly discussed in your organisation as they have high costs to start with. If you are thinking of running one, even on a small scale, try to get advice from people who have run similar campaigns in your community. Their experience might provide good guidance.

7) Payroll giving — an interesting option in some countries

One area of individual fund-raising which needs the support of employers is "payroll giving". This is where staff decide that they want to support a specific project or organisation by giving direct from their pay cheques. Employees decide which organisation, and employers set up the system so that the money is deducted from monthly or weekly pay and sent direct to the organisation benefiting.

In some countries the portion of salary donated is exempt from income tax. Some countries also have a requirement that the employer respond to the employee initiative by paying the administrative costs.

Catholic Youth of Kastl – year round mobilisers of local resources

Catholic Youth Kastl (Katholische Jugend Kastl) is a registered youth group in Kastl, a village with a population of 1,500 in southern Germany. The group has around 70 members, of whom 30 are really active. It is a self-organised group and their activities are mainly for the membership: a youth club, excursions, parties, local volleyball competitions and participation in sports tournaments organised by youth groups in surrounding villages. All the members pay a membership fee, which only covers insurance costs.

The group is very active in organising events for its members and the whole community which serve both social and fund-raising purposes:

- A disco during Carnaval: this is entirely organised by the group. Money is raised through entry fees and by selling drinks. The event generates around 2,000 Euros – the group keeps external costs (DJs, rent of equipment etc) as low as possible.

- A traditional celebration on 1 May (the "Maibaum" or Maypole). The group is responsible for buying, installing and decorating the tree in the centre of the village. Volunteers also organise food and drink stalls. The event raises around 500 Euros.

- A Johannisfeuer, another traditional celebration at the beginning of summer. Waste wood is collected from local people and used to build a huge bonfire. At nightfall the bonfire is lit. At this event the youth group again sells food and drinks and income is around 500 Euros.

- A Christmas bazaar: sale of Christmas decorations made by the members of the group.

- The village organises a big celebration every ten years – a great opportunity for the youth group to organise larger events. Last time they organised a rock concert, which raised almost 10,000 Euros.

Note that none of these events is merely a fund-raising event. The youth group is organising a celebration for the local community. The events are well attended because local people welcome them. At the same time the group makes the most of all the fund-raising opportunities the events create. They keep costs down by co-operating with other local organisations (such as the fire brigade), using volunteers and taking advantage of personal contacts in order to get better rates for the goods they need.

The money raised at these events is used to cover the group's costs, such as heating the room the group uses, excursions and camps (partially, as participants also pay some of the cost here) and small parties for active members. The group often donates money to charity – all the money raised by the Christmas bazaar, for instance.

Section 2 – Public sources

1) Funding at local, regional and national levels

By far the largest amount of funding from government comes from the local or regional level. Funds from both national governments and the European level are mostly devolved to more local level with the intention that they should be used to meet specific needs as identified by local people. In the case of the European structural funds, these needs are described and prioritised in a regional development plan.

As with all funds, public funds are provided to meet specific agendas and priorities. The challenge for the fund-raiser is to identify where those priorities match those of her/his project. For those organisations with sufficient time and other resources, there is also the potential to influence these priorities so that when funding becomes available there is more likelihood of a match. This is one more facet of the concept of relationship fund-raising.

Public funds cover a wide range of activity and so there are often several "pots" of money – usually held by different departments in local or regional government – which may be used to support a variety of work with young people. There is not always a standard application process for accessing this money and often it is the reputation of your organisation which enables you to "open the right doors". Where there is a formal application process there is a clear need to understand the regional and/or local agenda.

Coyote's hint #5

Ask members of the group to identify the links their organisations have with local and regional government.

- How do these links help with fund-raising?
- By generating information about available funds?
- By influencing local and regional government agendas which give access to funding?

Discuss how you would improve on the current situation.

- How would you initiate and/or develop such links?

Investment of time and energy in fund-raising is even greater at national level than at local or regional level as there are more political, economic and social influences at work. Sometimes investment at national level bears fruit at local level or (less likely) vice versa.

We have explained that local public funding is closely connected to local and regional government priorities. The same is true at national level, so an awareness of government trends and priorities is essential for tapping into any funds which might become available.

Public funds are often time-limited and strictly constrained by deadlines and spending periods. Collection of data to prove that the money was spent as agreed and has contributed to a particular social or economic objective is also a common feature. Evaluation of work done with public funds is particularly important as use of public money is subject to public scrutiny.

2) European Union funding — transnational European funds

The EU has a large number of funding "programmes" which are managed by the European Commission through its different directorates. You have to distinguish between activities which are "transnational" (involve more than one country) and activities that have no transnational element. The latter may still have a European dimension and qualify for European Union funding under another programme.

You should first consider the piece of work you wish to do in some detail and then start looking at potential funders. Prior planning will enable you to target the correct programmes and directorates. (Please refer to Part Two of the T-Kit for the financial planning and management aspects.) For example, if your project has to do with young people's personal development then the directorate to contact will be the one with responsibility for youth work (the Directorate General of Education and Culture). If your focus is on a specific region then you will need to contact the directorate which deals with this (or one of its agencies). For example the CARDS programme is managed by the European Commission external relations directorate, responsible for south-east Europe.

The 15 European Union member states:

Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Ireland, Luxembourg, the Netherlands, Portugal, Spain, Sweden, the United Kingdom.

The European Union and the three EFTA (European Free Trade Association) countries – Iceland, Liechtenstein and Norway – together form the European Economic Area (EEA).

Many of the funding programmes are applicable to European Union countries and a selection of other European countries. These are known together as "programme countries" and often include EFTA. Pre-accession countries are also often included in the list of programme countries (although special rules can apply to them for the time being). Countries that are not programme countries but which can take indirect advantage of the funding are known as "third countries", and special rules again apply.

Enlargement of the European Union

Accession on 1 May 2004: Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Accession planned for 2007 and beyond : Bulgaria and Romania.

Funding programmes are often managed at national level by a national agency. Such national agencies sometimes operate at regional level though committees or other bodies. National agencies can be NGOs. These national agencies are particularly important for the European Union's youth and education programmes. You can reach them through the websites of the various programmes (see below).

Coyote's hint #6

Working with funding from an international organisation might require that you translate at least a summary of your application into English or French or another language which is not your own. Always write your application in a language which you master and in which you can really express what you want to do. If you are not sure that you are able to express yourself correctly in English or French, ask someone else to make a proper translation. Many applications have failed because they were not understood properly.

European Union programmes usually do not cover all the costs of a project. As a rule, funding covers a maximum of half the costs. Funding in the youth and education field can, however, in exceptional cases, be higher than 50%, depending on the type of activity and the activity's programme.

3) The YOUTH programme

Certainly the most relevant funding programme for informal and non-formal work with young people is the YOUTH programme. Full details are contained in a user's guide, which can be downloaded from the European Commission website. The website is updated regularly and you should consult it before you plan to work with the YOUTH programme.

The website of the YOUTH programme

http://europa.eu.int/comm/education/youth/youthprogram.html
The website on the YOUTH programme is mainly in English, but the user's guide and other useful documents as well as forms are available in the other languages of the European Union.

This site also contains the application forms. It is recommended that you contact your national agency before you spend too much time on an application. They can assist with the development of your ideas and advise you about any national priorities.

The YOUTH programme has several application deadlines each year for projects selected at national level (currently five times per year) and three deadlines each year for projects selected at European level.

The YOUTH programme

Action 1 — Youth for Europe (youth exchanges)

- for groups of young people aged between 15 and 25;
- minimum 16 people per group, maximum 60;
- theme-based transnational projects;-
- can be bilateral with just two partner countries, trilateral with three partner countries or multilateral involving four or more countries

Action 2 — European Voluntary Service (EVS)

- for young people aged between 18 and 25;
- voluntary placements in local communities throughout Europe;
- short-term placements 3-week to 6-month projects;
- long-term placements 6- to 12-month projects;
- work can be in a variety of settings (heritage, culture, care sector, with children, young people, etc).

Action 3 — Youth initiatives

- Youth initiatives allow young people (15-25) to devise, manage and run projects of their own choosing within their local community;
- projects must contain a European dimension;
- successful applicants can receive up to 10,000 euros towards the cost of their projects;
- the scheme has been highly successful in motivating disaffected and disadvantaged young people and is an excellent tool in assisting their personal development and skills acquisition relevant to working life.

Action 3 — Future Capital

- This is for young people who have completed European Voluntary Service (EVS);
- it is aimed primarily at individuals, but it does allow two young people to apply for the same project as long as they demonstrate the relevant link;
- applicants must apply within two years of completing EVS.

Action 4 — Joint Actions — involving YOUTH and the Socrates or Leonardo da Vinci programmes

- these are projects aiming to enhance cooperation between the actors of the YOUTH, Socrates and Leonardo da Vinci programmes;
- separate Calls for projects are published on the Commission website, which detail the special conditions, themes and priorities.

Action 5 — Support Measures

Support measures provide the tools to help all those working in the youth field to:

- find partners, develop youth work skills and prepare for projects;
- exchange good practice, develop youth policy, build transnational partnerships and develop co-operation with countries outside the European Union;
- projects can take the form of seminars, courses, visits, etc, depending on the objectives of the activity.

4) The Leonardo da Vinci programme

This programme encourages vocational training activities and in particular transnational mobility initiatives concerned with lifelong learning, employability and social inclusion. Exchanges of good practice, development of training materials and projects linked to other programmes such as YOUTH and Socrates can also be funded.

Leonardo da Vinci

Applications are made through national agencies, and public or private bodies involved in vocational education and training are eligible to apply.

The website of the Leondardo da Vinci programme

http://europa.eu.int/comm/education/leonardo.html

The site is available in English, French and German, but the guides and other useful documents as well as forms are available in the other languages of the European Union.

5) The Socrates programme

This programme aims to strengthen the European dimension within education by supporting projects which improve knowledge and awareness of European Union languages, promote cooperation and mobility and encourage innovation. The programme consists of several large actions, the most important ones being:

Socrates

- Comenius – school education
- Erasmus – higher education
- Grundtvig – adult education and other educational pathways
- Lingua – language teaching and learning
- Minerva – information and communication technologies in education

All members (students, teachers etc) of the education community are eligible to apply. Mostly applications will need to go through their institution. There is a network of national contacts at the European level.

The website of the Socrates programme

http://europa.eu.int/comm/education/socrates.html
The site is available in eleven languages of the European Union.

Coyote's hint #7

The current youth and education programmes run until the end of 2006. Before that date the European Commission will make proposals as to the future of these programmes. There will be opportunities to comment on these proposals and to influence the new generation of programmes after 2006.

Participate in consultations about these programme. It may make funding easier for you in future. You contribute to shaping the programmes yourself.

The European Youth Forum, as the platform of youth organisations in Europe, can help you to get involved in this process – see *www.youthforum.org*

6) The European Union structural funds

The structural funds involve much bigger sums of money but often cover work over a long period of time. They are focused on economic and social development of regions and this can include training and personal development for young people. The term "employability" is sometimes used to describe the kind of outcomes required for this kind of funding.

There are several funds that come under the heading of structural funds but the most useful in the field of work with young people are the European Social Fund (ESF) and the European Regional Development Fund (ERDF). These funds deal with work carried out by colleges, NGOs, private businesses and government agencies in geographical areas defined as Objective 1, 2 or 3. The lower the number, the higher the economic need of the region or sub-region. Objective 1 and Objective 2 status is applied to specific geographical areas whereas Objective 3 covers almost all other parts of the EU.

A range of agencies in each geographical area develop a regional development plan which is approved by the European Commission and then used to prioritise grants for individual projects. Partnerships between agencies within a region are encouraged and in some regions the voluntary and youth sector is a significant beneficiary of the funds. Matching funds are usually required to make up the full cost of projects but in-kind support can also be used. Details of the structural funds can be found at *http://europa.eu.int/comm/regional_policy/index_en.htm* and at *http://europa.eu.int/esf* .
You should also contact your regional government offices for specific local information.

Other EU funding

T-Kit on Funding and Financial Management

7) European Union funding for pre-accession countries and third countries

European Union external aid is given by means of either (a) contracts to provide services, supplies or works to beneficiary countries or (b) grants (generally for projects submitted by non-profit-making organisations).

This aid is usually provided under one of the European Union external aid programmes and instruments (Phare, Ispa and Sapard for the candidate countries, Tacis for the new independent states and Mongolia, Cards for Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Serbia-Montenegro, ALA for Asian and Latin American countries, MEDA for the Mediterranean partners and the EDF for the African, Caribbean and Pacific countries) or under specific budget headings, such as for South Africa.

The following table outlines the various instruments and programmes available. Many of them can be used for youth and youth-related activities though they extend well beyond that sector in their scope.

Programme/ instrument	Participation is open to natural and legal persons of
PHARE, ISPA & SAPARD	• the **EU member states** • **the recipient states** in the **Phare** programme: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia Slovenia (10 countries)
CARDS	• the **EU member states** • **the recipient states in** the **CARDS** programme: Albania, Bosnia and Herzegovina, Croatia, FYROM, Serbia-Montenegro (5 countries) • the **recipient states** in the **Phare** programme (same as above) the following countries of south-east Europe: **Turkey, Cyprus** and **Malta** (3 countries)
TACIS	a) **Contracts financed by budgetary commitments for 1996-99** (Council Regulation No. 1279/96 of 25 June 1996) • **the EU member states** • the recipient states in the Tacis programme: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, the Russian Federation, Tajikistan, Turkmenistan, Ukraine, Uzbekistan and Mongolia (13 countries) • On a **case by case basis**, participation of natural and legal persons of the **Mediterranean partners** and **Phare recipient states** b) **Contracts financed by budgetary commitments for 2000 onwards** (Council Regulation No. 99/2000 of 29 December 1999) • **the EU member states** • **the recipient states** in the **Tacis** programme (same as above) • the **recipient states** in the **Phare** programme (same as above) • on a **case by case basis**, participation of natural and legal persons of the **Mediterranean partners**
MEDA	• the **EU member states** • the **Mediterranean partners:** Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Syria, Tunisia, Turkey, West Bank and Gaza Strip (12 countries)

ALA	• the **EU member states** • Asian and Latin American developing countries which are not signatories of the Lomé Convention (EDF) or beneficiaries under the MEDA programme: Afghanistan, Argentina, Bangladesh, Burma, Bhutan, Bolivia, Brazil, Cambodia, Chile, China, Colombia, Costa Rica, Cuba, El Salvador, Ecuador, Guatemala, Honduras, India, Indonesia, Laos, Malaysia, Maldives, Mexico, Nepal, Nicaragua, Pakistan, Panama, Paraguay, Peru, Philippines, Singapore, Sri Lanka, Thailand, Uruguay, Venezuela, Vietnam and Yemen (37 countries) • on a **case by case basis**, participation of natural and legal persons of **other ALA neighbouring countries**

EDF	a) **6th and 7th EDF Fund**
	  (NB: non-profit making entities may not participate)
	• the **EU member states excluding Austria, Finland and Sweden** (EU member states prior to 1995)
	• the **ACP states** (Africa, Caribbean, Pacific) **excluding South Africa**:
	Angola, Antigua and Barbuda, the Bahamas, Barbados, Belize, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo (Brazzaville), Congo (Kinshasa), Côte d'Ivoire, Djibouti, Dominica, Dominican republic, Equatorial Guinea, Eritrea, Ethiopia, Fiji, Gabon, Gambia, Ghana, Grenada, Guinea, Guinea-Bissau, Guyana, Haiti, Jamaica, Kenya, Kiribati, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Papua New Guinea, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Solomon Islands, Somalia, Sudan, Suriname, Swaziland, Tanzania, Togo, Tonga, Trinidad and Tobago, Tuvalu, Uganda, Vanuatu, Zambia and Zimbabwe (70 countries)
	b) **8th EDF Fund**
	  (NB: non-profit-making entities may not participate)
	• the **EU member states** (15 countries)
	• the **ACP states including South Africa** (71 countries)

South Africa	• the **EU member states** (15 countries) • the **ACP states including South Africa** (71 countries)

NB: In certain cases, depending on the budget heading, special rules of eligibility may apply, which will be specified in the procurement notice.

Grants are awarded for projects submitted to the European Union by (in general, non-profit-making) external organisations. The intention is that projects will be selected for grants on the basis of calls for proposals. The publication of a call for proposals will indicate the relevant funding priorities of the European Union, eligibility criteria and any other conditions for award of a grant.

The search facility on the website
http://europa.eu.int/comm/europeaid/tender/index_en.htm allows you to see current and expected calls for proposals (as well as those whose deadlines have now expired and information about grants which have been awarded as a result).

You should not search only for funding specifically available for youth. There are several fields in which your organisation might present a relevant proposal, such as: social reintegration and assistance, protection of the environment, culture, education and civic participation. However, before searching for European Union funding opportunities on the Web, please consider the following, as these are generally applicable rules:

T-Kit on Funding
and Financial Management

Firstly, only legally registered organisations are eligible. In addition administration of projects funded by the European Union needs increased management capacity. Answer critically the following questions:

- Does my organisation meet all the legal conditions?

- Is the board of my organisation functional?

- Does my organisation have an accountant?

- Has my organisation produced annual reports (financial as well as activity reports)?

- Has my organisation run projects with a budget close to the amount to berquested for this project? If not, can I prove that my organisation has the ability to administer large amounts of money?

- Has my organisation relevant experience in the area the project is concerned with? If not, do any of the people involved in the project have specific expertise in that field?

- What kind of links do we have with public authorities/institutions (local and central)?

Secondly, very often, European Union funding-programmes are open to partnerships of non-governmental organisations and public authorities (local or central). Therefore it can be vital for your organisation to develop contacts with relevant public authorities, to find out their priorities in the field of your activities and to get their recognition as a reliable partner. It will then be easier to approach them about submitting a joint proposal.

8) Council of Europe funding for youth activities

The work of the Council of Europe covers all major social and political issues affecting European society (with the exception of defence) – human rights, media, legal co-operation, social and economic questions, health, education, culture, heritage, sport, environment, local and regional authorities and youth.

The Council of Europe is an intergovernmental organisation, which has three main aims:

- to protect and strengthen pluralist democracy and human rights;
- to seek solutions to the problems facing society;
- to promote the emergence of a genuine European cultural identity.

In order to support youth work at the European level, the Council of Europe has set up the European Youth Centres, the European Youth Foundation and the Solidarity Fund for Youth Mobility. They can support projects involving young people in all member states, and also in Belarus (as this country participates in cultural co-operation through the Council of Europe's European Cultural Convention).

The 45 member states of the Council of Europe (as of July 2004) are:

Albania, Andorra, Armenia, Austria, Azerbaijan, Belgium, Bosnia & Herzegovina, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Moldova, the Netherlands, Norway, Poland, Portugal, Romania, the Russian Federation, San Marino, Serbia and Montenegro, Slovakia, Slovenia, Spain, Sweden, Switzerland, "the former Yugoslav Republic of Macedonia", Turkey, Ukraine, the United Kingdom

In the Council of Europe it is the Directorate of Youth and Sport that is responsible for all work in those two fields. The Council of Europe's main goal in youth and sport is to work out common European youth and sports policies promoting youth participation, responsible citizenship, better educational and employment opportunities, democratisation of sport and the spirit of fair play.

Council of Europe youth website:
www.coe.int/youth
The site is available in English and French.

The Council of Europe Directorate of Youth and Sport provides three different types of support to international youth activities and organisations by working with "multipliers", i.e. young people and youth workers who are in a position to pass on new knowledge to other young people and colleagues. The Council of Europe's youth sector does not allocate financial support to individual young people such as student grants, housing allowances or travel allowances.

The financial resources available to the Council of Europe are significantly smaller than those available to the European Union. However, most of the funding is decided jointly, on a co-management basis, by young people and member states. It is therefore important to think of the funding as a means of establishing a partnership with the Council of Europe, rather than merely as a financial tool.

Detailed information about the conditions for obtaining funding can be found on the website *www.coe.int/youth* (then click on Financial support).

9) The European Youth Foundation

The purpose of the European Youth Foundation (EYF) is to encourage co-operation among young people in Europe by providing financial support to European youth activities which promote peace, understanding and co-operation in a spirit of respect for fundamental Council of Europe values such as human rights, democracy, tolerance and solidarity.

European Youth
Foundation

Some basic rules govern distribution of EYF resources:

- applicants must be either an international non-governmental youth organisation or network, or a national youth organisation or network co-operating with at least three other national organisations or networks from different member states;
- no more than one quarter of the participants may be over the age of 30;
- as a rule, to be eligible, a project must take place in one (or more) member states of the Council of Europe;
- participants and organisers must make a significant financial contribution towards the activity themselves. The EYF cannot finance more than two thirds of the total costs of the project.

The EYF provides financial support to the following types of activity undertaken by non-governmental youth organisations or networks or by other non-governmental bodies involved in areas of youth work:

- educational, social, cultural and humanitarian activities of a European character;
- activities aimed at strengthening peace and co-operation in Europe;
- activities to promote closer co-operation and better understanding among young people in Europe, particularly by developing information exchange;
- activities to stimulate mutual aid in Europe and in the developing countries for cultural, educational and social purposes;
- studies, research and documentation on youth matters.

The EYF supports four kinds of activity:
- **Category A** – international youth meetings
- **Category B** – activities other than meetings
- **Category C** – support to help cover the administrative costs of international non-governmental youth organisations or networks
- **Category D** – pilot projects

There are two general deadlines per year for submitting applications.
- **1 April** for activities to be carried out in the first half of the following year;
- **1 October** for activities to be carried out in the second half of the following year.

In exceptional cases applications may be considered on an ad hoc basis.

10) The Solidarity Fund for Youth Mobility

The Council of Europe and the International Union of Railways (UIC) joined forces in 1995 to set up a fund to assist mobility of disadvantaged young people. For every Inter Rail Card sold, one euro is donated to the funding of projects involving Europe's young and least well off, enabling them to attend international activities and taking them on journeys of cross-cultural contact and discovery.

The fund caters solely for young people from underprivileged backgrounds or economically underdeveloped areas and is intended to cover rail travel by them to take part in international educational activities. It does not assist tourist travel.

To qualify for assistance, projects must involve at least two countries and a minimum of ten people travelling together. The Solidarity Fund for Youth Mobility supports some 30 to 40 youth projects per year.

11) Study sessions at the European Youth Centres

Study sessions are seminars organised by international non-governmental youth organisations on a subject of relevance to their organisational development and membership. They take place at one or other of the European Youth Centres. The Centres provide the infrastructure for the seminars as well as educational back-up and guidance by an educational advisor or external consultant assigned to each study session. The advisor/consultant is involved in the preparatory stage, in implementing the seminar programme and in any follow up. She/he works closely with a multicultural team and the organisation concerned. On average some 30 study sessions annually are hosted by the European Youth Centres in Strasbourg and Budapest.

Youth Centres

SECTiON 3 – independent funders

Among the first questions people often ask about independent funders are "Who are they?" and "What do they do?" What are the different types of independent funder in Europe?

> **Types of independent funder:**
>
> - Foundations
> - Corporate funders
> - Individual philanthropists

Each type has its own characteristics and the way to approach them varies. Unfortunately, most people do not realise the range and diversity of independent funders in Europe. Some people, indeed, have serious misconceptions – for instance, about what foundations and corporate funders are and how they operate.

There are many differences between independent funders, including the distinction between organised funders and "non-organised" ones. Foundations and corporate funders are mostly professionally staffed, while individual philanthropists rely not on staff but on volunteers. In addition, it is important to keep in mind that some foundations only employ a small staff in order to concentrate their resources on their funding activities. Grant-seekers should note that every day each independent funder receives many applications and may not have the time to look properly at each one. To help funders and their staff it is important that grant-seekers carefully prepare their applications.

The T-Kit tries to answer the above questions and to clarify the varied landscape of independent funders in Europe. It deals with this in three sections:

1. **Foundations** – This provides a snapshot of independent foundations in Europe today and shows their role in modern philanthropy. It also details the different types of foundations in Europe.

2. **Corporate citizenship programmes** – examines corporate funders (another component of the independent funding community), the long tradition of corporate citizenship and its current trends across Europe.

3. **Individual philanthropists** – provides several tips on how to approach wealthy individuals.

In the bibliography at the end of the T-Kit we list various directories of foundations and corporate funders which offer a starting point in any fund-raising effort.

1) Foundations

Foundations

The foundation landscape in Europe is extremely varied, in part due to the many languages and cultures in Europe and the different legal/fiscal environments from one country to the next. Foundations are an important part of the independent funding community. They represent a valuable source of income for non-profit organisations. But what is a foundation? How have these organisations developed into important forces for social change and valuable alternatives to traditional government support? Do a British trust, a French fondation, a German Stiftung and a Polish fundacja have anything in common? How comparable are they?

Along with the various terms for 'foundation' that exist across Europe, there are a number of different foundation types. There are endowed foundations, community foundations, operating foundations and corporate foundations. Some foundations in Europe are beneficiaries of lotteries or gambling. Others may be considered to be collector/distributor foundations, collecting funds from various sources, including the general public, to underpin their operational or grant-making programmes. Some foundations in Europe are hybrids, combining several of these elements: for example the King Baudouin Foundation (Belgium) is an operating foundation with an endowment, receives lottery proceeds, raises funds from the general public on a continuing basis, and has a grants programme.

What exactly is a foundation? It is important to provide a workable and generally acceptable description of what a foundation is as a basis for the rest of this section. The European Foundation Centre (EFC) has established the following general concept of what a foundation is.

What is a foundation?

"Foundations:
- are separately constituted non-profit bodies;
- have their own dependable source of income, usually but not exclusively from an endowment or capital;
- have their own governing board;
- use their financial resources for educational, cultural, religious, research, social or other public-benefit purposes;
- use their financial resources either by making grants to non-profit organisations or by operating their own programmes and projects."

Source: European Foundation Centre, Brussels (Belgium)

Although there are numerous national differences stemming from both cultural and legal developments, and also differences in the use of terminology, the above concepts cover the majority of the foundations in Europe today and distinguish them from non-profit organisations running their own programmes and other sources of non-independent funding.

2) Types of foundation in Europe

In addition to its conceptual definition of a foundation, the European Foundation Centre in Brussels produced a Typology of Foundations in Europe (published by the EFC in 1997). The typology is an attempt to provide a clearer picture of Europe's diverse foundation community. It identifies four groups of foundations. Each group has a number of sub-categories.

Four types of foundation in Europe:

- Independent foundations
- Corporate foundations
- Governmentally-supported foundations
- Fund-raising foundations

You may also classify foundations in Europe according to criteria such as the source of their finance, the composition of the governing board (who is in control of deci-sion-making?) or the approach to the distribution of financial resources.

Where does the money come from?
Foundations' main sources of finance:

- interest on endowment
- donations and bequests (sums of money made available on the donor's death)
- lottery
- commercial activities (publications, etc)
- dividends on shares
- annual contributions from a company/companies
- fund-raising campaigns

- **independent foundations**

Independent foundations comprise the vast majority of foundations in Europe. There are however a number of sub-groups which more accurately reflect the many different types of independent foundations. The commonest types of independent foundation are the family-controlled and trustee-controlled foundations. The original endowment establishing the foundation usually comes from an individual or family donation, and the foundation makes grants and operates programmes with the proceeds from this. Independent foundations also include prize-giving foundations, such as the Nobel Foundation, and those that receive funding from lottery proceeds. In both cases a board of trustees directs grant-making activities. Within the definition of an independent foundation, the EFC includes limited-duration foundations and funds as recognised in Europe.

Example of an independent foundation: the Bernard van Leer Foundation (The Netherlands):

The Bernard van Leer Foundation was established in 1949. The foundation's income is derived from the bequest of Bernard van Leer, a Dutch industrialist and philanthropist, who lived from 1883 to 1958. He was the founder of Royal Packaging Industries Van Leer, which is now part of Huhtamaki Van Leer, a pack-aging company operating in 55 countries worldwide.

- **Corporate foundations**

There are two types of corporate foundation. A foundation with corporate interests is one in which the foundation's investment portfolio includes more than 50% of the voting shares in a company. This investment in turn constitutes more than 50% of the capital with which the foundation performs its work. Corporate foundations are separately constituted foundations established by a company, which depend prima-rily on annual support from that company for their programmes.

It must be noted here that many corporations also make significant donations of goods, services and money through corporate citizenship or corporate community-investment programmes. Although not in the foundation typology, these activities are a vital part of the independent funding available to non-profit organisations such as youth organisations. As such, we look at corporate community investment in a separate section.

T-Kit on Funding and Financial Management

> **Example of a corporate foundation: Fundació La Caixa (Spain):**
>
> Fundació La Caixa came into being as a result of the merger of Fundación Caixa de Pensions and Fundació Caixa de Barcelona. It is a non-profit organisation dedicated to serving society. The foundation is funded by the Caixa d'Estalvis i Pensions de Barcelona which, as a savings bank under Spanish law, may devote approximately 50% of its profits to socio-cultural activities.

● **Governmentally-supported foundations**

Two types of governmentally-supported foundation are currently to be found in the EFC typology. Governmental foundations include national, intergovernmental and supranational governed foundations. The common feature of these is that the government body that established the foundation controls the key trustee appointments, although some trustees may come from outside government. Funding generally comes direct from the government although other sources of income may be sought. Political foundations, the second type, are not common in Europe. These foundations primarily exist in Germany. Usually they are affiliated to a political party and their programmes reflect that party's interests and philosophy.

> **Example of a governmentally-supported foundation: the Westminster Foundation for Democracy (United Kingdom):**
>
> The Westminster Foundation for Democracy was established by Royal Prerogative. The three main political parties in Britain are each represented on the Board of Governors, and appointed by the Secretary of State for Foreign and Commonwealth Affairs after consulting the parties. There is also a representative of the smaller political parties, as well as non-party figures drawn from business, trade unions, the academic world and the non-governmental sector.

Foundations

● **Fund-raising foundations**

Although many foundations seek matching support for particular programmes or their grant-making activities, this term refers primarily to foundations which are in a process of transition, attempting to build up their asset base and in the meantime requiring a continual flow of finance. It is this longer-term objective which distinguishes them from non-profit organisations, institutes and other non-governmental organisations, which may likewise raise funds to support their own programmes. Fund-raising foundations seek to develop into established grant-making institutions, and as such are primarily found in central and eastern Europe.

> **Example of a fund-raising foundation: Fundacja Pomocy Wzajemnej 'Barka' (Poland):**
>
> Fundacja Pomocy Wzajemnej 'Barka' was set up to help marginalised groups such as former psychiatric patients, the homeless, former prisoners, and vulnerable children or women. The first Barka community was established at Wladyslawowo. The following year, the group merged with the Foundation in Aid of Persons in Deep Crisis and went on to create two further communities. Since then, some 1,500 people each month have been helped by the foundation's community, and have used educational and temporary services such as food supply, banking, meal services, shower facilities, medical and dental care and after-/ pre-school programmes for children. Activities led to setting up the Regional Centre for Non-Profit Non-Governmental Organisations in Poznan, a group that encourages activities and represents the interests of the third sector.

3) Foundations in Europe today — common characteristics

Among the questions many people ask about foundations is "Why create a foundation?" There are many possible reasons for doing so, depending on the type of foundation and, to a large extent, the initial founder. Factors include:

- absence of natural heirs
- a desire to create a living memorial to the founder
- fulfilling a charitable purpose over a long period
- creating or maintaining a stable organisational framework for an existent organisation (e.g. the World Scout Foundation)
- tax advantages
- creating an instrument for corporate communication (companies).

— "A foundation lives in perpetuity" - any foundation aims to survive the death of its founder. In deciding its mission and priorities, a foundation looks to the long term. This influences the choice of projects. Foundations will always consider the future of the organisation they are funding and the follow-up to projects. They will give funding priority to projects which will be self-sustaining after the grant ends.

— "A foundation belongs to itself" - having their own sources of income, foundations have a highly developed sense of independence vis-à-vis governments and public institutions. They choose their own priorities and the types of project they wish to fund. Thus they often play a valuable role in breaking new and controversial ground. They play an important part in the distribution of wealth, taking action in areas where public authorities do not or cannot intervene.

Foundations are keen to help tackle the root causes of problems, rather than just palliatively reacting to adverse effects after the event. They may support relief action by non-profit organisations and public authorities in humanitarian, environmental, social or other emergencies. However, the bulk of their action is concerned with tackling the underlying causes and trying to anticipate change, in particular by supporting research, building up expertise and testing new approaches, thus acting as catalysts of innovation.

Among the many different factors which influence the foundation community, it is relevant to note the following trends:

Major areas of interest

Grants for postgraduate studies, support to school reform, research on cystic fibrosis, prizes for television programmes, cross-border parliamentary exchanges, employment and business creation programmes, research on risk prevention and improving management of health services are only a few examples of foundations' activity in Europe. Their action ranges from protection of the environment to early-childhood development, violence prevention to health-care services, work with senior citizens to promotion of participatory democracy and community dialogue across Europe and beyond. However, foundations' emphasis in most countries is on education and research, followed by welfare services. But there are exceptions. In France, for example, priority also goes to health, in Ireland to housing and development and in Spain to culture and the arts.

Community foundations

A recent trend has been the development of community foundations (which may be treated as fund-raising foundations). They are formal mechanisms enabling people in a community to collect funds in order to improve its quality of life. They are vehicles to nurture, sustain and enhance informal community philanthropy. Community foundations can be valuable tools for helping local communities address new and growing social, economic and environmental needs by mobilising and leveraging new resources, making grants to local projects and building collaborative relationships with other non-profit organisations, businesses and government agencies. These are currently flourishing in the United Kingdom and developing in other countries such as Germany and the central and eastern European countries.

International cooperation

Since the early 1990's, there has been real development of international cooperation between foundations. Many organisations and networks have been set up, demonstrating funders' readiness to share expertise and good practice. An example of this is the Brussels based European Foundation Centre, which is a knowledge-based membership association of foundations and corporate funders, dedicated to strengthening organised philanthropy in Europe and internationally. Founded in 1989 by seven of Europe's leading foundations, the EFC today serves a core membership of over 200 members, associates and subscribers.

4) Corporate citizenship programmes

A corporate citizenship programme (also called a corporate giving programme or corporate social responsibility) is a grant-making programme administered within a profit-making company. Corporate giving programmes usually do not have separate endowment and their annual grant totals are generally directly related to current profits. In addition, some companies make charitable contributions through both corporate giving and a company-sponsored foundation.

Corporate funders are fast becoming a more noticeable and accessible source of support for citizens' associations, particularly for those non-profit organisations prepared to use lateral thinking in identifying their funding needs.

Corporate funders offer more varied forms of support than are traditionally provided by foundations. Organisations which can define their needs in terms other than mere financial support can tap into a rich vein of valuable aid. This aid naturally largely comprises direct financial support but, no less importantly, can include:

- sponsorship
- training
- gifts of equipment or supplies
- employee volunteering
- matching of employee donations
- secondment of staff

Why do companies give?

- To create goodwill: to be seen as good citizens in the community
- To enjoy tax advantages
- To be associated with certain causes
- Because the Chairman is interested in a cause

Historical perspective

Although corporate citizenship has grown significantly in recent years, companies have been helping the communities in which they operate for far longer. In Ireland, Guinness (now part of Diageo plc) can trace its charitable record back to the 18th century, when it assisted the community around its brewery. In Germany, the Daimler-Benz Corporation (now Daimler-Chrysler) has a history of support for education and the arts in its local communities from the time of the Daimler/Benz merger in 1926. The company took the further step of endowing an autonomous foundation, the Gottlieb Daimler-und Karl Benz-Stiftung, in 1986, and many of the world's largest corporations have done likewise in order to add an independent dimension to their work in this area. In Italy cultural and artistic patronage started with aristocrats of the Italian Renaissance like the Medici, forerunners in that sphere of present-day companies such as Olivetti and Fiat. These and many other Italian multinationals now provide outstanding support to artistic endeavours throughout the world.

Today, and with considerable variety of activity in each country, corporate citizenship is growing vigorously and gaining a higher profile. Across Europe intermediary organisations

with corporate members are encouraging and improving corporate philanthropic action. The leaders in these are firms keen to create a climate of greater, more organised corporate citizenship.

Current trends

There are a number of reasons for firms' growing interest in playing a more influential part in the communities in which they operate and from which they make their profits. As a result of growing consumer awareness and pressure, businesses now need to be seen to be honest, environmentally aware and concerned for their communities. Greater competition and the need to hold on to a customer base means that those businesses that are seen to be philanthropic attract more positive reaction from consumers. Although many businesses have long practised this approach, it has often been unsystematic and not widely publicised.

Companies are now also beginning to recognise the value of in-kind support, and to include it in evaluation of their corporate citizenship – rightly, as the corporate world can often more easily provide support in the form of goods or property than direct financial aid.

Corporations usually have a different approach to grant-making from foundations. Each donation – whether direct financial aid or some other form of support – has a value which can be measured by the company. These donations are not something the company is obliged to do, but something it chooses to do as a part of its wider public relations.

When considering approaching a corporation for support, it is important for an association to look at what it is offering in return. High-profile projects in which the name of the corporation can be prominently displayed – and which they can use in their own publicity – are often the ones that corporations support. An opportunity to both 'do good' and to promote the corporation's image is the sort of project that is attractive.

Despite a history of supporting the arts, cultural projects and sport, corporations nowadays give support in a wide range of areas. The environment has become popular, reflecting growing consumer concern about and interest in the question.

The business community itself is also increasingly recognising its own social responsibility. Through their own programmes, and working together to improve their social action, corporations are taking concrete steps to meet that responsibility.

Example of a corporate citizenship programme:
Johnson & Johnson is the world's most comprehensive and broadly-based manufacturer of health care products, as well as a provider of related services for the consumer, pharmaceutical and professional markets. The Johnson & Johnson family of companies, consisting of more than 190 operating companies in 51 countries, has its worldwide headquarters in New Brunswick, New Jersey, USA, where the company was founded over a century ago. The company currently employs 97,800 people. Johnson & Johnson focuses its efforts on children's health, access to health care, and health education. In addition it supports local initiatives that help the communities in which it is located and operates, thus 'contributing to a healthy future'

Image-building

Corporate funders deserve a special note here. Most corporations are well aware of the image-enhancement/community-improvement function of their corporate citizenship activities. As a result they may make very significant contributions – with some of the largest European grant-makers coming from the corporate world – but within strictly defined geographical areas. These typically include the communities in which they have plants or factories or where they have major markets for their products.

● **Approaching corporate funders**

Corporate funders do sometimes require a slightly different approach. Some companies view their community-investment programmes as truly philanthropic in nature; others view them in terms of responsibility to the community. Corporations may set up a separate office to run their giving programmes, or they may run them from community affairs, public relations or even marketing offices.

Similarly, some corporations establish a corporate foundation to run their community investments while others engage in direct giving.

Accordingly, and before applying to corporations for support, your organisation should research them thoroughly to ensure they are appropriate to your needs. The overall approach to foundations should provide the basis for your attitude to corporate donors but the following points should also be borne in mind:

- programmes are generally aimed at improving relations between corporations and communities;
- how is your project going to enhance the company's image?;
- companies primarily have to answer to shareholders;
- companies rarely support religious appeals.

5) individual philanthropists

Just like foundations and corporate funders, many private individuals give to their communities simply because they consider it to be the right thing to do. Deciding how to give is the hard part. Philanthropists are wealthy individuals with general philanthropic concerns or interested in particular causes. The major difference between the philanthropic individual and other independent funders is that they do not operate within an organisation or company. Not having a particular mission or goal, they are very flexible in their giving policy.

Despite a strong charitable impulse, most wealthy individuals enter the philanthropic sphere with little experience. Many still practise chequebook philanthropy. Whatever the giving philosophy, giving wisely and effectively increases the impact of the gift and is not just a matter of contributing to good causes.

Why do people give?

Most individual philanthropist are inspired to give by a variety of factors. This could range from religious conviction to a sense of civic duty. There are many motives for setting aside money and other resources for charitable purposes, such as:

- the satisfaction of helping people;
- the desire to leave a lasting imprint on society whilst making a significant difference;
- the desire to promote a set of views or a philosophy;
- setting up a memorial to a friend or loved one;
- giving back to a supportive community;
- tax benefits.

The critical challenge and opportunity is to engage with the individual philanthropist in helping them make philanthropy an integral part of their lives. There are a number of mechanisms available through which a wealthy individual can give to charitable causes. One of these is to give direct financial support, usually in the form of a grant, to a charitable organisation which will welcome the gift and use it for its current activities. Another approach is to set up a foundation. These two different approaches serve different purposes. When setting up a foundation, for example, the founder will tend to be thinking long term: the object is a foundation that will become an independent entity and outlive the founder, continuing the work they began.

Individual philanthropists often turn to experienced foundations to learn about community needs and best practices, as well as the pitfalls to avoid. Many foundations receive requests from new donors who have just launched or are about to launch their own foundation. Yet few foundations are adequately equipped to respond. Clearly many individual philanthropists are unsure how to best accomplish their charitable goals. They question if their gifts really matter or if the groups they support are making good use of the grants. Others express concern that gift-giving is not particularly satisfying.

Firstly, many individual philanthropists ignore the different steps involved in building a grant-making programme. How soon can money be distributed? It is possible to start immediately, though for the sake of efficiency an incremental process is advised. The process goes from establishing a grant-making policy, learning from other models, developing a plan in writing and getting the message across to dealing with applications, making decisions, reviewing the grant-making policy and continuing to build partnerships.

Secondly, it is important to realise that many individual philanthropists are value-driven and entrepreneurial, largely as a result of their experience in business, and very much hands-on. For them, giving is both an act of commitment and a serious long-term investment, complete with future exit strategies. Increasingly, there is also an offshore or global dimension to their giving. In addition, these individual philanthropists often see themselves as grant-makers rather than old-fashioned philanthropists.

The main difficulty with individual philanthropists is to identify them as there are no directories providing you with lists of their interests. Unlike foundations, they do not publish annual reports, lists of grants made or application guidelines.

One solution to this is to obtain annual reports and project reports of organisations active in fields similar to yours. If they thanked their funders – and they should have! – you can start doing some additional research, having ascertained the shared interest.

Most individual philanthropists will also support projects which are to be carried out in the community they live in or come from. It is useful to think locally in order to identify them. Local, regional or national newspapers may help you here. In addition there are magazines that target the rich. The biggest difficulty after identifying potential donors is to find out how to get in contact – addresses tend not to be given.

There are no rules in approaching individual philanthropists since they are not as organised as foundations. However, most of the suggestions for approaching foundations and corporate funders also apply to individuals. You are advised not to beg, and you need to be enthusiastic. You are not asking for money, you are selling a project, an idea.

In any case you will have to establish personal contact and be persuasive and persistent. Individual philanthropists support people as well as good ideas. If they feel that you have the people to make a project happen then they are likelier to support your organisation through a particular project. This might then be the beginning of a longer-term relationship with the funder for your organisation.

Part 2 – Financial Management

Section 4 — What do you need the funding for?

1) Mission, strategy and sustainability

In this T-Kit we understand the term financial management in a very broad sense. While usually financial management would only involve budgeting, accounting and control of financial resources, we understand the term to cover the various aspects of being a successful fund-raiser:

- information about funding and funders
- development and quality control of projects
- budgeting, accounting and control
- reporting and "relationship fund-raising".

The mission, strategy and sustainability of your project or organisation must be the starting point for your fund-raising efforts. We therefore place them at the beginning of this second part of the T-Kit.

When you think about your organisation and its projects, do you think first about what you want to achieve or about how to find the money?

We are assuming that you use the first approach and that you will have developed your idea and done some project planning before you grapple with the details of financial planning and raising the funds.

Money is one of the primary tools to help you achieve the "mission" of your organisation or project; the overall purpose of the activity you are planning then needs to be converted into a "strategic plan", which outlines the steps involved in achieving that purpose. Money is one of the keys to the "sustainability" of a piece of work. Winning a continuous stream of income and making the most of it is essential to the longevity of your work.

However, having a strong sense of purpose and mission, plus a well-researched and structured strategic plan which includes provision for sustaining the project throughout its life, will make the job of raising funds much easier. It will impress funders and is essential to winning their financial support.

> **Mission – strategic plan – sustainability:** key concepts for a successful fund-raiser
> **Mission** = the broad purpose and direction of your organisation or project
> **Strategic plan** = the bigger steps you need to achieve your purpose
> **Sustainability** = the ability to keep your project going for the whole of its intended life

If you are not yet at the point where you have a clear plan about what you want to do and how you want to do it then we strongly recommend that you spend some time on it and consult other resources such as the T-Kits on organisational management and project management.

What kind of organisation are you?

Understanding yourself is the first step in getting others to understand you – and this is an essential part of the relationship you have with your funders. As an organisation you need to be clear about your structures, ethos, mission, purpose and strategies.

Put yourself in the position of a funder. What would you want to know about an organisation you were planning to give money to?

- Who is involved and how did they get there?
- Who is accountable for the money and how do their colleagues keep them accountable?
- What reporting structures are there?
- Do any other bodies check on the quality of the activity or service they provide?
- How do I know they will use the money effectively and responsibly?

2) The Funding Encoder

IDEA

PLANNING

Filter-Encoder

Application form	Application form	Application form

Decode

Do Spend Monitor Maintain relationships	**Do Spend Monitor** Maintain relationships	**Do Spend Monitor** Maintain relationships

EVALUATION

REPORT

Encoder

Funder's report	**Funder's report**	**Funder's report**
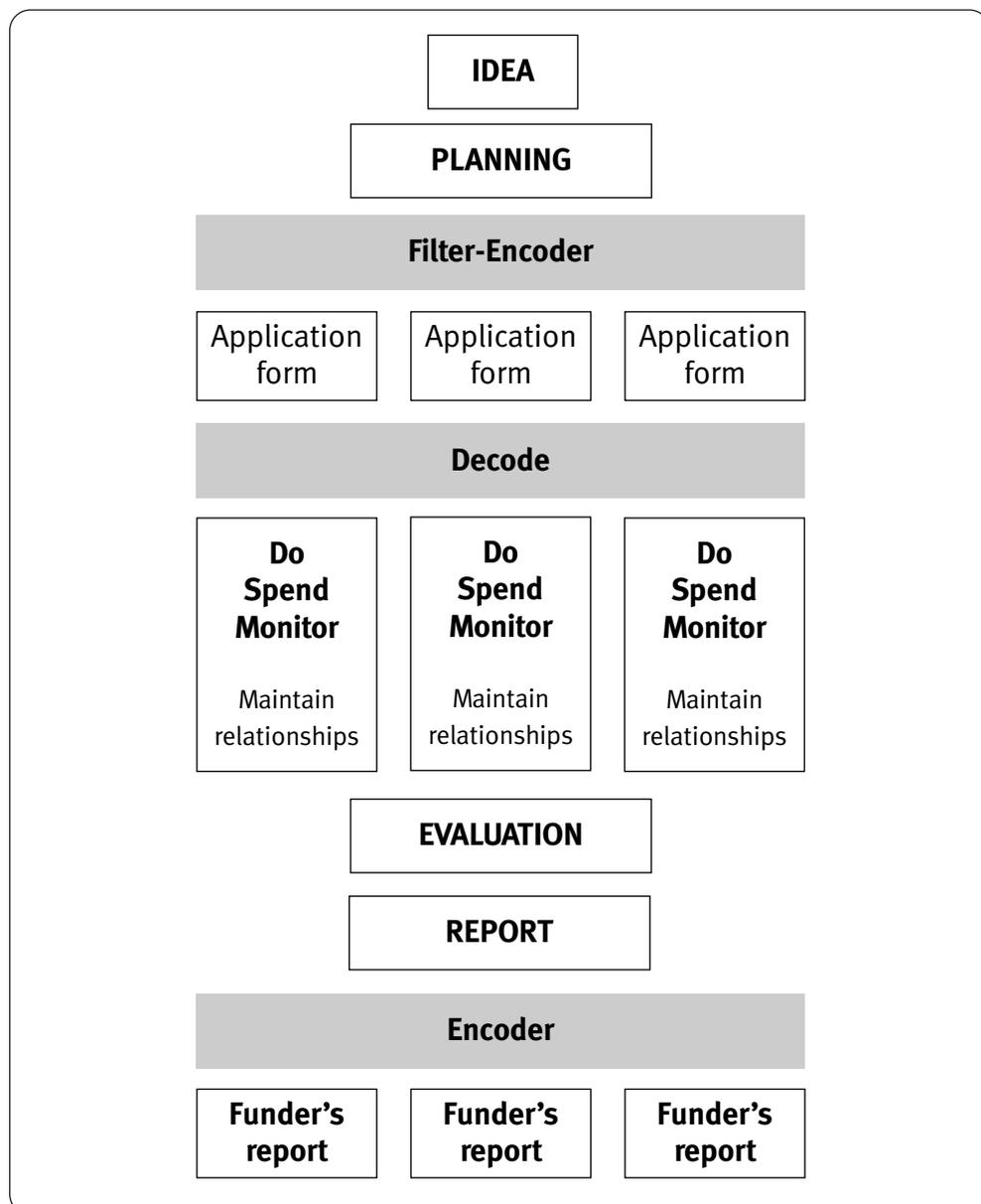
The diagram shows the various stages of a project, with emphasis on the funding process. It demonstrates in particular the points at which the person responsible for funding has the particular role of encoding, filtering and decoding messages about the project. The fund-raiser is in many ways a translator between the project's language and that of the funders. Of course, different funders often speak different languages, so the fund-raiser needs, in a sense, to be multilingual.

Having started with the project idea and completed the initial planning, the fund-raiser's job is to "encode" the information collected about the project into a language and format which the funder can use. The fund-raiser also filters out information that is not relevant or appropriate to the potential funder. This is dependent on the fund-raiser's understanding of the funder. Knowing the funder's language and agenda is crucial to successful applications, as is attention to the detailed information about submitting an application. If the funder only wants one side of A4 to describe the project, then a six-page colour pamphlet will not be well received.

Coyote's hint #8

Knowing the funder's language and agenda is crucial to successful applications, as is attention to the detailed information about submitting an application.

- What sources of information on funders are available to you?
- What are the obstacles to receiving information and how can you overcome them?
- How can we use the experience gained with funders in the past?

Having received a positive response from a funder, the fund-raiser has to decode the messages that come with it. What are the funder's requirements? What restrictions are there about how the money can be spent? What timescales have they imposed and how will these affect management of the project?

The money (or gifts in kind) of course allows the project to go ahead. As the diagram shows, this involves "doing", "spending", "monitoring" and "maintaining relationships". Then come evaluation (a very important phase in the eyes of many funders) and producing a report. The report will bring together much of the information needed for the individual reports to funders, but again this needs filtering and encoding – not in any way to manipulate the information or to misinform funders (on the contrary) but to ensure that funders have their own questions answered in the format they require. Again, funders often have many reports to read and so a standard format is a common requirement. It may be worth checking to see if they would like a copy of your full report in addition to their required minimum.

Who is involved?

The person with responsibility for fund-raising clearly needs to have an overview of the whole project and the freedom to feed ideas and suggestions into all aspects of it. This does not mean that he or she will be only person actually doing the fund-raising. As with public relations and marketing, everyone involved in the project has some contribution to make, even if it is only behaving well and not damaging the reputation of the organisation.

Gathering resources for a project should be seen as an integral part of being involved – in fact for some it may be their only involvement. Try to harness the creativity and energy of all the stakeholders so as to make the fund-raising effort a success. This in itself will be a sign to funders that yours is a quality project that makes the best use of the resources available to it.

Section 5 — How to get at the funding?

1) Preparing a budget

When working out a budget it is worth taking a careful look at the application forms of the funders you intend applying to. They may have items of expenditure that you have not thought of and may want you to arrange the headings in a particular way. If you do this at the budgeting stage then you will have a simpler job to convert your budget into the format they require, including any ineligible costs.

If you have already run a similar project, or if you have access to the accounts from a project run by someone else, it can be a handy starting point for budgeting. Take care, though, not to include items just because others did. You need to be sure that you can justify every item of expenditure and to be able to prioritise items if money runs short.

Four steps in budgeting

1) Calculate expenditure

Possible headings under expenditure in your budget may be:

- Travel costs = what costs are you responsible for?
- Hire costs = how much do you pay for hiring equipment, rooms etc?
- Activity costs = how much will it cost to run the project itself, e.g. a youth exchange?
- Administration costs = what costs do you have as regards staff pay, telephone, etc?
- Food and accommodation – do not forget travel days and all visitors and guests.
- Fees = how much do you need to pay specialists, interpreters etc?
- Personnel and miscellaneous expenses = are there likely to be any extra expenses to be reimbursed to members or staff?
- Sundries = make a reasonable judgement about small cash amounts you may need.
- Exceptional costs = are there any hidden costs?

2) Calculate income

Income consists of guaranteed income, i.e. income which has already been agreed by a funder or funders, and non-guaranteed income, i.e. income which you plan to raise. In general income comes from the three main sources presented in Part One: own resources, revenues, individuals – public sources (local, regional, national, European, international) – independent funders.

Possible headings under income in your budget may be:

- fees (from members, participants)
- income from your own fund-raising events
- public funding, e.g. local government
- European funding, e.g. the YOUTH programme
- corporate gifts
- private donations
- value of gifts in kind

3) Compare income and expenditure

Total income and expenditure should now be compared with each other to establish if there is a surplus or deficit.

It is recommended that you budget for a surplus of about 5% (i.e. income should exceed expenditure by about 5%). This should ensure that any unforeseen expenditure can be met. This surplus is sometimes known as a contingency fund. You should check that your potential funders allow it.

Once the budget shows an adequate surplus, you have to "phase the figures" or produce a cash flow forecast: i.e. analyse when the different items of income and expenditure will arise.

4) Phase the budget (produce a cash flow forecast)

Phasing is the most important aspect of constructing a budget. It involves analysing both income and expenditure month by month (or quarter by quarter, or week by week, depending on the level of detail and the length of your project). This is important because, whilst the total budget for the year may show a surplus, it is quite possible to have sizeable deficits in individual months or at particular moments of your project.

If there is a deficit in a particular month, it may be possible to arrange for funders to pay earlier or to defer expenditure to a later date. If there is a significant surplus in any month then it may be appropriate to invest the money in a higher-interest bank account.

It is important to have the budget for the project approved by those responsible for your organisation's finances. Also make sure that you know what will happen if the project makes a loss: who will pay bills or repay funders if the project does not go ahead as planned?

2) Translating your project into the funder's language

Knowing the funder's language and agenda is crucial to successful applications, as is attention to the detailed information about submitting an application. Any successful fund-raiser will give careful attention to the following points:

1. Once your project idea has been clarified, you can start thinking about who might be interested in supporting it. While drawing up the project plan, you can start collecting information about funding sources interested in the questions your project deals with (or you can ask your fund-raiser to do it).

2. If there seems to be no funder on the scene, do not give up. You can draw up a description of your project on a generally accepted model (for example the one suggested in the T-Kit Project Management, pages 70 and 71). Consider the impact of delays on project implementation (what if the project has to start later than planned?) and continue looking for funding opportunities. Really important projects will get funded sooner or later.

The funder's language

T-Kit on Funding and Financial Management

3. If you find relevant funding sources at the planning stage, you might build their requirements into your planning (e.g. partners, timeframe, budget heads) and you can structure the information about the project in the proposed format. "Encoding" will then be much easier.

4. Make sure your information about the funder is up to date. Many funders give money periodically: in between times they may make changes concerning the criteria, rules, formats etc. Do not waste time filling in out-of-date application forms.

5. Read the guidelines first. Even if they seem long-winded, boring, redundant or familiar, you will always find useful and crucial information such as:
    • aims, objectives and priorities of the funder/funding programme
    • application procedures and deadlines
    • eligibility criteria concerning the applicant organisation: what kind of organsations, with or without partners (and what sort of partners)
    • minimum and maximum amounts of funding to be requested
    • minimum level of own contribution.

    You will save time and money by not preparing proposals for funders who by definition are unlikely to support your project.

6. Use the funder's vocabulary. You can familiarise yourself with it by reading their literature (guidelines, press releases, booklets, annual reports etc). Use their wording rather than synonyms, especially when writing about key matters (objectives, target groups, main activities). Do not assume it will be obvious to them that you are talking about the same things they are interested in: do not expect the funder to "translate" your words, do that job yourself.

7. If the funder specifies a particular format, use it. Do not try to be original by using a different structure – it will not be appreciated. Make sure you answer all the questions and provide all the requested annexes.

8. Be coherent: needs-aim-objectives-methods/activities-resources should logically flow one from another. Give all the information necessary to show the importance of the proposed aim, but do not fill up pages with information which has no relevance to the project. Objectives should be relevant and fit the overall aim. Methods/activities should be adequate and appropriate to achieving the objectives, and your needs in terms of resources should be accurately estimated and justified. If your approach is deliberately unusual or original, make this clear and explain why did you chose it. Innovation is valued only if it is well understood, otherwise it might create confusion.

9. Be specific: say what you intend to do. Avoid vague statements and foggy descriptions. Speechifying may sound impressive but does not always make total sense.

10. Be brief: use the space provided by the application form (if any) and try to use the right/minimum number of words. Get the message across, but be reasonably concise.

11. Be yourself: do not pretend that you have expertise you do not possess. Submit a project that fits your organisation's profile and explain why your organisation is the right one to carry it out.

12. Be informed: convince your funder that you know what you are talking about, your needs analysis is sound, you have studied your target group and you have identified and understood all the stakeholders (including other organisations active in the same field as you).

13. Make sure you pass the Grandma Test – be clear. Use language that is easy to understand. Avoid being over-technical – funders are often not specialists in your field. Do not use abbreviations or "slang" specific to your organisation without explanation. Ask a person who is not involved in the project (or, even better, someone who is not involved in your organisation – for instance, your Grandma...)

to read the proposal and tell you what they have understood the project to be about. Compare with your original plan and make sure the two versions match up.

14. Be ready: it is never too early to start writing a proposal. Completing an application form is like gas: it takes all the space given. It is important to actually read over the proposal before presenting it. Getting a few nights' sleep after writing the proposal will clear your head and give you the necessary distance to really read what you have written, as opposed to simply assuming that what you wrote was what you meant.

3) Approaching (independent) funders

Many suggestions apply equally to approaching foundations, corporate donors, individual philanthropists and even public funders. Most of the time it is a question of common sense and courtesy. The next section looks in detail at independent funders, though most of what it says applies to the others as well.

In any case obtaining support from the independent funding community has never been easy, and there are no quick or simple routes to getting support. Also, the pressure on funders is far greater than previously. Governments are providing fewer services to the community and it is non-profit organisations that are now providing many of them. Issues such as social inclusion, sustainable development and employment, to name but a few, require immense effort and resources to address. So non-profit organisations are increasingly turning to the independent funding community to assist their work and consequently the number and quality of projects – and their accompanying grant proposals – are increasing.

Consequently, there is a growing market for professional fund-raisers across the sector. However, many youth organisations cannot afford to employ someone of that kind. This section will provide guidance as to the basics of fund-raising for non-profit organisations which are either new to grant-seeking or are looking to expand their current list of contributors. With these basic guidelines, your organisation will have the template for successfully raising funds from independent funders.

The process by which organisations tap into the resources of independent funders is lengthy and takes dedication for good results. It necessitates the combined efforts of your organisation's management and board of trustees or directors to establish the overall strategy underpinning a project or programme for which it wishes to seek support. A carefully planned strategy will recognise that a grant is not a one-off thing. It is part of investment in the organisation's future and is the first step in building a relationship with a funder.

To become a successful grant-seeker – an organisation that has a portfolio of regular donors who believe in its mission and philosophy – takes time. No organisation receives funding for every proposal it submits, though with experience the success rate will improve. Learning from failed proposals is also vital. Funders will often be able to explain why a particular proposal was rejected. If the reason was that it was outside their grant-giving guidelines then the applicant is at fault for poor research. But if a proposal is well researched and presented there will be valuable lessons to be learnt. If you take the time to talk with a funder, they may be able to advise on how to improve the proposal or may even ask you to resubmit it with changes.

Proposals can fail because they are outside the funder's mission, the proposal is poorly prepared and presented or there are simply not enough funds available to support every worthwhile project that year.

With an average of around 90% of proposals failing across the independent funding community, the effort behind a successful proposal is never wasted. Do not be put off by the high failure rate amongst grant applications. With careful research leading to a well-targeted group of potential funders, the success rate is far higher. And those organisations that are successful and establish a strong relationship with their donors can then concentrate on their core mission.

Fund-raising

With the help of these tips and guidelines you can tap into this rapidly growing source of support for your organisation.

• First step: fund-raising begins at home

By this we mean that successful fund-raising begins within your organisation. The basis for successful fund-raising from foundations, corporate funders and individual philanthropists lies in your organisation's mission, which should be reflected in your proposals. The initial step to take before embarking on any research process to identify funders is to establish, through your senior management and board of trustees or directors, the overall strategy for your organisation. Through this, priorities and potential projects will be identified and it is on this basis that a fund-raising campaign can be mounted.

Identifying an overall strategy is central to ensuring that your organisation receives sufficient funds to enable its important work to continue and develop. Too many organisations get caught up in the daily grind of work and deadlines and lack a clear vision of where they want to be in future. Unless it takes the time to give some thought to this, an organisation cannot develop a coherent strategy for its fund-raising efforts. Although the core mission and philosophy of an organisation will rarely, if ever, change, its programmes and projects will evolve and change over time. So there need to be regular reviews as to your organisation's future direction, and the success and relevance of all current projects should be scrutinised. By this means the goals for your fund-raising strategy can be set coherently, allowing a focused campaign.

In developing the organisational strategy, you should aim to answer the following questions clearly and directly:

- What is the unique purpose of your organisation?
- What audience do you serve, and does this audience receive similar services from any other organisation?
- What important need or needs do you aim to fulfil?
- Does your board of trustees or directors fully support responding to those needs?

Although there are thousands of non-profit organisations active across the whole spectrum of human activities, it is important to be clear within your organisation exactly where your mission lies. Non-profit organisations serving a narrow focus are more easily supported if they can show that the need they are addressing is not being addressed by any other organisation. Even if the mission deals with some more general interest, such as the environment, it is necessary to show that your organisation has programmes and activities that other organisations do not have.

Look at your audience and examine whether you are providing them with services that are not being provided by the state or other organisations. Often this might involve a particular geographical focus or addressing specific needs within the overall range of concerns. Also look at the wider effect of your work and how it might either interact with the work of other organisations or transfer to other geographical areas. If your work has the potential to be replicated successfully elsewhere then that provides it with a unique character with which to approach funders.

Once potential projects have been identified, they must be prioritised so that grant-seeking resources are concentrated on a sensible number. These projects are the ones that your board feels would advance the work of your organisation and fit into its mission and philosophy.

• Second step: prepare your project proposal

The second step is to prepare the project proposal. Although at this stage you will not have identified specific funders to approach, you will know the projects for which you wish to seek support. The project proposal can be tailored at a later date to the

specific requirements of the funders you finally decide to approach, but the basic proposal will remain the same.

It should be realised at the outset that 9 out of 10 grant applications fail to receive any funding. This is not to say that 9 out of 10 well researched and well written proposals fail. Whilst we cannot guarantee a 100% success rate if you follow our advice, we can assure you that by preparing a professional project proposal, and taking the time to research and identify the 3 or 4 most appropriate funders to approach correctly, you will significantly improve your chances of success.

A professionally prepared proposal is the cornerstone of a successful grant-seeking campaign. The heart and aims of a proposal will emerge naturally from the strategic planning process. From this process several different projects will be identified and individual proposals then prepared.

There are many ways to present a project proposal. However, 10 main components can be identified to make up a complete funding proposal. These are:

- Covering letter/executive summary
- Introduction
- Needs statement
- Goals and activities
- Methodology and timetable
- Evaluation
- Budget summary
- Future funding plans
- Detailed budget
- Appendices

We will now look at them in more detail.

COVERING LETTER/EXECUTIVE SUMMARY

Your project proposal must include an outline of the main features of your proposal. This might be either in the covering letter or as an executive summary at the start of the project proposal. In both cases this will be the funder's introduction to your proposal.

Your president, director or chair of your board of governors must sign the covering letter and address it either to the president of the foundation or to the relevant programme officer at the foundation or corporate funder. This person should have been identified by your research.

Either the letter or the executive summary should highlight the main features of your proposal that are likeliest to be of interest to the funder. You should explain why you selected this particular funder – again a natural result of your research – and give the reasons why you believe they will be interested in your proposal. This will establish a strong link between your organisation and the funder and will encourage them to read on.

Be up front and state the amount and type of support you are requesting. Along with the main features and relevance to their own interests, the funder will also want to know from the start how much support you are seeking.

INTRODUCTION

Never assume the funder knows who you are, or if they do that they are aware of your programmes or previous successes. Provide a short summary of your organisation's mission and history. The introduction can also be used to restate the qualifications of your organisation and staff to deal with the issues covered by the project proposal.

You can also take this opportunity to mention the staff members who would lead the project if it gains funding –provide their curricula vitae in the appendix – and list your board of governors or directors. If any of these are of relevance to your proposal – for example if they are internationally recognised for their work in your area – provide a short curriculum vitae in the appendix.

NEEDS STATEMENT

The needs statement should be a concise but convincing overview of the needs your organisation wants to address with the project. Describe briefly the overall context – this will help the reader get a more complete picture of the problem. When outlining the actual problems or needs, use relevant facts, examples from the community or statistics to underpin your statement. However, make sure the data are accurate.

GOALS AND ACTIVITIES

The needs statement outlines the issues you are concerned with. You then have to explain your goals and the activities you plan for addressing the needs.

Goals are concepts or ideal situations that are not necessarily measurable but are the main aims of your project and organisation. Activities are the specific, tangible and measurable outcomes that should be achieved in a specific time to fulfil your goals.

This will allow the funder to see clearly where the motivation for your project comes from and the unique way in which it seeks to address one problem within a wider series of issues.

METHODOLOGY AND TIMETABLE

Your potential funder needs to know the 'hows' and 'whens' of your project. The methodology is the specific action you will be taking to carry out the activities you have listed. When detailing the methods by which you will implement your project, set a reasonable timetable for putting them into effect. This should include the proposed start and finishing dates.

Your project may include taking on new staff to help implement it. Provide a job description of the person you are looking for and explain your strategy for recruiting them.

You must also allow plenty of time for the funder to make a decision. Always plan well ahead and ensure that the funder has ample time to examine and approve your project. In your research, check their application deadlines and when final decisions are made. Asking for support for a project that is about to start – or has already started – shows a lack of professionalism and reduces your chances of support.

EVALUATION

To increase the funder's confidence in your application, explain the criteria you will use to evaluate the success of your project. Although the actual success of the project is the main yardstick by which a funder will measure your work, an evaluation of the project methodology will show you have carefully planned all stages of the project and are likelier to achieve its goals. On occasion an advisory committee might be set up to monitor and guide the project.

BUDGET SUMMARY

Provide a summary of the total costs of the project and any other funding the project is likely to receive. Note that some funders will accept income such as gifts in kind or other types of non-financial support, such as volunteers, as matching funding, whilst others will not. If there are other sources of income which are relevant, include them here as well.

FUTURE FUNDING PLANS

Grants are for a fixed duration. However, funders will want to know how you plan on maintaining the project once the period of funding is over, should your goals call for it to continue.

Make sure your plans are realistic. Being vague here can undermine the funder's confidence in your organisation, no matter how well you have sold your proposal thus far. You need to tell them the concrete steps you will be taking and what sources of funding you will be exploring.

DETAILED BUDGET

Lay out a detailed and accurate budget that details the project expenses. The standard items are:

- Personnel
- Travel/meeting costs
- Equipment
- Office-running costs
- Publications
- Computerisation

We recommend itemising all costs above ¤100 and breaking each section down into separate items rather than just stating an overall amount. For example, under personnel you should include the various positions for which the project requires staff, complete with their relevant costs. For multi-year requests, allow for higher costs as the project continues and record these in your request and budget.

Foundations and corporate funders have great experience of project costs, so be realistic in your budget breakdown.

APPENDICES

Although it is inadvisable to include information that the funder has not explicitly requested, there are a number of items to include as standard appendices. These can include relevant staff and director/governor curriculum vitae, a brief financial overview, audited accounts of your organisation, and additional documents requested by the funder in their application guidelines.

Coyote's proposal-writing tips

The project proposal is your main contact with the funders you approach and as such needs to be carefully prepared to ensure it gets across both the strengths of your organisation and staff, and the benefits your project will bring. Before starting to prepare your project proposal there are a number of basic rules to keep in mind at all times which will help structure your proposal.

KEEP IT CLEAR AND EASY TO READ

Your project proposal should be set out in an orderly fashion and in clear language. Ensure there are no spelling or grammatical errors in the document as this type of error demonstrates casual preparation. Ensure that you use headings throughout to break up the text into easily digestible sections. No one wants to read 10 pages of solid text. If possible, break up the text with tables, diagrams or charts – although avoid using too many of these. They should be used to underline main points only. When preparing a proposal in a language other than your native one, ensure that it is proof-read by a native speaker before sending it out. Do not make the proposal too long. Most foundations only have a small staff and they need to be able to quickly understand and evaluate your proposal. Clarity and conciseness are the keywords.

AVOID JARGON

Jargon demonstrates that you have a sound knowledge of a specialised subject but that you do not know how to explain the subject to people in other fields. Avoid using jargon as much as possible. If it is necessary to use specialist terms, make sure you provide either a glossary or footnotes. Terms in one language that do not have a simple translation should be used in the original language and explained with footnotes.

BE ENTHUSIASTIC AND POSITIVE

Funders support people, not organisations. Show that your people have a positive attitude to the work that they are doing and that the project you are presenting is going to be a vital part of continuing that work and dealing with a specific need. Make sure your enthusiasm for and belief in your project come through in the proposal.

DO NOT SEND UNNECESSARY DOCUMENTATION

Funders usually say what documents they want to receive from you. Note this might in the first instance be a letter of enquiry, on the basis of which a full proposal may then be requested. Only ever send what the funder asks for in their grant-making guidelines. You may think you are enhancing your application by sending additional material such as videos or annual reports which provide a wider view of your organisation and its activities. However, unless and until these are requested you will only do your image harm and reduce the chances of receiving a grant. When a funder requests additional information to be included with the proposal, such as staff curricula vitae or financial details, place it in a separate appendix for ease of access.

NEVER ASSUME

Yours is one of many applications the funder receives. Do not assume that even with a clear interest in your field of work they know who you are, or the precise scope of the problem you are seeking to address. Provide a synopsis of your organisation and ensure you accurately describe the problem you are targeting.

NEVER BEG

Remember that the funder has a mission, which in some way or another seeks to improve society. You are not begging them for support; you are approaching them as a professional organisation that has the capability to help them achieve their mission.

ALLOW PLENTY OF TIME

Always remember that the grant-seeking process takes a great deal of time from when your application reaches the funder. Make sure you are fully aware of all application deadlines and the turnaround times for approval/rejection of an application. This must be fed into your proposal so the funder is not expected to make a decision the day after receiving your application – which would therefore be rejection and no funding.

- **Third step: how to approach independent funders**

Approaching funders is not simply putting your proposal and covering letter in the mail and waiting to see if the cheque arrives back by return of post. In successful fund-raising, initial contact can sometimes be at top management level, between director and director or board member and board member. From the information you will have gathered when identifying the final select group of potential funders, you should also have obtained the names of the funders' boards of trustees, directors/corporate citizenship investment programme managers and programme officers. Before sending an initial letter of enquiry, you should consult with your own governing board and senior management to discover whether they know any of the people at your prospective funders. If the answer is yes then a personal letter of enquiry can be made to discover if the funder is interested in receiving a full proposal from you.

The following items should be included in your letter of enquiry:

- Aim of the proposed project;
- Action planned to achieve that aim;

- Amount you will be seeking from the funder, stating whether this is all or part of the budget and the type of support you are seeking; if your request is only for part of the budget, state where the remainder of the funding will come from;
- Your organisation's abilities and past achievements in carrying out its mission.

Personal contacts are no guarantee of funding. However, they should ensure that your enquiry is given a fair response as to whether there is any point in sending in a project proposal. If there is no such contact, a letter from your funding officer to the funder's programme office should be sufficient.

If the funder makes a positive response, send in your proposal – and ensure that it has all the documentation the funder lists in their application guidelines.

Once you have submitted your proposal, follow it up with a phone call after a few weeks to ensure that the funder received it. You should also check if the funder requires any additional documents to assist them in processing your application.

Now begins the long wait. However, having followed the correct steps in preparing your proposal, and having done your research, you should be in with a good chance of receiving funding.

Coyote's hint #9

Getting outside help with application

Fund-raising skills are a lot to ask of your team of staff and volunteers, especially when you are dealing with the more complex application procedures used for European or government funding. Specialist fund-raisers can be employed either as new members of your team or on short-term contracts. Some fund-raisers are paid a normal salary, others work on a commission basis linked to how much they raise and others work on a no-win-no-fee basis for each application they submit.

Questions you might want to ask when thinking about employing external fund-raisers include:

- What level of commission or salary are you able to pay?
- Can you use the money raised to pay it?
- If the fund-raiser is on commission, how will you ensure that they continue taking as much interest in your project as in other people's?
- How will you ensure that they work well with your existing team and represent you effectively?

Training is another way of developing your organisation's fund-raising capability. Check out what is provided by umbrella bodies locally, nationally and at European level. As explained elsewhere, some funders are happy to develop your project with you and might even refer you to other funding bodies if they have a vested interest in the project's success.

4) Application forms

Most funders, including public ones and European programmes, have their own application forms. These are designed to allow consistent, equitable evaluation of applications vis-à-vis the objectives of the respective budget line or programme. Being required to use an application form has several advantages.

An application form ensures that the formal requirements and rules are the same for all applicants, which goes some way to guaranteeing equal and transparent treatment. From the funder's point of view, having the same form for all applicants regardless of the language version makes administration easier and ensures fairness. It assists data collection and recording of the key information that the funder needs on the applicant,

the partners and other parameters. Each application form presents the same budget or grant items, making it easier to decide eligibility under the funding rules. Using the same budget model also facilitates cost comparison of projects of the same type.

Once you have a clear idea about your project, and you have found the budget line, programme or action which supports the type of project you have in mind, you should find out about the application procedure (the form to be used, the funding rules, the submission deadline and whom to submit the application to).

You should always use the latest version of the application form. Even if you have already used the same funding source, check the procedure or at least the form as these can change from time to time. If you have any doubts about which form to use, you should consult the funder's website and download the latest version, or contact the funder for advice. You might put yourself at a disadvantage by using out-of-date forms.

At this stage you should also find out about the format for submitting your application (electronic, fax or paper copy). At least for the time being the original signature of the applicant is still required at European level, as the European Union does not recognise electronic signatures. (This may, however, change and in future applicants may be able to opt to submit their application in electronic format.)

Also check submission deadlines well in advance. Do not leave completing the application form to the last minute – leave yourself enough time to check the information you have provided on the form, and give your partners plenty of time to let you have the information you want from them.

- **Why are they asking for this?**

Some of the detailed questions or information required might seem arbitrary to you as an applicant, but the funding institution also needs to collect statistical information for decision-makers (national authorities, members of the European Parliament, etc) on the types of applicant and their background, the numbers of young people involved and so on. This would be impossible without a pre-designed, identical form for all applicants. Only properly filled-in forms can generate this kind of data on a comparative basis.

Assume that the application will be read by people who do not know you or your partner organisations. They also have no prior knowledge of the project you are planning. You should therefore give precise information and answer all parts of the form. The form leaves space for answers, and if longer answers are necessary you are usually recommended to use additional pages.

The form presents the applicant and the partners, lists the numbers of participants, volunteers, youth workers, etc and gives the "where and when" - the location, dates and length of the project.

The deadline for your application normally refers to a given funding period, so you should always double-check that the dates you envisage for your activity are compatible with the funding period.

Aside from the more statistical part, the other two main parts of almost any application form are the project description (or the contents) and the finances. The project description gives the aim and objectives of the planned project and explains how they will be achieved. It will include either a project plan or a daily programme, which presents the various activities and working methods in detail. If the plan/programme is not included, the application is not complete. You should include a draft programme, even if it is to be further developed during the preparatory phase. A report on the previous year's work cannot be regarded as an application, nor does it suffice as an outline of the programme.

The financial information, depending on the financial rules, takes the form either of grant-request items or a complete budget with costs and income. Regardless of the

format, detailed explanations are neded on the items and calculation methods. If these are not given, the grant request/budget is not complete.

• Finishing touches

When finalising the application, you should check that the information provided is consistent. For example, check that the work plan or daily programme actually reflects the aims and objectives you have given, and that the numerical information adds up correctly – both numbers of participants, volunteers, etc and grant-request/budget items. If the financial part includes both costs and income, these need to balance.

The application needs to be signed by the legal representative of the applicant organi-sation. Usually the partners are also requested to sign a preliminary project agreement, in which they state their involvement in the preparation, implementation and evaluation of the project. Any such agreement will be included in the application.

A properly completed application form is sufficient if no other supporting documents are specifically requested. Funders receive hundreds of applications and they do not appreciate an elaborately bound application, plastic covers, etc which will only mean extra work when they make copies for their selection panels. Bearing this in mind you should also consider whether sending CVs of all participants really is a plus for you if you are not asked to provide them. Neither should you overdo it by enclosing extensive information material on your activities. This might even cause confusion in the treatment of your application. A short presentation leaflet would be better, and if you are applying for the first time it might be advisable to include your organisation's statutes.

However, some calls for larger projects might require that you provide annual reports, accounts or proof of your capacity to run bigger projects, etc, and these should then naturally be provided otherwise your application will be considered incomplete and thus ineligible for funding.

Good presentation and a well-prepared request for project funding speak for themselves and will also help in approaching local authorities or other sources for co-funding – important as the European institutions (in principle) never grant any project 100% funding.

• How to get it to the funder

It is advisable, though it may not be explicitly requested, to send a covering letter with the application form. The letter should briefly state what you are applying for and allows you to highlight key information.

If more than one copy of the application form is required, ensure that all annexes are copied to accompany each copy of the form.

If you use courier service or recommended mail when sending the application, you will get a receipt confirming the time and place of delivery. Many funders routinely acknowledge receipt of applications and at that stage will give you a registration number or a project reference for your application. You should quote the number or reference – and the title of your project – in all future communication with the funders. This speeds up response and gives a professional impression of your organisation, showing that you understand the funder's problems in handling a large volume of requests.

Your application will not be examined or recommended for funding in isolation. Apart from the assessment of your project as such, its quality will be measured against other applications as well as against your previous record. This means that you may jeopardise the funding of a good project if you have failed to report on a previous project or if you have outstanding matters to sort out with the funder (e.g. outstanding requests for further information or outstanding financial claims).

T-Kit on Funding and Financial Management

5) Understand your (independent) funder

In approaching any funders it is vital to show that you understand them, their mission and their priorities. Your research should therefore include obtaining the funder's own documentation.

Independent funders in particular – foundations and corporate funders, for example – publish a wide range of information on their activities. The majority produce an annual report in which they describe their current programme interests and give guidelines for applicants, financial details and grant listings. Consulting these lets you see exactly what the funder is interested in, in their own words and in greater detail than is available in funding directories). Newsletters and magazines published by funders are usually available free, and detail the latest work either by the funder itself through its own programmes or by projects it supports. Taking the time to examine this information will provide you with a deeper picture of the work the funder is particularly interested in.

The material will explain the funder's philosophy and mission. When sending in your project proposal it is important to show you understand these and that your project matches them closely.

When looking to approach corporations, make sure you understand the business they are in and their philosophy and be clear as to how your organisation and its mission and projects will fit in.

In any discussions with your potential funder, pay attention to their needs and also to any suggestions they make about cooperation with you. Be flexible and open to suggestions from funders.

Real-life experience #3

Generation Europe and Levi Strauss & Co.
Student diary

Case study

In 2000, Generation Europe (Hungary) approached Levi Strauss & Co. for financial support with their ongoing project targeting young people. They wanted to expand the Hungarian publication of the Generation Europe Youth Diary, a daily publication aimed at secondary school pupils that provides a wide variety of information about the European Union and the effects of accession and EU enlargement.

Generation Europe (Hungary) is the Hungarian section of Brussels-based Generation Europe. Since 1996 Generation Europe has provided a unique response to the challenge of the European Union public-information deficit by publishing the Generation Europe Youth Diary, a daily European awareness tool aimed at young people in several countries of the European Union. The 1998/99 editions were published in 9 countries of the EU in 10 languages and 600,000 copies

Generation Europe (Hungary) published the Hungarian edition of the student diary for the 2000/2001 school year in 35,000 copies with Levi's support. Hungary, which joins the EU in 2004, was the first non-EU country in which the diary was introduced. The Generation Europe student diary was also supported in Hungary by the Prime Minister's Office, the Ministry of Foreign Affairs and the Ministry of Education. The core material of the diary was produced in Brussels, translated into Hungarian and adjusted to Hungary's specific circumstances. Out of the total 112 pages, approximately fifty per cent was written in Hungary to meet the information needs and requests of secondary-school pupils. The aim of the diary was to provide information about the European Union, its functioning and the Hungarian accession process, and to identify programmes and subjects of concern to young people.

Accession to the EU will mean significant changes in Hungary in terms of economic, environmental, social, political and other issues. Today's secondary students will be

the first generation of adults to experience Hungarian membership of the European Union, and so it is crucial that they have a firm understanding of the issues.

For 2001/2002 Generation Europe (Hungary) further developed the Diary, making it even more interesting to a corporate donor such as Levi Strauss & Co. They produced a plastic discount card to go with the Diary which gave cardholders a 10% discount in certain Levi Strauss shops and other stores all over the country.

In addition, they made a page available in the Diary for Levi Strauss to place an advertisement. Levi Strauss decided it would be better for an NGO to use the page. After discussion with Levi Strauss, Generation Europe (Hungary) agreed to this and it was one of Levi Strauss's grantees that used the page free of charge for a drug prevention message.

The Diary reached more than 40,000 secondary school students in Hungary. It disseminated information about the European Union and raised awareness about drug abuse. It benefited Levi Strauss's image, generated custom for Levi Strauss shops and gave one of Levi Strauss's grantees valuable publicity.

Many players are benefiting: students, EU, Generation Europe, the drug prevention NGO and Levi Strauss. As a result Levi Strauss are thinking of continuing its relationship with Generation Europe.

6) Matching funds and co-funding

Most funders like to see other parties involved in covering the costs of a project. That is "added value" from the funder's point of view. It means that the results will exceed the funder's investment, making the project a "good deal". It also means that the funder is not carrying the risks single-handed. According to funder, the maximum percentage of the project's budget covered will vary, usually, from 50 % to 90 %.

The organisation requesting the funds will then have to mobilise extra resources. These may come from its own resources (financial or other – buildings, equipment, materials, staff-time allotted to the project, volunteers' work). If own resources are insufficient, the organisation will have to look at other sources, of which there is a large range: other funding agencies, partner organisations, revenue generated by the project itself (participation fees, charges for services provided etc). Funds the organisation receives from the same funding agency for a different project can never be treated as matching funds. This rule is very strictly applied in European Union funding programmes, which specifically ask whether the project has already received funds from the European Union.

Real-life experience #4

Youth Action for Peace - Romania had been involved in humanitarian-aid activities in Cojocna, a village with a large Roma population living in conditions of great deprivation. After a while the project coordinator concluded that purely material help on its own did more harm than good, and that long-term results could only be achieved by education and development. In 1995 the project coordinator was accepted for a training course organised by the European Youth Centre of the Council of Europe. By the end of the first phase of the course, the Cojocna Social Centre project had been conceived and the description finalised. As it was a project needing a large amount of money, it took some time before funding opportunities arose.

The right moment came in autumn 1996, with a call for proposals from the European Union PHARE/SESAM programme, which offered grants for social projects for a two-year period (covering 60% of costs the first year and 40% the second year). YAP-Romania and its local partners (the village authorities and the school) were not able

to cover the remaining amount from their own resources. A further application for funding was therefore made, to the Co-operative Netherlands Foundations for Central and Eastern Europe. The project was favourably evaluated by the PHARE/SESAM specialists, but evidence had to be provided that matching funds were available. Co-operative Netherlands Foundation wrote to say that the project was of interest and that the application would be considered once the funding from PHARE/SESAM had been awarded. For a while the impasse seemed hopeless. Who would be the first to say yes without having documentary proof of matching funding? Finally CNF agreed to issue a document stating that they were ready to grant the amount requested if the project received funds from the PHARE-SESAM programme. The document was accepted as proof, allowing signature of the funding contracts.

Which is not to say the rest of the project was plain sailing...

Matching funds require a lot of care in planning, spending and reporting. You have to stick closely to the budget lines and financial rules of the different partners, to ensure cash flow for the project without mixing up the funding from the different sources, and to keep expenditure separate so as not to report the same bill to different funders.

Sometimes matching funds can make life easier, though. A cost one funder considers ineligible might be allowed by another.

Another point is that funding periods do not necessarily coincide or overlap. This can have positive as well as negative consequences. On the positive side, you might be able to start your project earlier or run it longer than one of the funders allows. It would be a definite minus if one of the funders were to insist on your also spending any matching funds within its own funding period. In such cases you have to plan carefully so that you can spend enough of the matching funds in the period of overlap. It can mean that in the overlap period you have more money to spend than necessary and outside this period resources are scarce. You may be able to get round this by making late or advance payments – if allowed – or by stocking up on materials.

Section 6 — Spending the money

1) Knowing your obligations — the agreement (or "financial agreement")

"We are pleased to confirm that you have been awarded a grant of 15,200 €" – the message that everyone who is trying to raise funds from public sources or independent funders looks forward to receiving. Finally, the money for the project is there. Now we can go and implement our ideas. Straightforward. But is it really?

Read the sentence again. Carefully. In fact, it gives you nothing more, and nothing less, than confirmation of the decision taken by the funding institution on your application. The decision is an offer of financial assistance. You still need to confirm that you accept the offer by signing a financial agreement or a contract, which you will often find enclosed with the letter confirming that you are being offered a grant.

- **What happened?**

You applied for funding for a certain type of activity, which has to obey certain standardised rules. The financial agreement that both you and the funding institution sign is, as it says, "an agreement" between both parties accepting the conditions governing implementation of the project – in other words, the funder will support your project financially provided that you keep to the rules laid down in the agreement and the annexes to it. You, as the beneficiary organisation, will be legally and financially responsible to the funding institution for the results and for contractual and financial aspects of the project.

Consequently you must read the terms and conditions of the financial agreement very carefully. The agreement contains all the main obligations and responsibilities relating to the project, including the deadline for submitting the final report, any auditing and monitoring requirements and the reimbursement and termination conditions. Any financial agreement is a legal document and cannot be altered or modified simply by overwriting parts of the text.

If you notice that there are errors in the agreement or that you need to make changes, inform your funding partner about it and request an amended agreement.

- **Why so formal?**

A public funding institution handles public – taxpayers' – money and is accountable for how it is spent. Even an independent funder such as a foundation is responsible to the public as the money they spend needs to be used in accordance with the objectives of the foundation. If it is not, they may lose their privileged tax status. Thus the agreement between any funding institution and yourself, as beneficiary organisation, sets out the rules on how the money is to be spent and for what purpose.

Many financial agreements consist of several documents. The agreement itself establishes the general rules. The annexes regulate the more detailed rules on finances, reporting obligations and other technical aspects of your contractual relationship with the funding institution. Annexes are always an integral part of the agreement. You need to read them just as carefully. The financial agreements of public funding institutions like the European Union come with numerous annexes containing frequent references to their financial regulations. It cannot be stressed enough: read them!

Most grants are paid in two or more instalments, so-called "advance" and "balance" payments. Signature of the agreement, and thus acceptance of the conditions, normally triggers release of the first ("advance") payment into the beneficiary organisation's bank account.

• No document-phobia, please

Many organisations think only of the money they will receive, which will allow them to go ahead with their project. They quickly sign the financial agreement or contract, send it back to the funder, put the copies somewhere deep in their filing cabinets and forget about them until reporting time comes round. Behaving like this has nothing to do with financial management or proper fund-raising: it simply guarantees future trouble, sleepless nights and a lot of extra work.

You should never sign a financial agreement or contract without first reading the document and all the annexes. For most of us, the sight of legal-looking text and a mass of pages has an alienating effect. But as a financial manager and fund-raiser you need to overcome your document-phobia.

It is crucial that you – and your partner organisation(s) - get acquainted with the contents of the financial agreement or contract before starting the project. This is the only way to avoid nasty surprises. The best remedy for document-phobia is taking the time to read all the clauses and think through what they mean in practice. Do this with another person or with the rest of the team so as to get the views of everyone responsible for the different parts of the project.

Secondly, the agreement is signed by the legal representative of the beneficiary organisation, who in many cases is a different person from the one in charge of realising the project. So it is of utmost importance that the project co-ordinator have a full understanding of the implications of the financial and other rules. If any difficulties arise or changes are made to the project the project co-ordinator must immediately inform the person who is legally responsible and who has signed the financial agreement or contract.

• What is the content basis of the financial agreement?

Your application is always the basis for the approval of a grant and thus the basis of the financial agreement. If your application is not approved entirely, the items that are considered not eligible or not approved are normally listed. For example, funding institutions may not be in a position to approve certain kinds of project partnership, the number of participants or some budget items.

It may be that your application is approved as it stands, with all budget items eligible or approved, but the funding institution decides to award a smaller grant than you applied for. The reason for this might be that your request disregarded the rules on the maximum possible funding percentage or that the funder had budgetary constraints and could not give more support. It could also be that some of the costs you presented were considered rather high or not reasonable.

• Timing matters

The project normally needs to be implemented within a set period of time – the so-called contractual (or eligibility) period. The contractual period tells you when the project can start and when it has to end. However, the contractual period is longer than the actual duration of an activity such as a youth exchange, a training course, a voluntary service activity, the time it takes to produce a publication etc. The reason for this is that the contractual period includes preparatory work, the implementation phase, evaluation and follow-up. The costs relating to these are also covered by the grant – provided, of course, that you included them in the original application and that they were approved.

For some reason you might not be able to implement your project during the agreed time frame. If you realise this may be the case, ask the funding institution formally, in writing, to change the dates of the contractual period. You should ask for an amended financial agreement or contract to be issued to you. The new agreement

should include the new dates for your project. Of course, you need to explain to your funding institution what difficulties have forced you to request a modification of your agreement with them.

The funding institution will examine your request to modify the original financial agreement and inform you of its decision. If the decision is positive you will be offered a supplementary or new agreement which amends the original agreement or replaces it. For some funding institutions their own signature of any such supplementary agreement is sufficient, while others require the signatures of both parties. It is important that you do not ask for an amendment to your agreement at the eleventh hour, just days before the contract period ends. If there is any risk of delay it is best to ask for an extension in good time. The agreement or contract normally specifies the deadline by when you need to submit your report

Apart from the duration of the project you may need to have other changes made to the financial agreement while you are implementing your project. It is important that you always seek the funding institution's agreement first if there is to be any change as regards, for example:

- the beneficiary organisation or its structure
- the project partners
- the length of the activity
- the participants (e.g. size of group, origin of participants, age structure)
- budget or grant allocation (specify the expenditure items affected).

Youth organisations in particular engage in projects that outlast the membership of the young people active in them. Do not forget to inform your funding institutions (in writing) if the legal representative or project co-ordinator changes. There is often a requirement that both the old and new legal representatives sign the letter informing the funder of the change.

COYOTE's hint #10

Also keep your funder/s informed about any changes to your address, including telephone, fax and e-mail. Always let them have this information in writing.

2) Agreements with project partners

The financial agreement or contract is signed by you as the beneficiary organisation. In some projects, particularly transnational ones, the money you receive may also cover costs which are not directly yours. Your funding may provide support for some of the activities of a partner organisation: this means that funding is being provided through you to a third party. Nevertheless you will still be financially responsible for the good use of the funding as you are the contracting party with the funding institution.

Because of your responsibilities, you should make a partnership agreement with each of your project partners. A partnership agreement will help you to avoid misunderstandings about the rights and responsibilities of all project partners. The process of negotiating it will itself clarify important management questions. The actual agreement will help successful management of your project.

The partnership agreement is a contractual arrangement between all the partners on how to administer the financial agreement signed by the beneficiary organisation. Such a contractual arrangement will provide a legal recourse if one of the partners does not perform properly. Negotiate and conclude the partnership agreement well in advance of the start of your project. Any partnership agreement should at least include:

- agreement between the project co-ordinator and the project partners to respect the terms of the financial agreement with the funding institution;
- the role and responsibilities of the project co-ordinator and the project partners;

- times and conditions for advance and balance payments;
- definition of eligible expenditure and expenses;
- termination and reimbursement provisions;
- a timetable for reporting on finances and project delivery;
- dispute resolution (how will disputes be dealt with?);
- which country's law applies if disputes cannot be solved or any other legal problem arises (it is recommended that the law of the country of the beneficiary organisation should apply).

It is important for you to keep in mind that the funding institution is not responsible for dispute settlement between project partners. Therefore you need to devise your own dispute settlement system with your partners and agree the applicable law in case of difficulties you cannot solve by yourselves. However eager you are to start the project and however unlikely difficulties may seem, you need to write the dispute settlement system into the partnership agreement. You will be grateful for it if difficulties arise.

The partnership agreement should make clear the role and tasks of each partner. You should also specify how all project partners are to communicate. Depending on the type of agreement and the type of activity, you may also need to discuss the following points and include specific answers in your partnership agreement (especially important for transnational projects):

- how the grant is to be shared among the partners;
- who is keeping invoices;
- who will be in charge of collecting the participants fees;
- who is reimbursing the participants;
- who is booking and paying for accommodation and paying local costs;
- who is entitled to make the final decision on the level of spending;
- who is responsible for preparation of the participants and how this should be done.

Most importantly, it has to be understood that all changes affecting the contractual relationship with the funding institution must be discussed jointly. Depending on the financial agreement or contract with the funding institutions, even small changes in your activities can make an amendment to the contract necessary. For example:

- changes in activity dates;
- changes in the number of participants;
- changes in budget items.

As the beneficiary organisation, you always need to keep in mind that you are legally and financially responsible for such changes and must notify them to your funder/s.

Coyote's hint #11

Once you have drafted your partnership agreement, have it checked by someone from outside your project. This could be the financial or legal managers of your own organisation, external advisors (even a lawyer if it is a large project), a representative of the funding institution or whoever you feel would be appropriate.

Each project partner should have their own copy of the partnership agreement and also, for the sake of transparency, a copy of the agreement between the funding institution and the beneficiary organisation. This will ensure that everybody involved in the project knows their obligations.

3) Dealing with (financial) crisis

Crises do happen! If you have the appropriate 'checks and balances' in place then you should be able to anticipate problems with your finances before they become crises.

Cash-flow forecasting is one of the key tools for making sure that money is available to pay for things when they are needed.

Insurance can protect you against many of the things that can lead to financial crisis; deciding the level and range of cover is always difficult and the outcome is most often a calculated risk based on how much you can afford.

Of course, there are things which you cannot insure against and which might only indirectly affect finances; acts of terrorism and what insurers often call 'acts of God' (earthquakes, floods etc). In addition it is not always possible to predict the financial implications of changes elsewhere in your organisation or in partner organisations. Even funders are exposed to various risks which can affect your project's financial viability.

Dealing with crises when they do happen is a matter of clear leadership and effective planning. Organisations should have in place a procedure to be followed in the event a 'major incident'; in particular, information flow – both within and outside the organisation – should be strictly controlled, ideally by one person. The strength of the relationship with the funder is tested in these situations and it is essential that the funder be provided with appropriate information as soon as possible. Funders have wide experience of financial management in organisations like yours, so be prepared to ask for help. Likewise, many have formal protocols to follow that may protect your money better than keeping quiet about the crisis

4) Ownership

There are no doubts about ownership: the project belongs to the organisation which develops it, creates it and implements it.

However, organised independent funders are coming to treat the relationship between funder and grant recipient as mostly a partnership. The two work together to achieve mutually agreed objectives and the funder may be involved in the project management. The grant recipient then benefits from the expertise of the funder's staff.

In a few cases an independent funder may come back to you and ask you to re-draft the project proposal around specific criteria. When this happens the independent funder is usually interested in supporting your work but needs you to make changes to the proposal before they can justifiably support it. In such cases it is advisable to listen to their comments, make the changes carefully if acceptable and re-submit the proposal. Here the funders are acting as your partner, sharing their expertise with you.

Funders are too often viewed purely as finance providers and venture-capital banks for civil society. But they are above all bodies of knowledge and expertise whose primary purpose is to create added value in society in their respective fields of operations. They should not be seen as gift givers but as "collaborative entrepreneurs" taking part in the life of the project.

5) Handling cash[2]

All control systems in an organisation are meant to provide reasonable security for its finances and assets. Control systems provide checks and balances which help to maintain the overall system and to prevent fraud or misappropriation or deviations from accepted policies and procedures. Control systems are not static: the organisation operates in a dynamic environment, so periodic review is required to keep the control system working effectively. The following controls are generally recommended for any non-profit organisation

– **Separation of cash-handling and accounting.** It is healthy practice to entrust these functions to two different people so as to prevent any collusion in committing fraud. Of course in a small organisation it may not be practical to have two people

2. *This chapter is based on M. Kandasami: "Governance and Financial Management in Non-profit Organisations - a Reference Manual", Caritas India, New Delhi, India*
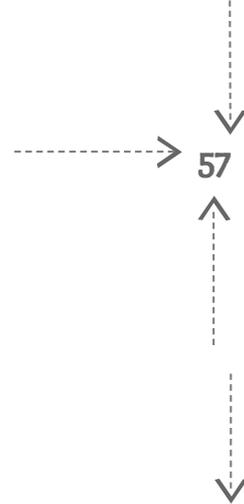
perform these functions, in which case the organisation has to be vigilant and alert to its own realities. Trust within an organisation is easily breached and it is neither healthy nor sensible to rely on it totally and dispense with adequate controls.

– **Division of cash payments into petty cash and larger payments.** Both for accounting and control purposes it is wise to separate payments into petty cash payments and larger payments. It is advisable to fix limits for petty cash payments. While petty cash can be entrusted to one person, large payments should go through the chief executive of the organisation and should require a special withdrawal from the bank.

– **Bank transfers/cheque payments versus cash payments:** as far as possible make all larger payments by bank transfer or cheque.

– **Cash receipts.** The management should ensure that the cash received by the organisation is promptly deposited in the bank. Its receipt should be attested by pre-numbered receipts which are properly recorded in the cash book. The various functions of receiving, processing and recording should be clearly segregated.

– **Physical verification of cash.** Management should have an in-built system allowing someone in authority to check cash in hand against the balance shown in the book at least once a month and also on surprise visits, but definitely at the end of the financial year.

– **Bank transactions.** It is advisable to have as few bank accounts as possible except where separate bank accounts are required by funding agencies or by law. An organisation's bank account should always be in the organisation's name, not in the name of an individual. All bank transactions should be entered in the book from pay-in slips and cheques.

– **Fixed assets and inventory control.** While an inventory, normally known as a stock register, records assets which are generally consumable or saleable, a fixed-assets register records more permanent assets which provide long-term benefits to the organisation. Both are valuable since they represent a substantial portion of the organisation's net worth. Both types of assets therefore have to be controlled and managed efficiently and used effectively.

– **Audits and reviews.** An audit is meant to check the organisation's accounting standards and compliance with legal requirements. External reviews are independent, objective, critical studies of the organisation's financial management system. They offer suggestions for improving the system.

6) Spending plan

Youth organisations must be aware of the laws regulating their method of functioning. If you are a member of a non-formal youth group, you have to keep your own evidence and report back to the other members of the group. This is simpler than the record-keeping and accounting systems compulsory for legally registered entities. In any case, project co-ordinators should have their own instruments for planning and monitoring expenses. This will make their lives easier during the implementation period and later when preparing reports to funders and others. Good planning will also avoid unexpected requests for urgent payments to your treasurer or cashier.

First of all, you can make a table centralising all necessary resources during the whole project period, divided into time units. These units can be weeks or months, depending on the length and complexity of the project and on the financial management procedures practised by the organisation.

The heading of the table might be, for example:

Plan of necessary ressources

Nr.	Budget line	Type of expense/ resource	Time unit 1	Time unit n	...	Total
			Amount	Amount		

The budget lines in the table should be the same as in your original application for funding.

The type of expense must be very specific. For example: dinner at restaurant for 35 people, accommodation in tents for five nights for 12 people, one fund-raising expert for 4 hours, one person on reception duty for 8 hours per day for 2 days, 200 copies of a 5-page document, flipchart for 2 days, transport of 5 people by car 250 km, use of computer 5 days 3 hours/day, etc.

Even though some of the resources are provided by the organisation itself, it is very important to plan them too, otherwise you may find other projects within the organisation needing the same resource as you at the same time, which can cause major frustrations.

Also, no project should use all the organisation's resources without making sure that they can be replaced. If there is no paper left in the office after the project or you cannot pay the phone bill because no restrictions were placed on project phone calls, then financial management of the project has failed and the project has endangered the organisation's existence.

Right from the beginning you should decide how much of the organisation's own resources can be used for a specific project. Here, "beginning" means the launch of the project idea, including the period of preparation and fund-raising, as the costs of this period can be extremely high (visits and phone calls to possible partners and funders, writing, printing out, copying and mailing proposals etc). The decision has to be taken by the board or by the executive body of the organisation and not the project coordinator alone!

For payments made within a certain period of time (up to 1 or 2 months) an expenditure plan should be made. The will help the treasurer/cashier to ensure cash flow at the right time and in the right amount. Frictions (when, say, a requested amount exceeds the legally approved limits for one-day expenditure, or if cash runs short) can also be avoided or more easily handled.

Example:

Plan of expenditure for period ...

Nr.	Destination	Amount	Date of payment	Method of payment (cash, bank)	Destination	Who is responsible?

The person who received the money is also responsible for producing the bills and returning any money left over.

- **Evidence of income**

So that you have a complete picture of the project's financial situation, evidence should be kept of all amounts received for the project. Some funders make advance payments, others only pay the contracted amount after receiving the final report. Be careful that the project does not grossly overspend in advance and that all expenses are eligible/recoverable. Evidence will also make reporting easier.

Example:

Evidence of the income for project ...

Nr.	Source of	Amount income	Date of receipt	Method of payment (cash, bank, in kind)	Destination	Who is responsible?

7) Monitoring the project and maintaining relations

If the encoding process described in the earlier diagram is working, then all stakeholders in the project will understand their obligations to the funder – both in terms of quality and in terms of communication and reporting.

Remember that monitoring is not just for the funder. You need to evaluate the project for yourself and for all stakeholders (including funders), and to do this you need to gather as much information about your project as possible as it is happening.

- **Monitoring**

The kind of items you may be need to monitor include:

- expenditure – weekly, monthly, quarterly, annually – according to the budget lines submitted in your application;
- beneficiaries (who is benefiting from the money and activity?)
  - age
  - gender
  - ethnic group
  - qualifications / experience / achievements when they **joined** the project
  - qualifications / experience / achievements when they **left** the project.

- **Maintaining relations**

Many funders have a clear process of communication and reporting. In some cases you simply need to follow the rules laid out in the financial agreement or contract with your funder. In other cases you need to make a judgement about the type, quantity and frequency of information. Sending updates – even post cards – can be a helpful way of showing your appreciation but be sure that such updates are not discouraged or forbidden by the funder. Make sure too that you use your reference number or code supplied by the funder in all correspondence.

Your relationship needs to be a respectful one – sensitive to the character of the funding organisation and the people within it. You need to develop the ability to strike a balance between distance and over-familiarity. Some funders are keen to discuss the projects they are supporting as they progress – to offer support and keep themselves informed of developments; others prefer to keep their distance and only receive information in the format they specify.

Some funders work on the basis of developing projects together with you; this may require a considerable investment of time before you even finalise your plans for the project. The funder's investment is the same as yours and so they have a greater interest in the project succeeding and are likelier to offer help during its life.

Coyote's hint #12

Value Added Tax in European Union programmes

For some European Union programmes operating in non-EU countries, such as PHARE / TACIS, value added tax is not considered an eligible cost. Check the programme guide to find out if VAT is eligible or not. The reason for this is the agreement between the European Union and national governments that EU money should not cover taxes which are inputs to the national budget. In each country where PHARE / TACIS funding is available, there are regulations on exemption from or recovery of VAT.

This has various consequences which are very important from the point of view of financial management:

— **when budgeting:**

- all expenses to be covered by PHARE / TACIS money should be calculated without VAT, otherwise you will have overestimated by the end of the project and will not be able to spend the whole amount budgeted for;
- expenses to be covered from other sources or by own contributions must be budgeted for with VAT included as the regulations only apply to expenses using PHARE / TACIS money (in any case check the national regulations);

— **when planning and spending:**

- in the expenditure plan all expenses have to be included at their total value (including VAT), except for purchases for which you have obtained official exemption from VAT (often a very long and quite difficult procedure only worth the effort for big expenditure items);

— **when recovering VAT:**

- you must comply strictly with all the regulations on VAT recovery and usually have to have a large file of documents at the ready (such as all legal documents concerning your organisation, a copy of the funding contract in the official language of the country, proof from the bank that you have a separate bank account, proof of money received and copies of relevant bills);
- VAT recovery is a very long procedure and in the time it takes the actual value of the amount paid in VAT can decrease significantly, especially in countries with high inflation;
- if the project is short, you may not even be able to recover VAT during the project implementation period.

Example:

In Romania an organisation can start the VAT-recovery procedure for the January-March period in April, for the April-June period in July and so on. This means that for an expense budgeted at 1.000.000 lei, in January you pay 1.190.000 lei including VAT and then you apply to the financial authorities at the end of April for a refund of 190.000 lei. The request is checked out in May and if there are no problems you might expect to receive 190.000 lei in your bank account in June. But with an inflation rate of 30 % per year 190.000 lei in June is worth 28.500 lei less than in January. So the organisation has actually lost 28.500 lei in real terms. Not to mention the time and money invested in the whole process (making the application and copying documents). So you need to be aware that there could even be a loss to the organisation...

SECTiON 7 – Accounting for it

1) A quick overview

Giving an account of the money you raise is a crucial part of the funding and financial-management process. The process starts with budgeting and continues with the development and implementation of financial controls, cash-flow monitoring and recording of all income and expenditure. If the right systems are in place then producing accounts is relatively straightforward. Management accounts – those produced at regular intervals during the life of the funding or the project – are there to make sure that the right decisions are made at the right time and before crises occur. Final accounts are produced for others – particularly funders – to see that you have spent the money in the way you said you would in your application.

Both the financial and the narrative components of the account you give a funder should be in the format required by the funder or by the accounting norms of your country. It may be necessary to show accounts in more than one currency and to meet other requirements set by the funder. Make sure you check what they want.

Your account is not only about money. You also need to show that the money was well spent and that you achieved the goals set out in your application. Facts and figures are very useful for some funders but many also want to know about 'softer' outcomes – sometimes referred to as 'distance travelled' by individuals in their personal development.

Your accounts – both financial and descriptive – need to be "accurate, authentic and auditable". If you have kept appropriate records, maintained dialogue with your funders and kept to the required processes and procedures then this should not present a problem.

Coyote's hint #13

Getting outside help with spending and accounting

Spending money is rarely a problem... But you need to be sure that you are doing it properly. Be sure to check out the details of any contract or legal agreement before you sign. Expert help with this may be available from your bank or from other local umbrella bodies. If not, a friendly law firm may be prepared to give support in kind.

With public funding there will normally be a representative whose job is to provide ongoing support throughout the life of the project. The same people who provide the money – for example on behalf of the European Union – often also have responsibility for helping projects interpret the spending rules.

As with spending, make the most of the official support provided by funders themselves. It is not uncommon for accounting firms and suitably qualified individuals to give their time to help you produce accounts in the appropriate format. If your organisation does not normally have to produce formal accounts then make sure you get outside help to check out the legal requirements.

If a formal audit of your accounts is needed, this might also be carried out by a volunteer so long as they are suitably qualified. Whether you pay for it or not, make sure that your auditor is experienced in auditing not-for-profit organisations.

2) Reporting obligations

The support you received from the funding institution came from public funds, for which the institution itself is accountable to its management bodies and the legislature. It therefore needs to collect information from the beneficiary organisations on how grants were used.

The details on reporting requirements should be known and taken into consideration before starting the activity. Much of the information needed for reporting should be collected during the activity itself. All funders require a final report. Check your financial agreement or contract to see if they also require progress reports. If so, you should be aware that a progress report will usually be needed before advance payments can be released. It is therefore mostly in your own interest to submit reports to the funding institution on time.

At the application stage you already basically know what needs to be reported on. When the financial agreement or contract is accepted you normally receive further guidance on reporting (for example on the content and format of the report and whether or not to use a special form). By signing the financial agreement you have accepted the reporting rules and obligations. Most agreements also indicate the deadline for submitting the report.

All partners should be aware of the required content of the report and are at least partly responsible for its compilation, having committed themselves to being jointly evaluated when they signed the preliminary project agreement at the application stage and having then entered into the partnership agreement.

Apart from providing evidence of use of funds the report is an opportunity to tell your project success story. In your report you may also wish to present some recommendations or messages from the partners or participants.

- **What needs to be in every report?**

You have to ask yourself if you implemented what you agreed to. This is basically what the report needs to answer both with regard to the content and finances of the project. The report needs to describe in a clear and coherent way what was accomplished, who was involved, for how long and where – and how and on what the money was spent. The final detailed activity plan or work programme is an integral part of your report.

The funding institution is interested in knowing how you experienced the project. The report is your and your partners' story about your joint project. What was the achievement of the project in terms of preparation, implementation, involvement of the participants, impact on the participants or volunteers and impact on the local host community or local policies? How did the activity meet the participants' expectations? Apart from reporting about the overall evaluation by the partners it is always interesting to read individual evaluations by the participants. It gives a more authentic picture of the activity, so include a representative sample of individual reports and evaluations by participants and stakeholders.

The report should also include relevant photos and any material (videos, CD-Rom, publications, etc) and details of any websites which are outcomes of the project or were financed as part of it. Reading about success stories is nice; however, an honest and objective evaluation is much more valuable as it gives real feedback. Having said that, your report should avoid dwelling on the problems and should give a realistic account of the other aspects of the project as well. For example, two pages about having to bribe officials in order to get into country X is interesting and useful, but if that is more or less the entire content of the report the reader might wonder what the activity actually was.

Planned follow-up or long-term co-operation between the partners will usually feature in the evaluation report, particularly if the project targeted youth-work multipliers (youth workers, youth leaders, activists). If the project was held in a non-European partner country and financed by the European Union, the report could also give a short overview on how you assess the situation regarding young people and youth work in the host country.

- **Financial part**

The financial agreement or contract provides you with details of the items that need to be justified, and what is regarded as justification. In general, in transnational mobility projects the travel costs always need to be justified with original travel documents or certified copies of them. You need to be prepared to make photocopies of any tickets during the activity, and in addition ask participants to send you the counterfoils (talons) when they return home. As travel costs are usually high and may use up the greater part of your grant, you should be careful about providing the necessary expenditure evidence.

If, with your final report, you fail to include the invoices that the financial rules require as evidence, or if you are unable to present them on request, the costs concerned will normally be considered ineligible. This means that you will lose the part of the grant that was supposed to cover those costs. If your project were to be audited, an invoice alone would not be enough: you would need to back it up with proof of payment and a money transaction.

Some funders, such as the European Union YOUTH programme, apply flat rates for certain budget items. Under the YOUTH programme, flat-rated items and fixed amounts do not need to be backed up by invoices. The YOUTH programme operators will check the actual number of participants, activity duration and project partners against the ones in your approved application. So you need to be prepared to justify any differences from the approved figures. Regardless of how the funding institutions uses flat rates, you should also manage the funds in accordance with your own organisation's accountancy rules.

Often the final report form requires statistics as to the number of participants or youth leaders. You should make sure that the figures match the figures in your finances and accord with the list of participants. The reliability of the information is questionable if the participant numbers in the statistics part disagree with those in your financial report and neither figure agrees with the list of participants.

- **Finalising reports**

Once all the components of the report are finished and have been drawn together, you should have it checked by another person in your organisation. Consistency and numbers need particular checking.

Again, the final report needs to be signed by the person who signed the financial agreement or contract with the funder – i.e. your legal representative. Her/his signature certifies that the report is official and gives a fair account of how the project was implemented and how the funds were used. The report should be sent to the funder together with a covering letter. Make sure that the covering letter:

- includes the reference number of the project or grant;
- thanks the funder again for their support;
- briefly draws attention to main points of the project;
- mentions any balance which you still expect to receive;
- provides contact details of the person who can answer any questions about the report;
- raises any important points needing to be addressed in order to complete the project.

You should send the report to all funders, even if some of them have paid their contribution up front and normally do not require reports. You should also consider using your report as an awareness-raising tool. You can use it to keep in touch with your supporters as well as create links for future co-operation.

3) What happens to my report?

Often the main idea in submitting the report is to receive the balance of the grant quickly. This is legitimate, so it is particularly important to understand what happens to the report once you have submitted it.

First, your report is registered and evaluated. As already explained, there are two or three main components to your report: the contents part, the financial part and the statistical part. All of them have to be checked against data in the financial agreement or contract which you signed earlier. If any amendments were made to the agreement your report needs to be checked against them as well.

Second, on the basis of the evaluation there are various decisions open to your funder as to payment of the balance.

a) Your funder decides to pay the amount as it stands since your project was implemented without any significant changes.

b) The evaluation shows significant differences between your report and the agreement/application and so the funder decides to reduce the amount due. Public funders will always have to reduce the funding if, for example, you had fewer participants in an exchange, fewer expenses, etc. An independent funder might be more flexible about this. But always expect to receive less if your project was "slimmer" than planned.

c) If the project has changed dramatically, your funder may even decide to ask you for reimbursement of the entire advance payment or parts of it. This means that the entire grant is withdrawn, but it would only happen if there were serious problems of project implementation or the project had changed completely. You will certainly not find yourself in this situation if you follow the recommendations of this T-Kit.

d) If the project was larger in scope and budget than planned an independent funder with whom you had developed a good relationship might actually agree to increase your grant. But that is extremely rare.

Third, the funding institution will then inform you in writing of the findings of their analysis of the final report and their decision about payment of the balance. When you are working with an independent funder it will be difficult to appeal against that decision. In the case of public funders there is normally the right to challenge the decision within a specified time. Public funders need to inform you of this right in their decision, or in the original financial agreement. If your final grant amount has been reduced and you think a mistake has been made in applying the financial rules, you should appeal by sending a letter explaining your case.

Coyote's hint #14

Publicity and media coverage

Good projects deserve publicity and the youth field could do a lot more to make activities known to a wider public. Try to plan your public relations and media "strategy" for your projects in advance and identify a space to publicise your funder. Check with your funder how to use their logo in your information material, reports and all other material generated by your project. Publicity in local media can help to obtain funds and other support from people who get to know about your activities. Media coverage of your activities and projects is important in fund-raising as potential funders hear about you. But it is also important for thanking your funders, who want to be associated with positive events and young people. Therefore press clippings and other proof of media coverage are an essential part of your funding reports.

4) Ten good reasons for producing a good report

Expect and aim to develop long-term relationships with your funders. With any funder, public or independent, good communication is essential. It is important to maintain and to build relationships with funders. The most efficient way to do so is to keep in regular contact with them and to produce on time the reports that independent funders expect.

Produce a good report

Reporting is a way of communicating with the funder. Being precise, articulate, structured, informative and interesting in any communications is critical, and no less so is reporting. What is not covered in the report does not really exist. In a good report, the grantee should include all the relevant information and keep in mind that the best reports tend to follow the funder's guidelines and are never too long.

Once your project has been submitted, there are three possible reactions from a funder to your proposal. The grant application may be rejected, returned for re-writing or approved.

If it is approved, then all your effort was worth it! But that is only the beginning of a long-term relationship, which you should work at because it is vital to your future projects and activities.

First of all, when you receive the letter confirming you have a grant, make sure you reply immediately with a letter of thanks to the funder for their support. You are now beginning a relationship with the funder and it makes sense to start the right way. From a single grant it is possible to develop a long-term relationship with a funder which not only brings in regular support from them but also demonstrates to other funders the importance and value of your work, your organisation and your staff. If individuals at the funder have been particularly helpful, then do not forget to mention them when thanking the director or president. This simple courtesy is frequently forgotten or done with a form letter. Take an extra 10 minutes to add the personal touch and you and your funder can begin to develop a partnership.

Once this is done, check the schedule of reports which the funder has set in the offer. Usually this consists of one or more progress reports at specified times, and a final report with financial statement at the end of the project. Make sure you read the agreement carefully so that you fully meet the conditions for receiving all of their support. Funders usually make grants in two or more instalments, with subsequent instalments being conditional on your making a satisfactory report to the funder. This reassures the funder that you are acting in line with the proposal and ensures that if there are problems they will not lose you the entire grant. But if you keep to the spirit of the agreement and the timetable there are rarely problems.

Internally, make sure you have a clear chain of command and know who is responsible for delivering the project and ensuring that the funder is kept fully informed of any problems and receives timely reports. If there are problems during a project, it is advisable to inform the funder sooner rather than later in order to prevent any subsequent misunderstandings or problems.

Reports will tell the funder about the management of your organisation. Bad reports imply bad management.

In many cases, funders also use the content of reports for their internal and external communications. In other words, what is put in a report may go to a journalist, another NGO or a government official and in that way enhance the grantee's public image.

Additionally, good long-term relations with a funder and regular reports may help you gain support from other funders. If you have a strong relationship with your current funders it demonstrates that your organisation is doing work which they feel is valuable. This is an effective selling point: other potential funders can see that you already have your funders' confidence.

When you have prepared the reports you can use them to help set up new projects and programmes for which you need additional support. There might be new projects for which a review of your work has identified a clear need, or you might be thinking of seeking further funding to maintain or expand an existing project or programme. In many cases a funder may give further financial support if an initial project proves successful and there are possibilities of building on it.

A good report is an incentive to the funder to involve itself closely with the project and stimulates interest. Even if you are not looking for another grant immediately, the funder is likelier to respond positively in future.

Finally, reporting helps the grantee to assess what has been done, what results have been achieved, what failures have been encountered. It is essential for a non-profit organisation to regularly evaluate its work. Reporting to the funders helps to do it.

However, and despite all these considerations, keep in mind that written reports are never a substitute for a personal relationship. The grantee should initiate contact and try for face-to-face meetings with the grantor.

Here are ten excellent reasons for writing a good report:

1. Contractual. For most funders, reporting is part of the signed agreement on the grant. Reporting requirements and dates when reports are due are specified in commitment letters. So at a very basic level, a concise, punctual report shows that a non-profit understands its contractual duties.

2. Builds analytical skills. Reports are excellent internal documents that teach everyone in your organisation (volunteers and staff) to review, synthesise and analyse an enormous amount of information and report back on key points. The ability to be concise is a valuable professional skill. Being analytical is another. Report-writing can help staff develop them. Directors and Programme Officers like narrative reports of between 5 and 10 pages. More than that is too long. Think about the famous George Bernard Shaw remark: "I'm so sorry to write a long letter, I did not have the time to write a short one."

3. Builds teamwork capacity. Reports encourage staff and volunteers from all sides of an organisation — programme and financial/accounting — to work together. And building internal relationships makes good institutional sense. It builds capability.

4. Secures current financing. Some funders make mostly multi-year grants, with the 2nd or 3rd payments dependent on submission of a narrative and financial report. For this type of grant agreement, getting a report in to a funder makes good financial sense.

5. Improves future fund-raising. A good report delivered on time shows that you are concerned about good communication with the funder. Remember that if you have been successful once with a funder, you might be successful again, provided that you meet their requirements on reporting.

6. Creates documents for other external or internal purposes. Another advantage of writing a report is that it can be put to other uses. Clearly, one use would be reporting to other funders. But a report is also a model of good, clear, concise language that is then available for reporting to senior management or the board of directors, or even for the annual report.

7. Gives you a competitive edge. In the competitive grants environment, filing a good report on time gives a non-profit an edge over those who file reports late.

8. Shows professional skill. A well-written, punctual report shows the funder your command of the programme, the finances, the letter of agreement with the funder, and even internal filing systems. It is certainly unprofessional for grantees not to know which budget to report on — or, as sometimes happens, lose the paperwork on the grant altogether, and then ask the funder to fax them copies of the proposal and budget (!) that they were supposed to report on.

9. Demonstrates institutional belief in transparency and accountability. A good report submitted on time shows that a non-profit's staff and board of directors place a high value on transparency and accountability.

10. Builds relationships and open communication. Working with funders is primarily about relationships — and relationships depend on open communication, trust, respect and courtesy.

In any case, if a funder supports you say thank you and acknowledge your supporters in your publications (such as the annual report) or at organised events (such as conferences).

T-Kit on Funding and Financial Management

Part 3 - Appendices

Appendix 1 — Glossary of terms used by the (independent) funding community

ANNUAL REPORT
A detailed statement published by a foundation or corporation describing its grant activities. A growing number of foundations and corporations use it to inform the community about contribution activities, policies and guidelines.

ASSETS
The amount of capital - money, stocks, bonds, real estate or other resources - of the foundation. Generally assets are invested and the income used to make grants.

BEQUEST
A sum of money made available on the donor's death.

CHALLENGE GRANT
A grant made on condition that the funded project has other sources of money, either on a matching basis or via some other formula, usually within a specified period of time. Also called a matching grant.

CAPITAL SUPPORT
Funds provided for durable goods, those that have an average life of at least three years (automobiles, buildings, furniture and general equipment).

CHARITABLE TRUST
See Trust.

CITIZENS' ASSOCIATIONS
Civic organisations recognised as non-governmental, grant-seeking associations and voluntary organisations.

COLLECTIVE PATRON
A foundation or association which houses and manages the funds of smaller individual foundations and/or corporate-giving programmes. Examples include Charities Aid Foundation, Fondation de France and the Stifterverband für die Deutsche Wissenschaft.

COMMUNITY FOUNDATION
An organisation which makes grants limited to a specific locality, such as a city, a county or an estate. Funds are usually derived from many donors and held in an independently administered endowment; income earned by the endowment then being used to make grants.

COOPERATIVE VENTURE
A joint effort by two or more grant-makers. The partners may share funding responsibilities or contribute information and technical resources.

CORE FUNDING
Grant request to finance administrative and organisational tasks.

CORPORATE FOUNDATION
A private foundation whose grant funds are derived primarily from the contributions of a profit-making business organisation. The company-sponsored foundation may maintain close ties with the donor company, but it is an independent organisation with its own endowment and is subject to the same rules and regulations as other private foundations.

CORPORATE CITIZENSHIP

Corporate citizenship is an approach taken by companies which donate their services and resources to the community in which their plants are located or in which they operate. Companies may invest through the awarding of grants, through promoting volunteer service by their employees, by matching employee gifts to non-profit organisations, through in-kind gifts, and even by the loaning or secondment of corporate executive staff.

COVENANT

An agreement or written promise to pay an agreed sum of money to a designated person at regular intervals over a specified period of time. Where provision is made to donate to a registered charitable organisation, the donor may be entitled to tax benefits.

DEFICIT FUNDING

Funding which is to be used to finance an excess of expenditure.

DIRECT MAIL

Write request for a gift distributed and returned by mail. It is not appropriate for all non-profits, but it could be useful to organisations with limited budget or limited popular appeal to broaden their donor base and increase their income.

DONOR

Also called grant-maker. The individual or organisation that makes a grant.

EMPLOYEE MATCHING GIFT

A contribution to a charitable organisation by a corporate employee which is matched by a similar contribution from the employer.

ENDOWMENT

Funds intended to be kept permanently and invested to provide income for continued support of an organisation.

E-PHILANTHROPY

This term describes the variety of methods of giving using the Internet. Many sites have been developed to accept donations in addition to providing information regarding non-profit groups.

FUNDING CYCLE

The whole process from presentation and revision of the proposal to reporting on results after the decision-making process.

GRANT / GRANTEE

Award or funding received by an organisation or individual to finance their charitable activities. Those individuals or organisations that receive the grant are called grantees.

GRASSROOTS ORGANISATIONS

Organisations which usually operate at a local/community level. A grassroots organisation is usually, but not exclusively, a service organisation that attempts to foster particular programmes and projects in the local environment in which it is based.

GUIDELINES

A statement of a foundation to put forward the goals, priorities, criteria and procedures for applying for a grant.

IN-KIND CONTRIBUTIONS

A contribution of equipment, supplies or other such property as distinct from a financial grant. Some organisations may elect to donate office space or staff time as a contribution in kind.

LETTER OF ENQUIRY

Letter outlining an organisation's activities and its request for funding. Sent to a foundation or corporate-giving programme to find out whether it would be appropriate to submit a full grant proposal. Many grant-makers prefer to be contacted initially in this way prior to a full proposal being submitted.

LETTER OF REFUSAL/ DECLINATION
Letter sent by a foundation or corporate donor to explain why the project was not a awarded a grant.

MATCHING SUPPORT
Funding which is made to match funds provided by another donor.

MULTI-YEAR GRANT
Funding that is received in instalments paid as the project is developed.

ONE-OFF GRANT
Award of a fixed amount of money to fund the whole or a part of a project.

OPERATING FOUNDATION
Foundations whose primary purpose is to conduct research, social welfare or other programmes determined by its governing body or establishment charter. Some grants may be made, but the sum is generally small relative to the funds used to underwrite the foundation's own programmes.

PHILANTHROPY
A term used to describe voluntary giving by an individual or a group to promote the common good. It also includes foundations and corporate donors giving programmes to nonprofit organisitions.

PLEDGE
A time payment plan for dues, which allow the donor to pay in several instalments and allow the group to receive more money. A popular renewable source of money is a pledge that is a promise to pay a certain amount of money per time period.

PROGRAMME AREA
A subject area or topic that a funder has an interest in and provides funding for or has operational interests in (e.g.) medical research, scholarships, the arts). Indicates a donor's priorities.

PROGRAMME OFFICER
A staff member of a funder who reviews grant proposals and processes applications for the board of trustees. They are the first people in the selection process.

PROPOSAL
A written document submitted to a foundation or corporate donor explaining the project for which you are looking for funding. It should be divided into the following sections:

SEED MONEY/START-UP SUPPORT
A grant or contribution used to start a new project or organisation. Seed grants may cover salaries and other operating expenses of a new project.

SOCIAL ENTREPRENEURS
Individuals who engage in social enterprise and draw upon the best thinking in both the business and non-profit worlds in order to advance their social agenda.

TECHNICAL ASSISTANCE
Operational or management assistance given to non-profit organisations. It can include fund-raising assistance, budgeting and financial planning, programme planning, legal advice, marketing and other aids to management. Assistance may be offered direct by a foundation or corporate staff member or in the form of a grant to pay for the services of an outside consultant.

TRUST (CHARITABLE TRUST)
In the United Kingdom, a charitable trust is a trust established with the aim of benefiting the public, e.g. for the advancement of medical research, education or the arts, or the improvement of human welfare.

TRUSTEE
A member of a governing board. Boards of trustees meet to review grant proposals and make decisions. Often referred to as 'director' or 'board member'.

Appendix 2 – Further reading

Annotated bibliography

There are countless publications on fund-raising and financial and project management for the non-profit sector. The following list does not attempt to be exhaustive. It is only a starting point for further reading. Most of the following publications can be found in the library of the European Foundation Centre in Brussels (Belgium).

> **Applying to a Grant-Making Trust – A Guide for Fund-raisers**

Anne Villemur

A companion volume to the Directory of Grant-Making Trusts, this book contains all the information which trustees require when considering an application. It includes practical advice on project-costing, selecting appropriate trusts and chasing up applications.

Charities Aid Foundation, 1996

> **Avoiding the Wastepaper Basket**

Tim Cook

A practical guide for applying to grant-making trusts which uses both straightforward language and cartoons to provide advice for grantseekers. The author uses examples from his own experience of receiving applications to illustrate common mistakes made by voluntary organisations when applying to funders.

London Voluntary Service Council, 1996

> **Bidding for Funds and Resources – A guide for seeking support from businesses, trusts and public bodies**

Outlines what constitutes good practice in terms of applying for funds to a range of funding sources: charitable trusts;local and national government sources; commercial organisations; the European Union; and the national lottery.

British Telecommunications, BT Corporate Relations, 1998

> **Building A Fundraising Database On Your PC: A Step By Step Guide For Small Voluntary Organisations**

Peter Flory

A complete guide to building a database for the voluntary sector. Aims to show smaller organisations, and those with no specialist knowledge of computing, how they can benefit from the use of modern technology in their fund-raising activities. Includes explanations for database programmes such as Excel and Access. Covers both beginners and more advanced database use. A full content listing and alphabetical index is provided.

Charities Aid Foundation, 1999

> **Building Foundation Partnerships: The Basics of Foundation Fundraising and Proposal Writing**

Ingrid van Rotterdam

This book attempts to present the best possible practices in building relations with foundations. It contains an up-to-date description of the Canadian foundation community today and outlines current trends in grant-making. This is followed by a framework for foundation fund-raising. Chapters on the research process and on pre-, actual & post-proposal development, together with extensive appendices, provide practical suggestions for raising funds and developing relationships with grant-makers.

Canadian Centre for Philanthropy, 1995

> **Building Sustainable Non-profit Organizations: Money, Money Everywhere – Grassroots Funding**

Jana Ledvinová

This handbook seeks to recapture and revive Central Europe's spirit of volunteerism and charity. It does so through down-to-earth practical suggestions about how to organise effective grassroots fund-raising campaigns. Throughout the handbook important questions are answered, such as where and how to find donors, how to persuade them to support you, how to ask for money and how to ensure that potential sponsors will deliver what they have promised.

The Johns Hopkins University Institute for Policy Studies, 1997

> **Building Sustainable Non-Profit Organizations: Proposal Writing**

Istvan Kostolanyi

This booklet sets out the processes that a non-profit organisation should go through when developing a proposal for outside funding. It is particularly aimed at the special circumstances of Central and Eastern Europe. This document gives a short overview of fund-raising methods and a practical guide to proposal writing, including a checklist at the end of the manual. (Also available in Polish.)

The Johns Hopkins University Institute for Policy Studies, 1997

> **The Business of Special Events**

Harry A. Freedman & Karen Feldman

This book is aimed at those seeking to raise funds through special events. It encourages fund-raisers to approach a fund-raising event as if it were a for-profit business.Through practical advice, the authors seek to highlight strategies for effective fund-raising. Covers a range of issues from budgets and committees to the media and celebrities.

Pineapple Press, Inc., 1998

> **Closing That Gift! How to be Successful 99% of the Time**

Robert F. Hartshook

A how-to guide on the subject of closing a large philanthropic gift successfully. The book is organised into a series of concise hints on a number of major topics. These include: secrets to closing that gift, common mistakes and how to avoid them, how to be successful, stepping up to major gifts, dealing with estate gifts, deferred gifts and bequests, and fund-raising creativity.

ASR Philanthropic Publishing, 1998

> **Comment Chercher un Sponsor – mode d'emploi**

Pierre Sahnoun, Nathalie Doury

The book explains sponsorship and its advantages. Guidance is given on interviews and making applications. It contains practical advice and examples that would enable anyone concerned with donor development to effectively put relationship fund-raising into practice. This book seeks to show fund-raisers how best to develop strong relationships with their donors.

Juris Service, 1989

> **The Complete Fundraising Handbook**

Sam Clarke

A guide to raising money for charity, covering the range of funds available and the different fund-raising techniques. Includes case studies and examples of good practice and lists major sources of funds from government and corporate donations in the United Kingdom.

Directory of Social Change, 1993

> **Ethics for Fundraisers**

Albert Anderson

Aims to enhance the level of ethical fund-raising throughout the non-profit sector by equipping development professionals and volunteers with the frameworks for understanding and taking principled action, for preventing unethical behaviour, and thus for building bridges of trust to the charitable community.

Bloomington and Indianapolis: Indiana University Press, 1996

> **Fairness in Funding: An Equal Opportunities Guide for Grant-Makers**

Roland Doven & Fiona Davis

A practical guide for grant-making trusts aiming to achieve fairness in their funding. Draws on the experiences of grant-making trusts and foundations in the UK to provide a handbook for those involved in distributing funds for good causes.

Association of Charitable Foundations, 1995

> **The Five Strategies For Fundraising Success, A Mission-Based Guide To Achieving Your Goals**

Mal Warwick

Warwick's extensive experience in non-profit consulting is evident in this practical guidebook on fund-raising. Particularly helpful are the case examples which illustrate his five fund-raising strategies and the pitfalls inherent in adopting strategies that are inconsistent with the organisation's mission and long-term goals. The book is an easy read for those interested in non-profit development, whether or not they are experienced fund-raising professionals.

Jossey-Bass Publishers, 2000

> **Foundations for Fund-Raising**

Redmond Mullin

Through case studies, this text examines the basic principles of fund-raising. The author underlines the fact that fund-raising is not only asking for money and that fund-raisers have to understand the essential relationship between donor and a cause, and sees the donors as partners in meeting the needs

ICSA Publishing Ltd, 1995

> **Foundation Fundamentals: A Guide for Grantseekers (6th edition)**

A publication which takes grantseekers step by step through the resources and search strategies developed and taught by the Foundation Center. Includes description of various types of foundations, the regulations that govern their activities, a basic outline for a funding proposal and a sample budget format. Sixth edition.

The Foundation Center, 1999

> **Foundations in Europe. Society, Management and Law**

This book provides a comprehensive survey of the foundation sector in Europe. Its aim is to provide a basis for research and for a comparative approach. The publication is divided into four main sections. The first one provides a historical and comparative overview of foundations in Europe. The second one deals with different models for the setting up and management of foundations. The third chapter takes a strategic

Further reading

T-Kit on Funding and Financial Management

approach to funding decisions and includes a section on international philanthropy. The last section discusses the legal aspects of setting up a foundation.

Bertelsmann Stiftung, 2001

> **Friends For Life – Relationship Fundraising In Practice**

Ken Burnett

A sequel to Relationship Fundraising, this book contains usable and practical advice and examples that enable anyone concerned with donor development to put relationship fund-raising into practice effectively. This book shows fund-raisers how to develop strong, healthy, mutually beneficial relationships with their donors.

The International Fund-Raising Group, 1996

> **Fund-Raising and the Nonprofit Board Member**

Fisher Howe

Describes 5 principles that each board member should understand so that the full board can carry out its responsibility to raise funds for the organization. A useful checklist helps board members – including those reluctant to solicit potential donors – do as much as possible to help raise funds.

National Center for Nonprofit Boards, 1992

> **Fund-Raising Cost Effectiveness – Self-Assessment Workbook**

James M. Greenfield

A workbook on assessing the cost of fund-raising. Helps to measure the productiveness of the most frequent methods of fund-raising. The author presents a nine-point performance index. Includes case studies on techniques, such as direct mail, benefit events, capital campaigns, and planned giving,. Part of the National Society of Fund-Raising Executives (NSFRE)/Wiley Fund Development Series.

John Wiley & Sons, 1996

> **Fundraising: Spenden, Sponsoring, Stiftungen**

Marita Haibach

Handbook with tips for all those seeking to raise funds for projects. The author also considers whether private financiers may assist non-profit organisations.

Campus Verlag, 1996

> **Fundraising and Grant-Making: A Case Study of ITV Telethon' 88**

Diana Leat

Broadcast appeals in recent years have become big money raisers for the voluntary sector. This report, based on the first British survey of an extended broadcast appeal, focuses on ITV Telethon 1988 and provides an account of achievements and problems in raising and distributing £22 million. It also attempts to put the operation into a wider context, drawing parallels between its organisational dilemmas and solutions and those of other fund-raisers and grant givers.

Charities Aid Foundation, 1989

> **Fundraising For Education: A Step By Step Guide**

Karen Gilchrist

A book detailing methods of effective fund-raising for schools, pre-schools and education-oriented charities. Fund-raising for education is now growing in importance. This book gives a chronological overview of the fund-raising process, from campaign planning to successful follow-up, is given. Topics dealt with include: development planning, identifying potential supporters, designing a strategy, developing a plan, government funding, the national lottery, corporate support, community fund-raising and databases. The distinction between the essential and enrichment is also explored. A full content listing and alphabetical index is supplied.

Charities Aid Foundation, 1999

> The Fund-Raising Handbook – International Fund-Raising

Thomas Harris

This pamphlet contains Chapter Thirty-Three of The Fund-Raising Handbook and looks at international fund-raising. In each country example, the general context of the country is discussed, followed by details on the legal and fiscal practices relating to fund-raising and remarks on the various generic sources of funding. A brief biblio graphy for each is included. The countries covered have been chosen on the basis of their economic and especially potential fund-raising import to the United States.

The NSFRE/Wiley Fund Development Series, 1996

> Fund-raising Hands-On Tactics For Nonprofit Groups

L. Peter Edles

Illustrating the enormous magnitutude of philanthropic support in the United States. Philanthropy is a major part of a nation's way of life. There are no magical secrets, potions, incantations, or wands that guarantee goal-reaching drives. Successful fund-raising efforts use carefully learned and tested procedures that really work. Includes several examples of fund-raising campaigns.

McGraw-Hill, Inc., 1993

> Fundraising Matters – New Directions For Philanthropic Fund-raising

Michael Seltzer (Ed.)

A publication which aims to strengthen voluntary giving and build professionalism in fund-raising by addressing how the concepts and traditions of philanthropy relate to fund-raising practice. The authors' intimate knowledge of the vagaries of non-profit management and fund-raising provide the reader with a glimpse of the reasons for the success of eight organisations. Concludes with an overview of the lessons which can be drawn from these accounts of successful non-profit endeavours.

Jossey-Bass, 1993

> Fundraising on the Internet

Howard Lake

Shows how the Internet, used at local, national or international level can raise funds, find and keep donors, promote appeals, sell merchandise and speed day-to-day fund-raising tasks.

Aurelian, 1996

> Fundraising Strategy

Redmond Mullin

This book aims to clarify the principle and process of strategy and to demonstrate its place in fund-raising campaigns. It does this in several different ways, for example by providing case studies of different strategies in different types and sizes of funding programmes.

Charities Aid Foundation and ICFM, 1997

> The Governance and Management of Charities.

Andrew Hind

Practical guide which aims to provide a charity governance and management model. It explores effective functioning at trustee level, strategic planning, defining the boundaries of management authority, managing a charity's activities productively and the legal situation in the UK.

The Voluntary Sector Press, 1995

Further reading

T-Kit on Funding and Financial Management

> **Grants from Europe – How to Get Money and Influence Policy. Eighth Edition**

Ann Davison

This book spells out which are the best sources of funding, when to apply, how to apply, what obstacles to expect and how to assess your chances of success. Includes chapters on specific areas of funding: disability, Third World development, unemployment, human rights, education and culture, poverty, women, ethnic minority groups, environment and energy, health and consumer interests.

NCVO Publications, 1997

> **Grant-giving: A Guide to Policy-making**

Diana Leat

This book is designed to help new trustees think through their policy and to offer guidelines to trusts concerned to clarify or review existing policy. Each chapter discusses in detail one area of policy beginning with the changing context of grant-giving and ending with a discussion of accountability to and from others. Checklists of the key topics to be thought through appear throughout the guide.

Joseph Rowntree Foundation, 1992

> **Grant-making Basics**

A reference tool for grant-makers and others in the non-profit field. Reproduces many articles, checklists and sample documents concerning the grant-making process, post-grant evaluation, legal issues, ethics and perspectives, communications, management.

Guide Council on Foundations, 1992

> **A Guide to EU Funding for NGOs – Your Way Through the Labyrinth**

The guide provides practical and clear information on the "Vademecum on Grant Management" and how to apply for your EU funding. It includes a chapter enlargement and programmes open to the candidate countries, an analysis of the structural funds and information on the reform of External Aid management. Can be orderd through www.ecas.org

ECAS, 8th edition, 2002

> **Guide to Grantseeking on the Web**

The Foundation Center

Guide to maximising use of the Web for fund-raising purposes. Provides an introduction to the Internet and describes a variety of resources to aid structured research such as abstracts of foundation websites, profiles of searchable databases and information on available interactive services. Also includes a glossary of common terms and a bibliography of related resources in the field.

The Foundation Center, 1998

> **Guide to Proposal Writing**

J. Geever; P. McNeill

Tool for fund-raisers or new grantseekers including how to research, contact and cultivate potential funders. Explains the necessary components of a proposal and how to refine each part.

The Foundation Center, 1993

> **Guide To Proposal Writing In CEE And The Former Soviet Union**

A guidebook to provide help for organisations in CEE and the former Soviet Union by revealing the basic practices, procedures, expectations and dynamics needed to write a proposal. Divided into six parts, this guide highlights the major issues which must be addressed. These include tips before one begins the process, how

T-Kit on Funding
and Financial Management

to find funds, other aspects of funding, applications, and follow-up. A glossary of terms is also provided.

The Institute for Local Government and Public Services, 1995

> **Handbuch Fund-raising**

Marita Haibach

This book gives an overview of the fund-raising market and describes the many different ways of approaching fund-raising. The author attempts to define the subject and provide a basis for practical action.The book discusses the topic from the point of view of all areas of the German-speaking world.

Campus Verlag, 1998

> **"How To" Guide Find The Funds – A New Approach To Fundraising Research**

Christopher Carnie

Answering the questions that all fund-raisers ask. A guide through the research process, showing the bast places to look for inside information. Containing details of various publications, websites and agencies.

The Directory of Social Change, 2000

> **"How To" Guide Organising Special Events For Fund-raising And Campaiging**

John F Gray and Stephen Elsden

A manual illustrating the art of fund-raising. Special events have never been more popular with charities and other fund-raising organisations. They are exciting and motivating for staff, involving and challenging for volunteers, and appealing and rewarding for supporters. They are also, of course, extremely lucrative in terms of the amount of money they raise and the opportunities for publicity and increased public awareness that they provide.

The Director of Social Change, 2000

> **How to Approach Companies Manual**

Heather Laycock

Getting support from companies can be difficult, time-consuming and frustrating. This manual aims to help make approaching companies for support easier and more successful by giving you the tools you need.
It is divided into sections giving advice on issues from identifying which companies to approach to meeting with representatives of those companies.

Nadácia pre obciansku spolocnost (Foundation for a Civil Society – Slovak Republic)

> **How To Get Million-Dollar Gifts and Have Donors: 101 Strategies Every Fund-Raiser Should Know**

Robert F. Hartsook, JD, EdD

A how-to guide for fund-raisers, dealing with the best ways to secure substantial philanthropic donations. Divided into 101 major strategies taken from real-life experiences, these strategies are split into seven major categories including: how to spot opportunities for fund-raising, the value of honesty, putting donations together, and demonstrating the worth and impact of a donation. There is an emphasis on public relations in fund-raising.

ASR Philanthropic Publishing, 1999

> **The How To Grants Manual – Successful Grantseeking Techniques For Obtaining Public And Private Grants**

David G. Bauer

A guideline for proposal writers and their organisations on how to find funding sources that share their missions and how to write proposals that emphasise benefits to both the funder and the applicant's organisation.

Further reading

T-Kit on Funding and Financial Management

Further reading

American Council on Education and The Oryx press, 1999› **Image-Building and Money-Raising for Hard-to-Sell Groups**
Yasmin Prabhudas

Addresses the needs of UK charitable non-profit organisations who represent less popular and appealing groups and who may find sufficient and regular funds harder to obtain. Aims to advise on promotion, publicity, educating the public and use of media approaches.
Directory of Social Change, 1994

> **International Fund-Raising For Not-For-Profits: A Country-By-Country Profile**
Thomas Harris

Based on research from eighteen different countries where the information base exists to support credible examples, International Fund-Raising for Not-for-Profits is a unique and ground-breaking manual on the subject and issues of global fund-raising. The book comprises eighteen country-specific chapters, all following a similar format for ease of comparison. It is the first published reference to lay out fund-raising practices in various countries side by side, and each chapter is written by a recognised authority of that particular country. Every chapter concludes with a comprehensive bibliography, and a full contents listing is provided.
The NSFRE/Wiley, 1999

> **Les Stratégies de la Générosité**
Gérard Gendre

Divided into two parts, this books provides a sociological approach to philanthropic action as well as practical fund-raising strategies for non-profit organisations. It covers several specific methods of raising funds such as individual mailing, capital campaigns, committed giving and local fund-raising events.
Economica, 1996

> **Lessons From Abroad: Fresh Ideas From Fund-Raising Experts In The United Kingdom**
Judith E Nichols

A book aiming to broaden attitudes towards fund-raising in the US with reference to the British example. It includes chapters by acknowledged experts on communication, raising public awareness, dealing with bequests and legacies, encouraging wider support for fund-raising campaigns, television and telephone fund-raising and database management. An alphabetical index is supplied.
Bonus Books, Inc., 1997

> **Meeting Need – Successful Charity Marketing**
Ian Bruce
Charities Management series, ICSA Publishing, 1994

> **MECENAT– Mode d'Emploi**

Although this small fund-raising handbook focuses on raising money from companies in Belgium, it provides relevant and practical advice on researching private funders, strategic planning and approaching potential funders. The advice included is relevant for any type of fund-raising strategy.
Fondation pour la Promotion des Arts-Prométhéa

> **Monitoring & Evaluation : A Practical Guide For Grant-Making Trustees**
Des Palmer

Handbook aimed at funders which gives guidance on how to monitor and evaluate both their own work and that of the organisations they fund.This book gives high priority to obtaining the views of users and attempts to produce a guide which avoids the jargon and academic complexity usually associated with such publications. It encourages the reader to apply the strategies discussed to their own organisation.

The four objectives are : to introduce, & provide a greater understanding of, monitoring & evaluation ; to outline a number of techniques ; to show how best to manage workload ; and to encourage monitoring & evaluation as routine practice.

Association of Charitable Foundations (ACF), 1998

> **Organising An Event: A Guide For The Millennium**

Karen Gilchrist

A book which aims to guide organisations through the process of organising an event for a cause at the millennium, or at any other time. Narration concentrates for the main part on smaller community events. Chapters deal with planning and preparation, financial management, venues, equal access, legal matters, increasing awareness, equipment, rules and regulations of serving refreshments, services and first aid, the day of the event and reviewing your success. Full contents listing and alphabetical index is included.

Charities Aid Foundation, 1999

> **Raising Money From Trusts**

This is a practical guide to all aspects of raising money from grant-making trusts for charitable purposes. It provides basic information to help the grant-seeker understand the trust sector and plan how to approach trusts for support. Covers topics such as: understanding trusts and how they operate, approaching trusts, and how to write a fund-raising application.

Directory of Social Change, 1989

> **Relationship Fundraising**

Ken Burnett

A donor-based approach to the business of raising money. Identifies and defines risks that lurk among the benefits of marketing methods. Illustrated throughout by case histories, donor profiles and action points to enable the professional fund-raiser to put relationship fund-raising into practice.

The White Lion Press Limited, 1992

> **Repères à travers le Monde des Fondations**

An introductory booklet which defines foundations, describes how they are formed and illustrates the characteristic work of various categories of foundation. The role of public bodies in relation to foundations is also discussed.

Fondation de France, 1992

> **Resource Development Handbook.**

Explores planning and budgeting, financial management, volunteer leadership, the staff to make it happen, image, public relations and marketing. The tools for success: donations from individuals, events, corporations, generating revenue, the Red Cross and Red Crescent movement, grants, capital campaigns. Aimed at National Societies but contains useful information for many.

International Federation of Red Cross and Red Crescent Societies, 1994

> **Running a Local Fundraising Campaign – A Guide for Small Voluntary Organisations**

Janet Hilderley

This guide provides practical information and advice on the enormous range of activities which can make up a local fund-raising campaign, and help readers to assess which options would be most appropriate for their charity. It begins by taking you through the fundamentals of a local fund-raising campaign and then it describes in detail twelve different fund-raising techniques or sources of funds.

Charities Aid Foundation, 1997

> **School Fund-raising – What You Need To Know**

Anne Mountfield

A guide to fund-raising success, the law and good practice. Part One outlines the most successful strategies for school fund-raising. It includes a new section on the national lottery, together with fully-updated practical information on fund-raising law, licensing, tax and trading. Part Two describes good practice in setting up and managing a school fund-raising organisation.

Directory of Social Change, 1997

> **Securing your Organization's Future**

Michael Seltzer

A guide to fund-raising strategies. Section 1 focuses on funding an organisation. Section 2 examines the definition of potential funders and specific problems with individuals and organisations. Section 3 studies the choice of a funding mix and the appropriate strategies to secure it.

The Foundation Center, 1987

> **Sell Space to Make Money**

Audrey Semple

A practical guide to getting advertising revenue from the publications a nonprofit may produce. Studies the various options in publications, tax issues relating to advertising and distribution of publications.

Directory of Social Change, 1987

> **Step By Step. A Guide To Volunteer Fund-raising**

Ruth Horton (Ed.)

This short booklet discusses how the recruitment of volunteers is the most important componant of all fund-raising activities. Each chapter includes a useful checklist to help guide you in the right direction. It also includes a chapter on useful contacts for fund-raisers.

The Volunteer Centre UK, 1992

> **Sustaining Civil Society – Strategies for Resource Mobilization**

Leslie M. Fox (ed) and S. Bruce Schearer (ed)

Describes in detail innovative methods used by civil-society organisations to fund their programmes. Includes chapters on revenues from earned income, engaging corporations, venture capital, microcredit programmes and debt conversion. Each concept is illustrated by case studies.

CIVICUS, 1997

> **Tried and Tested Ideas for Raising Money Locally – Small and Medium-Scale Events**

Sarah Passingham
Directory of Social Change, 1994

> **Trust Fundraising**

Anthony Clay

A publication dealing with the most effective ways in which fund-raisers can approach grant-making trusts. Aims to increase fund-raisers' success. Covers subjects such as the importance of reseach and well-maintained records, the value of the personal approach, the need for a detailed planning strategy for trust fund-raising, good and bad methods of trust approach, and the importance of continued contact after an application has been made. Content listing and alphabetical index are provided.

Charities Aid Foundation & Institute of Charity Fund-raising Managers, 1999

> **Winning Grants Step By Step: Support Centers Of America's Complete Workbook For Planning, Developing, And Writing Successful Proposals**

Mim Carlson.

Structured in 9 individual steps to lead an applicant through the grant-proposal writing process so that the workbook exercises and grant proposal are completed together. A section provides a bibliography, extra work sheets and additional tips on writing letters of intent and conducting research on grant-makers.

Jossey Bass, 1995

> **The WISE Guide To Fundraising – Women's Studies Research And The European Union**

Petra Branderhorst

This book attempts to map the broad terrain of European resources for women's studies. It outlines how to approach the European Commission and anticipates possible problems. It contains contact addresses for all the directorates-general in Brussels. This guide advises anyone working in this area to join European networks like WISE and to lobby on national and European levels for women's studies as a political issue.

Women's International Studies Europe, 1997

> **A Women's Fundraising Handbook**

This publication shares some thoughts about raising money and giving it away, how the Global Fund for Women developed and the lessons it learnt when implementing its programme. It shares lists of ideas and organisations that are possible sources of financial and other resources.

The Global Fund for Women, 1995

> **The Worldwide Fundraiser's Handbook – A Guide To Fundraising For Southern NGOs And Voluntary Organisations**

Michael Norton

This book discusses how to establish effective local fund-raising, the range of funds and sources available, understanding the different fund-raising techniques and case studies and examples of good practice. Covers all major sources of funds, from private individuals to governments, foundations, and companies and all the major techniques, from income-generation activities to direct mail and organising fund-raising events.

Directory of Social Change, 1996

> **Writing Better Fundraising Applications**

Michael Norton

A practical guide to writing a good fund-raising application. It consists of advice, worked examples and exercices. Includes chapters on costing a project, improving your communications skills, writing a good application, assessing your applications, creating your own worksheets.

Directory of Social Change, 1992

> **Writing Better Fundraising Applications (2nd Edition)**

Michael Norton

This book includes worked examples, exercises, ideas, and advice from a major grant-maker. This new edition covers: the ingredients of a good application, your key selling points, building credibility, project fund-raising, costing an application, and writing clearly and persuasively.

Directory of Social Change, 1997

Further reading

T-Kit on Funding and Financial Management

> **Writing Winning Grant Proposals Step by Step**

Chad T. Green and Yvette Castro-Green

Provides grantseekers with the necessary techniques on how to research, identify and successfully persuade funders to finance their projects. Based on a practical approach, it includes sample templates, practice exercices and examples.

NGO Centre, Riga, 1996

> **The Youth Funding Guide**

Nicola Eastwood

This book covers strategies on raising money for anyone working with young people. It covers areas such as the national lottery, central and local government, Europe and the general public. It also gives help and advice on developing a fund-raising strategy, writing effective fund-raising applications and tax and VAT issues.

Directory of Social Change, 1997

– Annotated webography

www.coe.int/youth – The website of the Directorate of Youth and Sport of the Council of Europe with information on their educational programme, funding possibilities and international youth policy and with many links to organisations in the youth field in Europe.

www.dsc.org.uk – The Directory of Social Change aims to be an internationally recognised, independent source of information and support to non-governmental and non-profit sectors worldwide. Apart from very UK-specific publications and activities, they publish a large range of handbooks on fund-raising and related issues.

www.eurodesk.org – Eurodesk has a multitude of information about all kinds of European funding possibilities for different types of project. Eurodesk has a European-wide network of regional information offices where you can get more information.

www.europa.eu.int/comm/education/youth.html – This website brings you to the YOUTH programme of the European Commission.You can find a variety of forms here to apply for funding, plus links to the national agencies that implement the YOUTH programme in the different European countries.

http://www.europa.eu.int/comm/secretariat_general/sgc/info_subv/intro_funding.htm – This is the authorative website of the General Secretariat of the European Commission on EU funding. It contains among others a list of available grants and the vademecum on grants management. If you are looking for information on what funding is available from the European Union, this page is a useful starting point.

www.fundersonline.org and *www.efc.be* – Funders Online offers information about a range of European funding and grant-making sources. It is an initiative of the European Foundation Centre Orpheus programme. The mission of the European Foundation Centre (EFC) is to promote and underpin the work of foundations and corporate funders in Europe. Orpheus, the information and communications programme of the EFC, provides a public archive and information service on foundations and corporate funders active in Europe.

www.training-youth.net – The website of the Council of Europe-European Commission Partnership in Training and Youth has all the T-Kits on line, as well as some training course reports, the trainers' magazine Coyote and all kind of information about training opportunities.

www.youthforum.org – This is the website of the European Youth Forum, which aims to give a political voice to young people in Europe through youth organisations. It has links to and descriptions of the member organisations (international non-governmental youth organisations and national youth councils in Europe). It also has various policy texts on line as well as information about funding opportunities and lobbying campaigns.

Webography

Appendix 3 – From the SALTO project management 2001 course report

Planning and finance workshop

Session notes

Aim

To develop members' ability to select, develop and use a variety of planning and financial management tools for use in European youth projects

Objectives

- To understand the essential elements of effective planning
- To explore a variety of planning tools and assess their advantages and disadvantages
- To establish some principles of effective financial management and explore the use of some financial management tools.

Approach

Given the time constraints of the session, the idea will be to use examples to generate a set of principles which can be used to test new models, tools and techniques.

1. **Some principles for the session**
   Learn what works for you
   Learn from your experience and the experience of others

2. **What is project planning?**
   Plan 'a drawing intended to exhibit (show) the relative position and size of the represented parts', 'a tabulated statement or scheme', 'design, intention, way of proceeding'
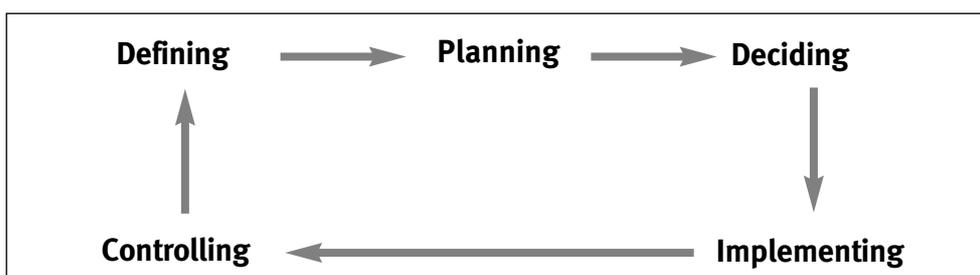
   Planning is the creation of a plan, a dynamic map of a journey

Exercise:
Draw a pictorial map of your journey home from the course
How will/might it change during the journey?

   The process of creating the plan can be seen as a cyclical one

It is also a continuous one which does not stop until the project is complete.

80% of project management effort goes into planning – 20% into realisation
The 5 P's: Prior Planning Prevents Poor Performance

And KISS: Keep It Simple, Stupid!!

3. What's included?

How do you eat an elephant sandwich?

Exercise: In pairs or threes discuss all the possible elements of project planning

- Content – aims, outcomes, quality indicators, monitoring and evaluation strategies
- Organisation – structure, roles, allocation of tasks, phasing, communication
- Interaction – forming and managing teams, culture, conflict
- External environment – analysis, marketing, dissemination
- Finance and administration – costs, resources, contracts, controls, reporting

Culture – internal, social
Environment – external, factual

Phases – stages of development
Milestones – stop, go or return, motivation

Outline..detail

4. Start with the stakeholders

Exercise: make a mind map of the possible stakeholders in an international youth project.

Consider spheres of influence – knock-on effects
Is their influence cultural or environmental? (subjective or objective?)

Exercise: complete the sentence.

"Stakeholders influence..."
Stakeholders influence deadlines, customs, expectations, capacity/resources, communication needs, decision-making processes.

5. Eating the sandwich

The Gantt chart is one way of representing (and therefore communicating) the plan – there are versions on the theme but the main thing is to be able to break down the whole project into measured tasks. Tasks should be defined by objectives, which in turn are defined by aims.

Aims are general and short, and present the direction and the overall desired outcome. Objectives are more specific, support the aim, can be seen as steps along the way or (better) a set of results which together will ensure the aim is achieved.

Objectives should be:
Concrete
Multiple
Assessable
Timed
Realistic
Flexible
Recognisable (in the activities or tasks)

Objectives should be SMART
Objectives are NOT activities

Phases give a breakdown of the life of a project. See charts from Project Management T- Kit, pp 33,34,36, 37, 43.
Milestones indicate particular points in the life of the project.
Tasks start and stop at various points in the life of the project.
Tasks need resources - they have financial implications.

6. The W questions

Who does what?
With whom?
When?
Where?
With what?

What's the output/result?
What's available to do it?
When does it need to be done by? When does it start and finish?
Who do you check with/report to?
What does this task have a bearing on? (How does it fit?)

7. Critical Path Analysis

or time analysis.

Early dates – the earliest date a task can start or finish whilst obeying all the constraints of its predecessors. Found by working forwards.

Late dates – the latest date a task can start/finish whilst still obeying all the constraints of its successors. Found by working backwards.

The difference between early and late finish dates is the "total float" or "slack". If the plan results in negative float then the project cannot be completed on time.

If float is zero or negative for an activity or task it is said to be "critical". Delaying the start will delay the whole project. Those with positive float can be delayed.

Task relationships
Finish..start
Finish..finish
Start..start
Start..finish

Exercise: Consider if and/or how you would use critical path analysis. If not then why not? How could you make it more user-friendly? What are the benefits?

8. Finances

Money is the cross-cutting theme – it affects all tasks.

Projects can't exist without it – nor can they exist without accounting for it.

Budgets and forecasts – show what resources in total are needed/available.

Need to consider eligible costs, desirable costs, breakdown, effective estimating, contingencies. Budgets need to balance! Income and expenditure. What about capital?

Cash flows – show when the money can be spent, the effects of doing things late or early. Think about funders. Exchange rates and bank transfers.

Management accounts – show how financial resources have been used – to compare with the budgets and create forecasts. They are used to help manage resources.

Financial controls – enable you to prove how you have spent the money and trace where (if) it went wrong. They are the systems used to manage the resources.

Exercise: For each of the four tools above, generate a set of guidelines for good practice in European youth projects.

9. Application

Use your own project

Who are the stakeholders?
What are the aims and objectives?
What are the milestones?
What are the phases?
What are the tasks?

Draw a chart.
Draw up a checklist for tasks.

From the SALTO project-management handbook

Preparing a budget

When calculating budgets it is worth taking a look at the application of forms the funders you intend to apply to. They may have items of expenditure that you have not thought of and may want you to arrange the headings in a particular way. If you do this at the budgeting stage then you will have a simpler job to convert your budget into the format they require, including any ineligible costs.

If you have run a similar project in previous years, or if you have access to the accounts from a project run by someone else, then this can be a handy starting point for budgeting. Take care, though, not to include items just because others did. You need to be sure that you can justify every item of expenditure and to be able to prioritise items if money becomes short.

You should prepare the budget in the following four stages.

A. Calculate expenditure

Possible headings under expenditure include:

- Travel costs: what costs are you responsible for?
- Hire costs: how much and when do we pay?
- Activity costs: how much will it cost to run the exchange?
- Exceptional costs: are there any hidden costs?

- Telephone: what admin costs do we have to pay?
- Expenses: are there likely to be any staff costs?
- Sundries cash make a reasonable judgement about these small amounts.
- Fees including specialist staff, interpreters etc
- Food and accommodation – don't forget travel days and all visitors and guests

B. Calculate income

Income will be made up of guaranteed income, i.e. income which has already been agreed by a funder or funders, and non-guaranteed income, i.e. income which you plan to raise.

Possible headings under income include:
- Statutory funding including the EU
- Corporate gifts
- Private donations
- Personal contributions from participants
- The value of gifts in kind
- Income from fund-raising events

C. Compare income and expenditure

Total income and expenditure should now be compared with each other to establish if there is a surplus or deficit.

We recommend that you budget for a surplus of about 5% (i.e. ensure that income exceeds expenditure by about 5%). This should ensure that any unforeseen expenditure can be met. Such a surplus is sometimes known as a contingency fund but you should check that your potential funders allow you to have one.

Once the budget shows an adequate surplus, then you have to 'phase the figures' or produce a 'cash flow forecast'; i.e. analyse when the different items of income and expenditure will arise.

D. Phase the budget (produce a cash flow forecast)

Phasing is a most important aspect of constructing a budget. It involves analysing both income and expenditure month by month (or quarter by quarter, or week by week, depending on the level of detail and the length of your project). This is important because, whilst the total budget for the year may show a surplus, it is quite possible to have sizeable deficits in individual months.

If there is a deficit in a particular month, then it may be possible to arrange for funders to pay earlier or to defer expenditure to a later date. If there is a significant surplus in any month then it may be appropriate to invest the money in a higher-interest bank account.

It is important to have the budget for the project approved by those responsible for the finances of your organisation. Make sure also that you know what will happen if the project makes a loss. Who will meet any obligations to pay bills or repay funders if the project does not go ahead as planned?

Appendix 4 — Biography of authors

Jonathan BOWYER (writing) works in the field of personal and organisational development through his consultancy "The View From Here". This includes work on mentoring, business planning and partnership development. Jonathan has wide experience as a manager, trainer and funding advisor – both as a volunteer and as a paid professional in the voluntary, statutory and commercial sectors. Since 2003 he has been the editor-in-chief of Coyote Magazine and was editor and contributor to T-Kit No1 on Organisational Management.

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André DERIDDER (writing) has worked as Information Officer in the European Foundation Centre (EFC) in Brussels since 1995. In this position he manages the research library and the information system for the EFC staff, members and the general public. His work involves organising monthly fund-raising seminars and handling research requests. He is also responsible for developing information services and publishing a quarterly newsletter.

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Tobias FLESSENKEMPER (editing and writing) worked for several years in the European and international youth sector, from 1998 to 2001 as Secretary General of the European Youth Forum in Brussels. Today he works as a manager and consultant for international organisations in the field of political and social development, including youth issues. Among other things he is an expert member of the International Council of National Youth Policy.

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Kinga KEREKES (writing) works as fundraiser at the Romanian Foundation for Children, Community and Family (FRCCF). She is also active as a freelance trainer and consultant. She has twelve years of experience in working with non-governmental organisations. She has been actively involved in Youth Action for Peace (YAP) since 1992, as volunteer, member of staff and trainer. Kinga is a member of the Trainers' Pool of the Directorate of Youth and Sport of the Council of Europe.

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Notes
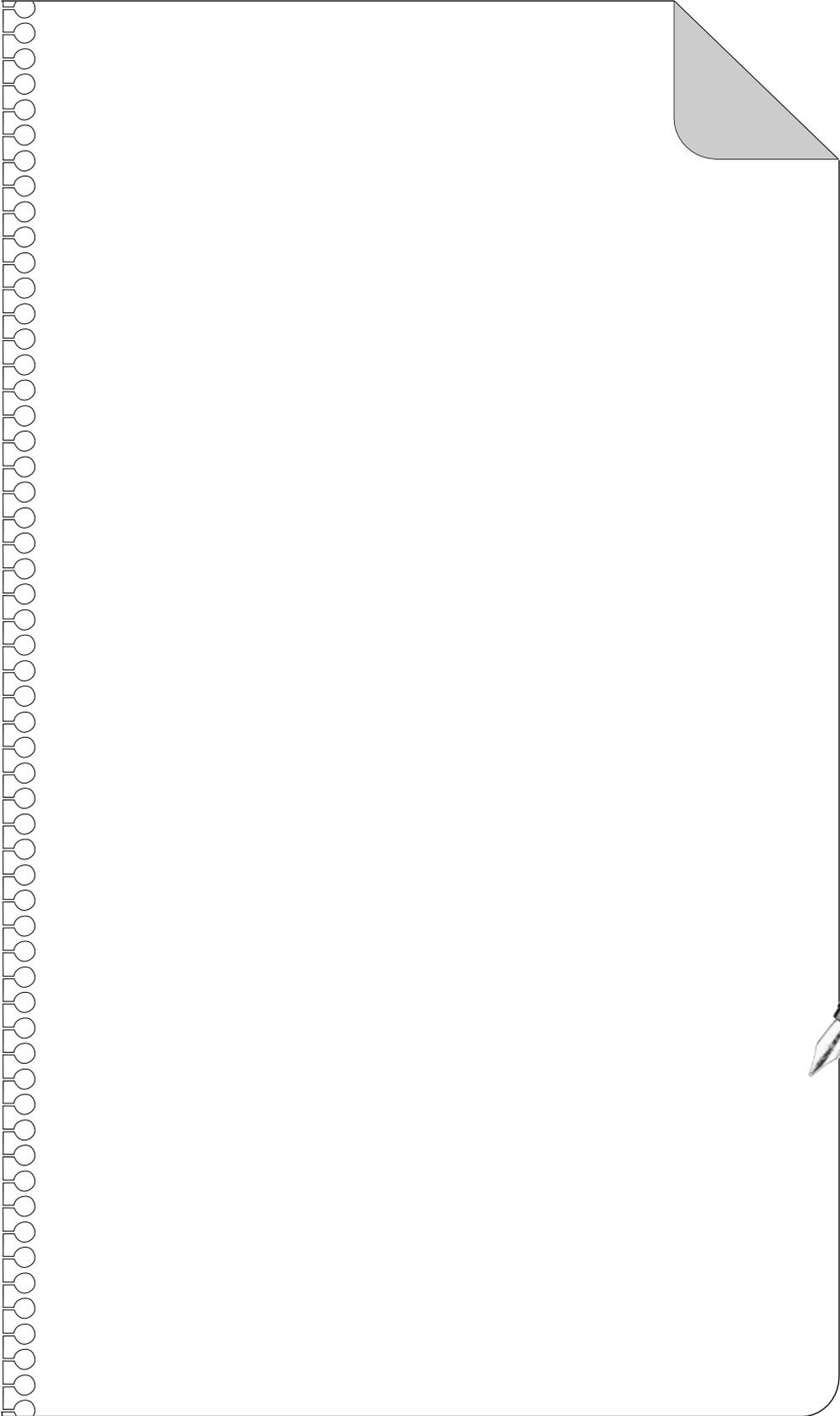
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