Fundraising
and Accessing EU Funds

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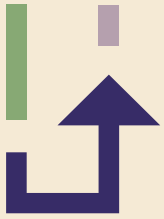
Foreword

Foreword

With activities ongoing in eight countries of the Western Balkans, as well as Turkey, *Technical Assistance for Civil Society Organisations*, or TACSO, is providing support and opportunities for the development of a strong and influential Civil Society sector. This investment in Civil Society is based upon our conviction that in the context of EU affiliation ongoing political, economic and social processes require an engaged and well-functioning Civil Society as an important precondition for democratic developments.

An important project component of TACSO is the *Capacity Development of CSOs*, with the main objective being to increase the capacity of CSO representatives in a number of key areas by offering them new knowledge on contemporary methodologies and techniques, as well as the opportunity for exchange and practical knowledge.

During the spring of 2010 TACSO implemented five Regional Training Programs targeting experienced and well-established CSOs and their representatives. Following the successful completion of these Training Programs and in order to further strengthen the capacities of CSOs, TACSO has decided to develop five manuals as follows:

- *Fundraising and Accessing EU Funds;*
- Civil Society Organisation Management - Practical Tools for Organisational Development Analysis;
- Developing and Managing EU Funded Projects;
- Advocacy and Policy Influencing for Social Change;
- Citizens' Participation in the Decision-Making Processes.

These manuals are intended to be a resource for CSOs as well as the trainers conducting trainings within the abovementioned topics. The manuals will also serve as a resource material for the development of the TACSO E-learning Courses in the future.

The aim of the present manual, entitled *Fundraising and Accessing EU Funds* is to increase the capacities of CSOs to raise more general, as well as EU funds so that the sustainability of their organisations can be increased.

We sincerely hope that you will find the manual useful in your work.

Palle Westergaard

Team Leader

Structure of the Manual

The *Manual on Fundraising and Accessing EU Funds* is organised in two main parts:

> **PART I:** *Concepts* aimed at improving readers' knowledge about the main aspects of fundraising activities, including EU fundraising. At the beginning of each chapter the reader can have a quick overview of the main ideas included in the chapter, as well as the Tools they can use to apply them to their own organisations. Readers are also encouraged to take, from time to time, some *Moments of Reflection* and think about their own organisations in the light of the presented concepts.

> **PART II:** *Tools* aimed at helping readers apply the theoretical concepts in order to analyze/diagnose their CSOs fundraising capacity and elaborate fundraising strategies. The readers are encouraged to use the tools working in teams with their colleagues.

Readers should feel free to adapt the Concepts and Tools to their countries' specific situation, complete them with their own knowledge and experience, as well as share the knowledge, skills and experience with their peers.

What is Fundraising

Key issues

This chapter defines the concept of fundraising and explains what additional capacities are essential for achieving financial sustainability that are closely linked to fundraising. More specifically, it addresses the issues of:

- program and service delivery capacity;
- general management capacity;
- financial management capacity;
- organisational accountability;
- transparency.

In addition a short overview of what a donor would want to know about your organisation is included.

What is Fundraising

In order to achieve its mission and objectives a Civil Society Organisation (CSO) needs to sustain its activities by covering its expenses with revenues. Fundraising has many different meanings, but most commonly, it refers to the idea of collecting funds from different donors. As raising funds includes numerous different activities a much wider definition will be used. So, in the widest sense fundraising is the process through which you access the necessary funds to assure the flow of revenue to sustain your organisation's activities.

Thus defined, fundraising refers to all activities implemented in a CSO in order to assure the revenues necessary to sustain and help your organisation achieve its mission.

Although essential for your organisation's sustainability, fundraising is not the only important aspect of your organisations' capacity. In the interests of sustainability the following components are equally important.

Program and service delivery capacity includes:

- the ability and commitment to provide high quality programs and services relevant to the mission;
- the existence of standards and other quality assurance measures;
- the ability to inform, educate, research and advocate.

General management capacity includes:

- the ability to elaborate the Strategic or Business Plan;
- sound management practices;
- a clear organisational structure;
- an involved Board;
- well-functioning administrative systems including management information systems outreach, communication and media skills.

Financial management and fundraising capacity includes:

- strong financial management and control, including accounting systems;
- financial planning capability, including the elaboration of an Annual Operating Budget;
- a well-crafted and implemented Fundraising Strategy;
- the ability to attract and retain a diversity of funding sources.

In order to additionally strengthen your fundraising capacity a CSO needs to be worthy of the trust of its sources of funding, be they individuals or organisations. The trust and loyalty will grow from within your organisation. For fundraising activities two aspects are crucial: accountability and transparency.

- accountability refers to being responsible to someone for actions taken and being able to explain, clarify and justify these actions. It implies that someone has a right to know and hold your organisation to account, and that your organisation has a duty to explain and account for its actions;

- transparency is about being easy to understand, open, frank and honest in all communications, transactions and operations. It is possible to be accountable by providing a lengthy and technical explanation of every detail, but if the audience does not easily understand this information, and if the sheer volume of information hides key facts, then the information is not presented in a transparent form.

Accountability and transparency go hand-in-hand, and involve being aware of whom you are accountable to, what the important pieces of information are, and how they can be communicated most effectively.

What do donors want to know about your organisation?

Jakob Nielsen, a web page usability expert, conducted research in 2009 to find out what donors want to see on an organisation's website that is asking for on-line contributions.

The study found out that donors want to give to organisations that share with them their ideals and values, but when choosing among organisations with a similar mission, donors want to know how the organisation wants to achieve its mission. So, most of all donors want to see the organisation's mission, goals, objectives and activities, described in a clear, complete and concise way. Also, donors want to know how the organisations will use funds donated.

The research results showed that only 43% of the 23 sites tested in this study provided information about their mission, goals, objectives and work. And only 4% of the websites gave information about how the giver's donation will be used. Suprisingly, 17% of the sites made it hard for users to even find where to make the donation.

http://nonprofit.about.com/od/onlinefundraising/a/donorsandwebsites.htm
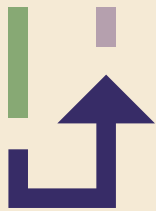
Funding Sources

Key issues

This chapter describes the various types of funding sources that might be within the sphere of influence and persuasion of CSOs and how these sources can provide CSOs with funds. More specifically, it presents and explains the following sources of funds:

- individuals;
- organisations, such as non-profit, for-profit and public organisations.

Also, this chapter provides references from CSOs in Turkey, Montenegro, Romania, Bosnia and Herzegovina, Serbia, the UK and Croatia, and refers to practical tools to be used to analyse a CSO's capacity to raise funds.

Funding Sources

Types of funding sources

Funding sources may come from **individuals** and/or **organisations** that almost invariably fall into one of the following two groups:

- direct target beneficiaries – the constituency of CSOs, those for whom the organisation exists, and whose lives are touched by the organisation's mission, activities and services;

- supporters - those who are interested in a CSO's mission and activities and through which the organisation provides services to its target beneficiaries, in order to address their needs.

As illustrated below both groups are to be considered as the CSOs' clients, referring to individuals and/or organisations that can influence decisively the objectives and content of a CSO and to whom they are accountable for what and how services and activities are delivered.

Funds Services Funds

Supporters   CSO   Target beneficiaries
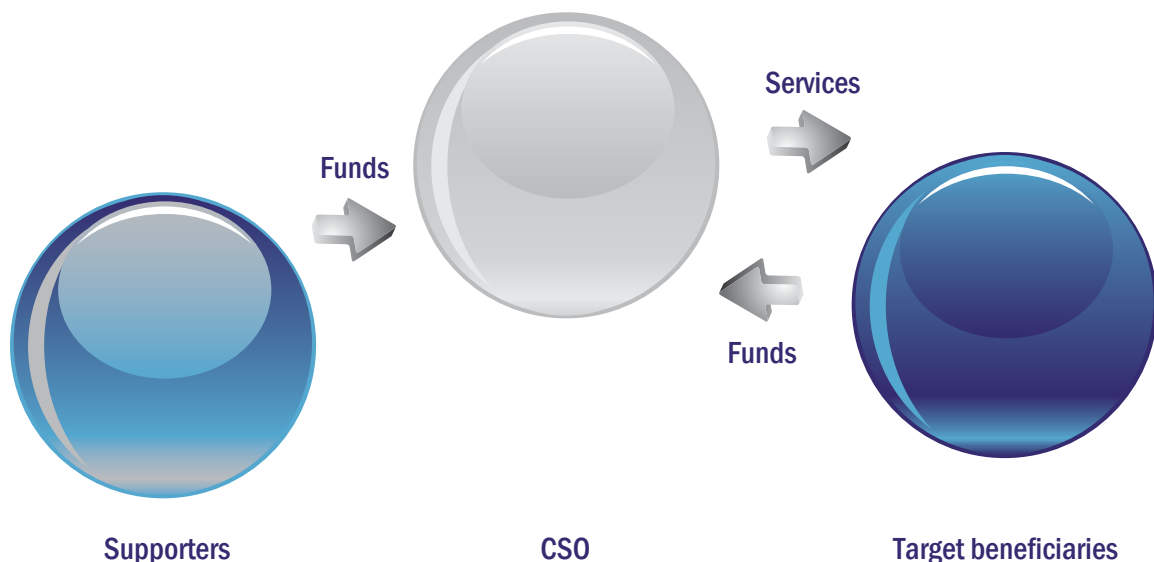
Occasionally, these two types of *clients* have conflicting interests. In such cases it might be worth reflecting on the situation by discussing the questions posed in a *Moment of Reflection*.

> **Moment of Reflection**
>
> - To whom should a CSO be loyal in case when its clients have conflicting interests? Target clients or beneficiaries, its supporters or funding sources?
> - How far can a CSO deviate from its mission by accessing funds in order to sustain its organisation? Where does the fine line of compromise lie between fulfilling target clients' needs and a CSO's need for continued existence?

Research demonstrates that the main funding sources for CSOs' activities come from the *group of supporters*, be they individuals or organisations. They give funds to CSOs in order to provide the services needed by their target beneficiaries, people or organisations, which do not have resources to access these services.

The chart below shows the main sources of income of the Third Sector Organisation s (TSOs) in the UK, including voluntary and community organisations, charities, and social enterprises. It presents the results of a comprehensive survey on the third sector initiated and funded by the Office of the Third Sector.

Source	What is the most important source of funding	Did you accessed this source of funding
Other	7%	12%
Income from investments	7%	27%
Eamedincome from trading including retail	7%	18%
Earned income from contacts	6%	15%
Grants or core funding (from statutory bodies)	9%	16%
National Lottery (public grantscheme)	2%	10%
Grantsform non-statutory bodies	6%	25%
Membership fees/subscriptions	19%	41%
Donations and fundraising activities	30%	68%

Supporters and individuals are one of the most accessed and important sources of funding for third sector organisations in the UK. Similar research demonstrates that gifts and or donations provided by supporters and individuals are the largest sources of funding for non-profit organisations in the USA also. According to *Giving USA* (http://nonprofit.about.com), the total charitable giving in the USA reached more than $300 billion USD in 2008, out of which 75% came from individuals.

What is the situation like in the countries of the Western Balkans and Turkey? As the TACSO Needs Assessment Reports, carried out during the fall 2009, demonstrate the main funding sources sustaining CSOs' activities come from *supporters organisations*, mainly public organisations, at national or international level, whose policies aim to develop and strengthen the Civil Society sector. Exceptions might be Croatia and Turkey, where data provided in the Needs Assessment Reports suggest that CSOs, especially associations, of which there are a significant number, are supported to a certain extent by their *target beneficiaries who are individuals* as members of these associations.

Moment of Reflection

Reflect on your sources of funding!

■ what are your most common sources of funds? Your supporters or your target-beneficiaries? Individuals or organisations, be they private, public or CSOs?

In order to facilitate a strategic approach for a CSO to funding sources and to their motivation to give, a structured and detailed description will follow in the remaining part of this chapter, while the next chapter will focus on different types of Funding Forms

However, in the following table the links between the types of funding sources and the types of funding forms are presented, as these might be useful for facilitating a discussion on which sources and forms of funding might be the most relevant and appropriate for a specific CSO.

Funding Sources	Forms of receiving funds from	
	Supporters of your activities	Target Beneficiaries of your activities
Individuals	Donations/Gifts Legacies/Endowments Designated % from taxes In kind contribution	Fees for services/products Membership fees In kind contribution
Organisations		
Non-profit Organisations (Foundations)	Grants Donations Fees for services/products Use of your soft or hard assets	Fees for services/products Membership fees In kind contribution
Private Organisations (Corporations)	Grants Donations/Gifts Cause Related Marketing Fees for services/products Use of your soft or hard assets Bank interests/return on investments	Fees for services/products Membership fees In kind contribution
Public Organisations	Grants Fees for services/products Use of your soft or hard assets In-kind contribution	Fees for services/products Membership fees In kind contribution

Individuals and their motivation to give

An important fact to be aware of when raising funds from individuals is that people give to people. If an organisation's mission is to improve the lives of individuals in need, you may have a substantial opportunity to receive support from other individuals who have a particular interest in supporting such kinds of CSO action. Individuals give donations and gifts if they value a CSO's work and believe that such organisations make a difference in a cause they care about. Their gifts are investments in the work they expect a CSO to accomplish and if they see that the organisations they support make a difference through their work they will remain loyal to your organisation.

Research and studies in the USA identified the segments of the population more open to give and support the work of CSOs. Data that may be relevant in the near future for our region includes:

Individual giving in Turkey[i]

For most CSOs, individual face-to-face giving is an important source of funding. This form of personal giving is the main source of revenue for an estimated 9,000 'hometown' associations, and is a convenient way of supporting one's community of origin for the millions who have migrated from rural parts of Turkey to the large urban centres. While 80% of all individuals give, only 18% support a CSO. In addition, 70% of individuals who give do so in the form of religious giving, and 32% of all donations to CSOs are intended to assist organisations engaged in mosque building.

Organisations and their motivation to give

Non-profit Organisations: Foundations

Foundations are non-profit organisations that usually donate funds and support to other organisations. They usually do not require lengthy proposals and they often do not have many staff to provide assistance or feedback on applications and inquiries from applicants.

There are key elements you need to know about Foundations and the most important aspects that differentiate them from individual donors.

- the decision to support your organisation is made by people. This means most of what you do to build relationships with individual donors works just as well with foundations' decision makers;

- but there is a difference, and that difference is that the money they give away is not theirs. Except in the case of a tightly controlled family foundation, those people are stewards of other people's money;

- to respond to each foundation as you would do to an individual donor, by understanding how they operate and work;

- the relationship of a foundation with your organisation will be always a professional one. Individual donors are far more likely to form personal relationships with the organisations they give to. After all, they are giving their money to support things they feel strongly about;

- the process of awarding funds to an organisation by a steward will be almost entirely based on logic. For individual donors a strong, perhaps even the dominant, component of an organisation's attractiveness is likely to be emotive. Individual donors give based in large part on how they feel about an organisation. Stewards must base their gifts almost entirely on logic and the value of the proposal placed before them.

Foundations are very diverse in size and type. Below is a brief presentation of some of them:

National or International General Purpose Foundations

General Purpose Foundations have a prescribed scope and pattern of grant giving. They generally have a large amount of money to grant. They tend to have multiple interests, but particularly in projects that have high potential for broad impact. They also tend to fund projects they view as innovative.

Open Society Foundation Albania (OSFA)

Part of the worldwide network of foundations established by the financial entrepreneur George Soros, OSFA has operated as an independent Albanian organisation since 1992. In that time it has become one of the most important investors in the capacity building of CSOs. However, in recent years it has scaled down its activity in this area. Currently, its core budget is approximately US$ 1,700,000 (2010 core budget). OSFA provides grants between US$2,000 (approx.1,400 EUR) and US$ 40,000 (approx. 28,500 EUR), and also implements several operational projects by itself.

Its strategy is focused on three priority areas, namely, Good Governance and European Integration, Human Rights and Rule of Law, and Social Inclusion, implemented through monitoring and watchdog projects, advocacy and lobbying, accountability and capacity building. Funds allocated by the Foundation in 2010 for strengthening Civil Society through capacity building and support for CSO networking amounts to approximately US$150,000 (approx. 107,000 EUR).

National or International Special Purpose Foundations

Special Purpose Foundations are foundations that have historically given funds to projects in a specific service area with specific purpose, such as education, infrastructure, environment, health, aging, traditions and patrimony protection.

TACSO Regional Pilot Training „EU Fundrasing", Turkey, February 2010

Educational Volunteers Foundation of Turkey (TEGV)

Founded in 1995 under the leadership of Suna Kıraç, Educational Volunteers Foundation of Turkey (TEGV) evolved into the most widespread CSO in Turkey operating in the field of education since its inauguration 15 years ago.

TEGV was founded with the objective of contributing to the education of children of primary school age, enabling them to acquire skills, knowledge and attitudes in order to become "rational, responsible, self-confident, cognitive, inquisitive, creative, self-motivated and peace-loving individuals, who are against any kind of discrimination, respect diversity and are committed to the basic principles and values of the Turkish Republic."

With the help of its dedicated volunteers, TEGV implements its original education programs throughout the country. In 2009, it dealt with children in 35 cities with activities in 11 Education Parks, 55 Learning Units, 19 Fireflies and one City Representative Office. 49% of the children attending the education units are girls, 51% are boys.

Source: http://www.tegv.org/v4/en/

Family (Private) Foundations

Family Foundations have a board consisting of members of a philanthropic family and their giving patterns usually follow the personal interests of the family. These priorities can change periodically, and a connection with a family member can be particularly advantageous in seeking the support of a foundation of this type. Family Foundations receive endowments from individuals or families. Many large, iconic foundations are family foundations such as the Gates Foundation, the Rockefeller Foundation, or the Ford Foundation. These family foundations have endowments in the billions, but most family foundations are much smaller and tend to fund locally.

The Ljubica and Tomo Lompar Foundations, Montenegro

This is the first private foundation to finance education of the best Montenegrin students, and was established in 2008 by an entrepreneur from Venezuela, Tomo Lompar, with the main aim being to support through scholarships the education of Montenegrin students who have high average marks (above 8,5). The best students receive Scholarships to a monthly amount of 400 EUR. In 2008-2010, the Managing Board of the Foundation provided 12 scholarships.

Anita Fetic Foundation, Montenegro

It was established by the parents of Montenegrin student Anita Fetić who died in a traffic accident. The foundation is focused on two areas for funding: 1) security and safety of participants in traffic and 2) financing the education of the best Montenegrin students through the Fund for Scholarships.

Stanislav Ćano Koprivica Foundation, Montenegro

This foundation was established in January 2007 with its main aim being to carry out humanitarian and philanthropic activities in Montenegro on a long-term basis, in the hope that it will encourage other people to give. The Foundation is named after Cano Koprivica, a very powerful businessman, visionary, humanist and philanthropist. Enterprises and citizens can be members of the foundation, as well as other persons who are interested in donating to it.

Dinu Patriciu Foundation, Romania

The Foundation was established by a wealthy Romanian businessman, and its mission is to support and promote education and pursue the formation of individuals who possess a pronounced spirit of initiative, an outstanding civic consciousness and a genuine sense of social responsibility. The Foundation started its activities in 2007 and supports 5,700 high school and master students with scholarships so they can attend the best schools and universities in Romania and abroad. The Foundation develops also other programs in the field of education.

Source: https://www.fundatiadinupatriciu.ro/en/home

Sabanci Foundation, Turkey

This charitable organisation of a major family conglomerate runs the most important business-funded CSO grants scheme, the *Social Development Grant Program*. The Foundation promotes an equitable environment in which women, young people and persons with disabilities have access and equal opportunities to actively participate in society. The first Grant Program was launched in 2009 and awarded five grants totalling 1 million TL (approx 460,000 EUR). The 2010 competition was announced in September 2009 and focused on social justice, economic participation, and social participation.

Corporate (Private) Foundations

Some corporations structure their giving through a foundation to co-ordinate and stabilize their philanthropic activities. This practice makes corporations less vulnerable to yearly profits or losses. Corporate foundations tend to award grants in communities or regions where they have a facility or a special interest. Accordingly, they tend to target projects that can have a positive impact on the corporation's employees or on the local economy of the town or region in which they are located. Corporate Foundations are private foundations, and their endowment funds are separate from the corporation.

Teachers Academy Foundation, Turkey

Garanti Bank founded the Teachers Academy Foundation to create a sustainable institutional framework for the implementation of the project called *No Limits in Teaching* aimed at contributing to the development of an educational model that encourages people to think, ask questions and explore. Garanti has signed a five-year agreement with the Ministry of National Education to organise activities aimed at fostering the personal and professional development of 100,000 teachers and has allocated 15 million TL to this project.

Participation in the project, which is voluntary and free of charge, is open to all primary school teachers, administrative personnel and inspectors. Schools who would like to attend training can submit their applications online via the foundation's web site. At the training sessions which are organised at the teachers' own schools, the main topics of communication, classroom management and evaluation are covered. Those who take part in the program receive ministry-approved certification. Moreover, teachers who attend the No limits to teaching project continue both their personal and professional developments with their eKampüs website subscription.

Source: http://www.garanti.com.tr/en/our_company/social_responsibility/projects_on_education/teacher_academy_foundation.page

Community or Public Foundations

Community Foundations are usually created out of the concern of public spirited citizens and exist to deal with local needs. They are most likely to fund projects that address pressing local needs in an innovative way. CSOs in communities without community foundations can be instrumental in their formation by inviting community leaders, wealthy citizens, and business leaders to agree to discuss the concept. Community Foundations are public foundations and pool the assets of many donors. They work to improve their local communities through grant-making, awarding scholarships, and providing services to donors. Community Foundations have become very active in providing donor-advised funds for donors who want to become more purposeful in their giving but don't want to set up their own private foundations.

Mozaik Foundation, Bosnia and Herzegovina

Mozaik is a community development foundation that provides grants and advisory support for local initiatives of common interest throughout Bosnia and Herzegovina. It focuses on local resource mobilization and sustainability of social and economic development through implementing a range of programs that support initiatives in rural communities. The Foundation has selected several programme areas that are used as an incentive for community development: cultural heritage, inclusion/social justice and youth, which are all based on their own in-house developed approach. Besides this, the programme called For Active Communities allows for the implementation of initiatives which can solve unique issues as selected by the members of the communities.

Since its establishment in 2000, Mozaik has grown and evolved from a small organisation supporting the local CSO sector in Bosnia and Herzegovina, into a community development foundation that focuses on local resource mobilization and the sustainability of active communities. The belief that *Active Communities* are fertile soil for social and economic development is the guiding principle in how the Foundation develops and implements its programs. Over time, the Foundation has refined and broadened its approach and goals to reflect the ever changing environment and needs of local communities.

Source: http://mozaik.ba/eng

Fundraising Foundations

Fundraising Foundations finance their grant making activities through different fundraising activities. Some, such as United Way or United Arts collect a percentage from different corporations' employees' wages, others such as the Carpathian Foundation, CEE Trust or Balkan Trust for Democracy raise funds from other Foundations or government sources. These foundations have local fundraising campaigns and a clear system for allocating funds. They can be steady sources of relatively large amounts of money. For example United Way of America dates back to 1918 and now includes approximately 1,400 US community-based United Way organisations, which together generated an estimated $4.4 billion for non-profit organisations in 2002–2003.

The Balkan Trust for Democracy (BTD)

Is a 10-year, $36-million grant making initiative that supports democracy, good governance, and Euroatlantic integration in Southeastern Europe. This award-winning public-private partnership was created in 2003 by the German Marshall Fund of the United States, the United States Agency for International Development (USAID), and the Charles Stewart Mott Foundation. BTD is structured to allow both European and U.S. partners to join the effort to strengthen transatlantic cooperation in the Balkans.

Since its founding, additional contributions from Compagnia di San Paolo, the Ministry of Foreign Affairs of the Czech Republic, Ministry of Foreign Affairs of Denmark, Ministry of Foreign Affairs of Greece, Robert Bosch Foundation, Rockefeller Brothers Fund, Royal Netherlands Embassy in Belgrade, Swedish International Development Cooperation Agency, and Tipping Point Foundation have made BTD a true transatlantic partnership.

Operating from the German Marshall Fund's Belgrade office, BTD awards grants in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo under UN Security Council Resolution 1244/99, Former Yugoslav Republic of Macedonia, Moldova, Montenegro, Romania, and Serbia. BTD also gives regional grants to organisations promoting the benefits of a pan-Balkan network.

United Way Romania

United Way implements a unique and highly efficient mechanism of solving community issues: it collects funds from partner companies and their employees and finances the most important projects and local organisations, making a perfect connection between the resources available in the business sector and private persons and the communities' needs.

The companies that partner with United Way run workplace campaigns and, generally, match 1:1 the amount donated by their employees. Most people choose to contribute monthly to United Way Romania, insuring therefore a constant flow of donations. Both the workplace campaign and the Allocation and Monitoring processes are managed by volunteers from participating companies. They have an active role in selecting projects, in raising the money needed and then in monitoring their performance. This kind of involvement creates a strong relationship between donors and those who have been helped.

http://www.unitedway.ro/romana/implica_te/materiale_campanie.html

Croatian National Foundation for Civil Society Development

The Croatian National Foundation for Civil Society Development was established in 2003. It is governed by a nine-member board appointed by the Croatian government: five members are civil society representatives, three are from state ministries, and one is from local/regional government.

The Foundation was originally supported by a revenue stream derived from the national state lottery, and it has grown in stature over the years, receiving funding from Western aid organisations such as USAID, the British government's Department for International Development, the European Commission and the Charles Stuart Mott Foundation.

In addition to grant making, the Foundation is charged with providing training, technical assistance, and capacity-building assistance to CSOs. The Foundation conducts research on the civil society organisations, including their financial health, relationship with donors, and the legal environment in which they operate.

Private Organisations: Corporations

Corporations provide support for CSOs in order to get exposure, publicity, community respect or to enlarge their market share. Corporations' funding is more episodic, revolving around particular campaigns, events and projects. It can be a good source of support for new initiatives, special programs, and targeted events.

One of the phenomena of the modern age is the process of globalisation. This is reflected in the existence of large corporations, which are often at the forefront of corporate philanthropy in both East and Western Europe. Their capital resources enable them to engage in such philanthropy to a much greater extent. However, the domestic entrepreneurial class, which is already showing signs of development, should not be forgotten. In Poland, Czech Republic, Hungary or Romania there are examples where the middle entrepreneurial class has begun to develop an awareness of non-commercial values such as philanthropy and charity. It is here that the greatest challenge for our region lies: in turning the middle entrepreneurial class into a significant social player.

Global trends reveal that even organisations that used to be perceived as being purely commercial in nature are changing their values. In many cases, social responsibility is finding its way into their corporate culture. Tom Cannon[ii], an economist, has even defined the phases through which companies usually pass when cultivating their social responsibilities. He speaks about four levels of corporate development in this area (reaction, awareness, initiative, and strategy) – from a level where the company is not interested in the community and only passively addresses serious community-related issues that pose a danger to profits, up to the highest level, where the creation of strategy and corporate policy is realised upon the basis of social responsibility. Socially responsible companies are concerned with the same values as people active in non-profit organisations. In spite of the popular opinion that business is driven by a desire for profit and an increase in assets, it must be stated that the motivation of some companies, managers, and workers is actually more complex. They can create a corporate culture that not only supports economic success, but also creates and maintains personal satisfaction, culture, education, environmental principles and social values.

Corporate philantropic tradition in Turkey[iii]

Turkey has a long and rich history of philanthropy. In the Ottoman era, the vakıf was the predominant institutional means of the philanthropic provision of public services. Vakifs are common forms of philanthropy in the Islamic tradition, and today most large family enterprises have established Vakifs for supporting social causes.

Despite this tradition, corporate giving to civil society and for development purposes, rather than providing direct relief and social services remains a novelty. Rich industrialists and their vakifs are important sources of corporate social responsibility, but this tends to be channelled into building projects and support for institutions, such as schools, hospitals and art or cultural centres. The process and trend of giving to CSOs and other parties involved in development is still in its infancy. Companies are increasingly giving to CSOs in the larger and more developed towns, such as Istanbul. In addition, a study by UNDP (2008) noted that while companies invariably have a positive attitude to issues such as community involvement or environmental protection, they are reluctant to support CSOs working on human rights, or gender issues or employee participation and rights.

Holcim Serbia[iv]

Part of the Holcim Group, this company is a world leader in cement and construction materials. Holcim Serbia places great importance on activities linked to the field of corporate social responsibility (CSR). Believing that active participation in community development and the collective efforts of all social actors are the key for development and sustainability of a society, Holcim announced a Call for Proposals called Partnership for the Future, which is aimed at supporting organisations and institutions whose projects can contribute to the development of the local community of the municipality of Paraćin. The jury selected the eight best projects out of the many that were submitted. The selected projects received financial support from the Holcim Company for their implementation in the area of Paraćin, which additionally strengthened a very successful cooperation between this municipality and Holcim Serbia.

Public Organisations: International, national, regional and local

There are many levels of public organisations that support the work of civil society organisations, from EU institutions to national/central, regional and local governments. They support organisations whose projects address needs as they are defined by their public policies. The manual has devoted Chapter 5 to describe in detail the EC funding opportunities for the civil society organisations in your countries and the ways to access these funds.

National, regional and local governments constitute also an important source of funding for many CSOs.

Province, city and municipality funds for the development of the non-profit sector in Serbia

The Fund for the Development of the Non-Profit Sector in Vojvodina was founded in 2004 and was the first fund of this type in Serbia. It supports projects that promote the development of CSOs and the establishment of systematic cooperation between Local Authorities and CSOs. Other cities, including Belgrade, Niš, Novi Sad, and Zrenjanin have established similar funds, but remain in the early stages of development.

Public funds are provided based on laws that usually set the overall purpose of the government support and are accompanied by many rules and procedures to regulate the process of evaluation and implementation. The large number of rules and regulations in disbursing and using public money are developed to avoid direct contact between the providers and recipients of funds, and to prevent misuse of funds and corruption. Unlike with individual donors or private corporations/foundations, the direct contact and relationship between funders and recipients is almost non-existent. Many times applicants are not even allowed to name their organisations in the body of their proposals. Trust is built not through close personal relationships but through carefully following the rules. This leaves limited room for flexibility and adaptation of initial plans to changing realities.

It is also important to be aware that the costs of accessing and managing public funds many times exceed what you are allowed to include in your project budget administration line, so you need other sources of funding to cover them. Your organisation also needs reserves to ensure cash flow because public funds in general are reimbursed after they are spent and the funder is assured that they have been spent respecting all the rules and procedures. In many cases reserves have to be used also as your organisation's compulsory contribution to the project costs.

Local government funding sources in Croatia[v]

Non-central government support for CSOs is considerable: in 2007, 46 million EUR was allocated by county administrations to CSOs, while municipalities contributed a total of 60 million EUR. This support is critically important to maintaining a national architecture of viable CSOs. There are some imbalances in the areas targeted by both central and local governments for CSO support. 66% percent of total government support to CSOs is allocated to culture and heritage and sport, while in third place, receiving only 11.5% of the total, are CSOs representing the socially vulnerable and those with disabilities.

Central government funding sources in Croatia[vi]

The Croatian government provides considerable CSO funding through various ministries and state offices. In 2008, overall central government funding, including grants awarded by the NFCSD, amounted to 86.7 million EUR. All funds are allocated by means of public calls for proposals according to transparent and previously defined criteria. The grant-making process is regulated by a Code of Good Practice, Standards and Benchmarks for the Allocation of Grants for Programmes and Project of CSOs, adopted by the Croatian Parliament in February 2007 and coordinated by the government's CSO Office for Cooperation with CSOs.

Opportunities are available to CSOs to finance activities by competing for direct service contracts from both local and national governments. CSOs have been awarded many such contracts at both levels for services to the elderly, victims of domestic violence, and the homeless. The contracting of social services, however, remains unregulated and in general the field remains undeveloped. In 2008, people with disabilities were the most frequent direct beneficiaries of government project funding, followed by children, youth and war veterans. The most commonly funded projects were those focusing on informal educational activities and training (25%).

Public lotteries profits are also used to support third sector organisation s activities.

The National Lottery in the UK

The *National Lottery* is the largest lottery in the United Kingdom. It is operated by Camelot Group, to whom the license was granted in 1994, 2001 and again in 2007. The lottery is regulated by the *National Lottery Commission*. All prizes are paid as a lump sum and are tax-free. Of every pound (£) spent on Lottery games, 50% goes to the prize fund, 28% to good causes, 12% to the British Government, 5% to retailers as commission, while Camelot receives 4.5% to cover operating costs and 0.5% profit.

The distribution of money to 'good causes' is not the responsibility of the operator but of the *National Lottery Distribution Fund (NLDF)*, administered by the government *Department for Culture, Media and Sport*. The *Heritage Lottery Fund (HLF)*[vii], part of NLDF, opened for applications in 1994. It uses money raised through the National Lottery to transform and sustain the UK's heritage. From museums, parks and historic places to archaeology, the natural environment and cultural traditions, HLF provides grants to support all aspects of the UK's diverse heritage. Since 1994 HLF has supported more than 28,800 projects, allocating over £4.3 billion across the UK.

Source: http://en.wikipedia.org/wiki/Heritage_Lottery_Fund

The National Lottery in Montenegro[viii]

A government Commission allocates a total of 3.4 million EUR from the national lottery and games of chance as the principal source of government funding to CSOs. The Commission supports projects in the fields of social protection and humanitarian activities, needs of disabled people, sport development, education of children and youth, culture and technical culture, contribution to the fight against drugs and all types of addiction. 75% of the 3.4 million is dedicated by governmental decree for the use of CSOs; only 60% of the costs are covered for each project. Demand for this funding source is big and in 2009 264 projects out of a total of 800 applications were supported.

The application procedures are not transparent and funding criteria are poorly developed. There are no adequate means of assessing project quality and viability. As the Commission awards grants without the signing of a formal contract with the beneficiary, and as no evaluation and reporting mechanism is in place, the system is open to abuse. CSO monitoring of the Commission's work, undertaken by the Centre for Civic Education, has revealed serious violations of the formal procedures for grant allocations by members of the Commission.

Funding Forms

Key issues

This chapter describes the various forms of funding such as donations, gifts, corporate philanthropy, sponsorship, direct donations, designated percentage from individual taxes, cause-related marketing, product sales, purchase plus, co-branded events and programs, grants, membership fees, fees for services and products, social enterprises, use of soft or hard assets etc.

Funding Forms

Donations and gifts

Donations and gifts can either be small or big, one-offs or repeated each year, offered by individuals, corporations or foundations, in the form of money, assets, equipment or voluntary work. We will describe some of them further:

Corporate philanthropy/sponsorship

It takes place through direct monetary gifts and is usually focused on a particular program that the non-profit will run. The funds may come from community relations or the marketing budget and the corporation expects a certain amount of publicity in turn for its support.

National Geographic Corporate Partnerships

National Geographic has established the Mission Partner Program, a select group of corporate partners whose business practices align with National Geographic's mission to inspire people to care about the planet. This is a strategic form of creative partnerships with business organisations that extend the impact of the organisation's mission. The partnership includes funding, equipment, shared expertise and the communication of National Geographic's initiatives to new audiences.

In the context of Central and Eastern Europe, the term 'charity' is more widely used than philanthropy, and describes virtuous activities, such as assistance to the poor, the homeless, and others in need. Although it is not usual to differentiate between these two terms the everyday perception is of philanthropic giving by corporations as being more concerned with the 'development' style of giving. This is based upon the principle of "don't give a fish – give a fishing rod", or "help those who are able and willing to help themselves", and it is oriented more towards education, culture, and social innovation. Charitable giving is generally perceived as assistance to those in need and pain, having as its main objective the alleviation of inequality.

Dimitar Vlahov Special School for children and youth with damaged vision, Skopje, FYR of Macedonia

In order to cover the specific needs of young children with severe vision difficulties, who have been educated here for many decades, ECS - a Joint Stock Company for information and communication engineering and one of the biggest and most experienced IT companies in the Republic of Macedonia - accepted the proposal to complete the renovation of a square, as an area for the children to play in their free time. The highly damaged existent square often caused accidents of children with impaired vision and this issue required an urgent solution. Along with the donation, ECS prepared the project and provided the materials for construction and the machinery for the construction of the play square.

Donation for the Clinical Center of Montenegro

On the occasion of celebrating 30 years of successful business operations, the Gintaš company decided to donate funds in every country in which it has branch offices. In Montenegro funds were allocated for the Clinical Center of Montenegro, which provides services to the employees who work at the Gintaš's construction site. Six hospital rooms with 18 beds in the ward for neurosurgery have been reconstructed thanks to the donation of 50.000 EUR, which significantly improved the quality of hospitalization in this ward.

Donation for children's home in Montenegro

The Podravka company has made a donation to the Mladost Children's Home in Bijela. This valuable donation consisted of the whole set of Electrolux kitchen utilities which will enable easier, faster and high-quality preparation of food for children in this home.

Direct donations/gifts from individuals

Monetary gifts can be provided through very different channels such as online, mobile phones, bank transfers, checks or mail.

Small Gifts

These are small gifts that come from people believing in your good work. They are gifts of support.

Major Gifts

Major gifts result from people committing to your organisation's vision. They are gifts that represent an investment in your future. A major gift is defined as any gift so large that its size has the potential to have a significant impact on your organisation's activities. Large gift seeking is done through networking and fostering the right contacts, creating the right opportunities and defining a focused request which can be negotiated with an identified individual.

Legacies

The legacy is a final gift that committed supporters wish to make to the cause which has inspired them through their lives. Legacies are an extremely important source of income for many charities. For example in the UK they represent well over 25% of the total income from individuals of the top 500 fundraising charities, with a particularly strong showing in healthcare and animal charities[ix]. Slightly fewer than 50% of adults in the UK have written wills, but more than one in ten of those who do, leave charitable bequests[x]. The Institute of Fundraising's Codes of Practice[xi] include a code on legacy fundraising setting out best practice in what can be a sensitive area.

Endowments and Reserve Funds

An endowment is an organisation's capital and other assets, which are invested in a targeted way: for example, into the financial or capital markets. Endowments are successful mainly in countries where these markets are highly developed and regulated. For receiving endowments the fulfilment of some conditions is required: (1) the organisation plans to operate for many decades, (2) has finances at its disposal that are not needed for operation and programme activities, and (3) is competent in dealing with financial instruments, and the legal environment allows and regulates investment of funds.

Central European University - CEU

CEU is a graduate-level, English-language university offering degrees in the social sciences, humanities, law, public policy, business management, environmental science, and mathematics. The university is located in Budapest, and is accredited in the United States and in Hungary. CEU is organised as a US-style institution, governed by a Board of Trustees, with a charter from the Board of Regents of the University of the State of New York. CEU has more than 1500 students from 100 countries and 300 faculty members from more than 30 countries. In 2005, university co-founder George Soros announced he was doubling the CEU's endowment to €400 million. The CEU Endowment is one of the largest academic endowments in Europe and was established to ensure the long-term financial viability of CEU. It provides annual funding for core operating expenses of the Budapest-based University.

Funds saved by an organisation to be used in an emergency situation do not represent an endowment, but rather a reserve fund. The following table presents the differences between endowments and reserve funds.[xii]

	Reserve Fund	Endowment
Establishment	Internal rules concerning spending are necessary	Approval of administrative rules by the board of directors is necessary
Purpose	To be used when necessary or in financial emergencies	To be used for the long-term stability of the organisation
Termination	Until exhausted	Defined by the statute
Duration	Limited in time	Generally unlimited
Increase	As the management of the non-profit organisation see fit	Set out in the statute; subject to approval by the administrator
Administrative demands	No need to involve an expert	Need a professional expert for its administration
Optimum size	Varies, according to the current situation	At least 20 times the sum expected to be utilised from annual returns
Benefits	Brings flexibility to the financial management (cash flow, contributions)	Brings long-term sustainability and stability
Possible disadvantages	The danger of losses if funds are inappropriately managed	Reduces fundraising motivation and subsequent communication with supporters and donors

Designated % from individual taxes

Through taxpayer designation system governments can give incentives to individuals to support third sector organisations. This scheme was among the first financing mechanisms adopted in the CEE region. Individual taxpayers are allowed to direct a certain percentage of their income taxes, through the government treasury, to one or more designated public benefit CSOs (in some countries, they are allowed to chose only from a list of CSOs established by the government). Although a popular name for this mechanism is percentage philanthropy, this type of funding mechanism diverts money that has already been paid to the government and does not incur to the taxpayer any additional costs (nor does the taxpayer obtain any sort of refund or other benefit if he/she chooses not to give).not to give).

Taxpayers' designation systems in CEE

Hungary was among the first countries in the region to adopt such a mechanism in 1996, allowing taxpayers to designate 1% of their income taxes to civil society organisations, and an additional 1% to churches. Other countries followed with similar mechanisms: in Slovakia 2 % of income taxes may be designated (corporate as well as individual taxpayers may designate under this law), in Slovenia 0.5 %, in Romania 2 %, in Poland 1 % and in Lithuania 2 %.

Cause Related Marketing

Cause-related marketing, or CRM, has exploded in recent years even though it is a relatively young concept. Companies are fully embracing what is called *Doing well while doing good. Cause Related Marketing* connects a company's marketing and sales goals to a social cause, or charity, to the mutual benefit and promotion of both partners.

Cause-related marketing may become the principal way that businesses express their social responsibility. There are now many versions of cause-related marketing, but basically it is an agreement between a business entity and a non-profit to raise money for a particular cause. The business entity expects to profit by this arrangement by selling more products and by enjoying the halo effect of being associated with a respected non-profit or cause. A cause-related marketing program is not an anonymous or low-key donation to a non-profit but one that lets the public know that this corporation is socially responsible and interested in the same causes that its consumers are. The non-profit benefits both financially and through a higher public profile as a result of its partner's marketing efforts. Cause-related marketing campaigns have blossomed over the last few years and can provide funds to CSOs that appear in a variety of interesting forms.[xiii]

Cause marketing can take many forms, including the promotion of a common message, product licensing, endorsements, and certifications, and can also be used by local partnerships or employee service programs. Most often cause related marketing is product, service, or transaction specific. When setting up a cause related marketing campaign the key elements to be identified and designed are:

- the stakeholders and the partnership;
- communication tools;
- branding and strategy;
- benefits, evaluation and measurement.

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Cause related marketing in Italy

Telecom Italia Mobile (TIM) Pony della Solidarietà – The Solidarity Pony[xiv] is a project to bring relief to elderly people during the holiday months of July and August, when the cities become deserted. TIM provides funding based on telecommunication exchange (5 cents are donated for each call) and cellular phones for the volunteers helping the elderly with the home delivery of medicine and other shopping items, handling bureaucratic tasks or simply keeping them company. The project is a partnership with non-profit volunteer associations chosen from seven municipal districts of Italy. The associations provide information and advice and are the first point of contact for the people. TIM organised and initiated the campaign, organised the activities, the promotion in the press, and is responsible for the project's follow-up.

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Product sales

This type of marketing may also involve joint action by more than one company or creation of a special brand. For example the Red campaign (www.joinred.com) which has brought together many companies to sell specially branded products (a red Gap T-shirt or a red iPod for instance) with a portion of the selling price going to the Global Fund for HIV/AIDS prevention.

Transaction related marketing - Purchase Plus

This a campaign waged at the checkout line at grocery stores or other retail venues. Typically a customer is asked if he or she would like to add a donation to his bill. The amounts are usually low enough for most people to say yes. The store processes the money and gives it to the non-profit with which it has partnered. Promotion of the cause is usually low-key but that makes these programs easy to set up and they are quick so a business can respond to, say, a natural disaster in a timely way.

The Arcoiris Credit Card in Spain

The Credit Card called Arcoiris, or rainbow, was launched in 1998 by Hispamer donating up to 0.7% of the purchases made by customers to the charity of their choice from a selection of seven, including Medicines Sans Frontières, Intermón, Amnesty International, Apoyo Positivo, Federación de Gays y Lesbianas, Fundación Mujeres and Greenpeace. It also included an incentive system: for every 1,000 peseta (6.01 Euro) purchase made, the customer could make a donation to specific projects run by the seven charities involved. Rather than supporting one specific charity, Hispamer has selected a number of charities active in different areas of social concern. The program was supported by a customer service line and a web page providing information on the profile and activities of the charities involved in the programme, as well as financial information such as annual percentage rates.

Licensing of the nonprofits' logo, brand and assets

Licensing runs the gamut of products that are extensions of the non-profit's mission, from using its logo on promotional items such as T-shirts, mugs, and credit cards to having the non-profit provide a certification or commendation of particular products. An example of the latter is the American Heart Association which provides recognition for products that meet their standards for heart health such as Cirio cereals.

Co-branded events and programs

A co-branded program is exemplified by the London Children's Museum that teamed up with the 3M Company to build and outfit a science gallery for children. The involvement of the corporation in this program is deeper than the usual sponsorship with scientists from the company involved in helping with the exhibits to the company's employees serving as volunteers.

American Express initiative – one of the first CRM

In the early 1980' American Express joined with the non-profit group that was raising funds to restore the Statue of Liberty. American Express gave a portion of every purchase through their credit card to the endeavor and an additional amount for every new application that resulted in a new credit card customer. The company also launched a $4 million advertising campaign. The results are now legendary: the Restoration Fund raised over $1.7 million and American Express card use rose 27%. New card applications increased 45% over the previous year. All this was accomplished with a three-month campaign.

Grants

Grants are probably the form through which you are receiving most of your funds from foundations, governments or corporations. They are provided to support many non-profits' services especially in the areas of social, healthcare and education. Grants are usually awarded on a competitive basis and often must conform with established due dates for submission.

The organisation seeking a grant submits a proposal in order to access grants. That is why you have to have staff knowledgeable in project writing and project management. After the evaluation of the proposals, the approval for funding is guided by a rating system. The dilemma with many grant opportunities is the amount of time required to write proposals and the fierce competition that often exists. To access governmental grants the proposals have to be usually lengthier and more complicated than those written for accessing foundations grants.

Membership Fees

Membership fees are great financing tools for organisations with a broad membership base and committed members. The payment of membership fees not only brings income for the NGO but also strengthens the commitment of the member and creates expectation that the NGO will care about its members through provision of services. Membership fees can be set at various levels, allowing both highly committed and more-or-less passive members to maintain their membership status.

The Royal Society for the Protection of Birds - RSPB

The RSPB is one of the UKs' largest charities. With over a million members, including over 195,000 youth members, it raised £78.6 million in 2007 for charitable purposes. The RSPB's members, young and old, urban and rural, come from every corner of the UK and are the charity's biggest source of income. But the RSPB membership is developed by the organisation not as source of donated, occasional income but as a real service for members. They can choose from various types of memberships that can be bought online.

Funding your organisation from membership fees requires having very good financial management systems and transparency. RSPB promises their members that for every £1 of the membership fee they will channel 90 pence into current and future conservation projects. The worries of an organisation seeking to fund their activity through membership fees are two-fold: on one side recruiting members and on the other side keeping existing members. For the RSPB the proportion of adult members who renew each year has reportedly remained unchanged for years, at just under 90%. In recent years RSPB has moved to greater face-to-face recruitment and they reported 130,000 new people as members in one year, of which 63% of whom came from following this personal approach. Membership has generated 26% of the RSPB's income in 2008.[xv]

Fees for services or products

While many CSOs provide services to their target group, most often subsidised by grants, membership fees or gifts, there are also numerous CSOs that collect fees for their services. With the right strategy to differentiate pricing of various services, the CSOs can secure an important part of their budgets.

Advocates of the user fees justify them by giving as arguments that:

- people appreciate more the things they are required to pay for;
- persons benefiting from the use of services should share the expenses;
- a small charge can support the increase in the quality and quantity of services provided.

The opponents of user fees argue that:

- those who need and use CSOs services do not have usually money to pay for them and should receive them free of charge;

- if governments pay, this situation may affect the organisations' independence, capacity to act as watchdogs or advocate for policy changes.

Non-profit organisations can receive funds through money paid for their products, usually via publications, post-cards, t-shirts or other products which they sell to their clients or the wider public. Unless the CSO uses the mission-related value added in its marketing to justify a higher price, products made in small numbers are not cost-effective and are often subsidised by grants.

If you are thinking about starting economic activities to assure revenues for your organisation you have to take into consideration the following questions:

- who will carry out the business activities? Will it be the non-profit organisation itself, or will a new commercial entity be established? Or, will it involve a different model of cooperation between a commercial and a non-profit organisation?

- will such business activities involve too much time and energy spent to the detriment of your mission?

It is important to be aware that it is not easy to make a profit from selling services or products – if it were, then everyone would probably be an entrepreneur. In the private sector, over half of all small businesses end in failure and bankruptcy in the first two years of their operation, and there is no reason to anticipate a different situation in the non-profit sector. The time it takes to achieve a situation where profits completely cover the operation and activities may be long. Years are involved, not months. Enterprises are also vulnerable to fluctuations in the market and the exchange rate. One bad investment could mean the loss of a non-profit organisation's assets, and sometimes even its good reputation. The market is dynamic in nature and characterised by the efforts of companies to maximise their profits and increase their customer base. This environment usually excludes entities that do not come up with new products and services. Non-profit organisations that wish to enter into the market must take a proactive approach and rely upon their own finances. Without a healthy element of risk-taking and the courage to be receptive to innovation, long-term success in the market is unlikely.

New types of entrepreneurial approaches undertaken by CSOs, as well as more traditional economic/commercial activities co-exist as CSOs make efforts to ensure a funding base independent of foundations and governments support. Social mission-driven organisations which apply market-based strategies to achieve their mission are currently labelled as *social enterprises.*

The social entrepreneurial movement in the non-profit sector includes both non-profits that use business models to pursue their mission and for-profits whose primary purposes are social. Their aim – to accomplish targets that are social and/or environmental as well as financial – is often referred to as the *triple bottom line*. The *triple bottom line* (abbreviated as TBL or 3BL, and also known as *people, planet, profit* or *the three pillars*) captures an expanded spectrum of values and criteria for measuring organisational success: economic, ecological and social.

The best established European research network in the field, EMES (www.emes.net) works with a definition of social enterprises that relies on the following criteria:[xvi]

Economic criteria

■ continuous activity of the production and sale of goods and services rather than predominantly grant or donation receivers;

■ a high level of autonomy created voluntarily by groups of citizens and managed by them, and not directly or indirectly by public authorities or private companies;

■ a significant economic risk in which members have the responsibility of ensuring adequate financial resources;

■ activities require a minimum number of paid workers, although, like traditional non-profit organisations, social enterprises may combine voluntary and paid work.

Social criteria

■ an explicit aim of community benefit, namely, to serve the community or a specific group of people, promoting a sense of social responsibility at local level;

■ citizens' initiative - social enterprises are the result of collective dynamics involving people belonging to a community or to a group that shares a certain need or aim;

■ decision making is not based on capital ownership - the principle of 'one member, one vote' is applied. Although capital owners in social enterprises play an important role, decision-making rights are shared with other shareholders.

■ participatory in character, involving those affected by the activity, the users of social enterprises' services are represented and participate in their structures. In many cases one of the objectives is to strengthen democracy at local level through economic activity.

■ limited distribution of profit - social enterprises include organisations that totally prohibit profit distribution as well as organisations such as co-operatives, which may distribute their profit only to a limited degree.

Ongoing research characterizes social enterprises as having objectives that tend to fall into three main categories:

1 **The integration of disadvantaged people through work (work integration social enterprises or WISEs)**

Motivation Romania Foundation

Motivation Romania Foundation initiated and developed a social enterprise to benefit people with disabilities: Motivation Romania Ltd. This social enterprise has a sheltered unit status - over 30% of its employees are people with disabilities. According to legislation in Romania, the costs of all products and services purchased from a sheltered unit can be deducted, within the limit of the state-owed tax, by the public or private economic units with over 50 employees who chose to hire 4% of their workforce people with disabilities. Motivation Romania Ltd. started its activity with the production of customized wheelchairs in 2001. Other productive activities have been consecutively added: the Centre for Assistive Technology, the Motivation Greenhouse, a digital printing unit *motivation2print*, recruitment and employment service for people with disabilities.

Currently County Health Insurance Houses reimburse costs of the equipment recommended by the specialized physicians and customized by Motivation. Following the wheelchair distribution and active rehabilitation training, the users can also access other services provided by Motivation Romania Foundation.

Gardening is one of the best ways to relax while doing something productive. Motivation has integrated this activity in its occupational therapy programs. The *Gardening Workshop* comes to complement the results achieved by the *Integrated Occupational Workshop*, through which a greenhouse has been opened for children with learning disabilities and the young wheelchair users. Through the *Gardening Workshop*, MR meets the needs for vocational training and provides the young people with intellectual disabilities help to be deinstitutionalized, an opportunity to access employment and to gain a dignified place in their community. In two heated greenhouses young people placed in family-type homes are able to learn how to grow vegetables and decorative plants throughout the year, and how to maintain gardens, including using the specific tools and equipments for this type of job. The gardening products such as vegetables and decorative plants and garden maintenance services provided with the help of the young people with disabilities will be used to support the residential, family-type care programme.

As a sheltered unit, the *Gardening Workshop* provides greenhouse products and gardening services that can be purchased by potential partners under the legal framework of law 448/2006 (see information for employers). The profits of this activity support the free provision of services to people with disabilities by Motivation Romania Foundation.

2 The integration of disadvantaged people through work (work integration social enterprises or WISEs)

Many CSOs are active in various markets, including the public sector market for public services and contracts.

Laws in Poland

Laws in Poland encourage CSOs to compete for social service contracts in open tenders organised by local government units and also to form partnerships with public administration bodies to deliver services on a cooperative basis. When deciding to offer a service, local governments are required to consider proposals from CSOs. In addition, local governments are required to put out a tender if a CSO submits an unsolicited bid to provide a service that is currently being provided solely by the government, resulting in situations where public administration bodies actually compete against CSOs for contracts. The rationale for this open competition is to avoid the risk that the third sector will only receive contracts for activities that are unwanted or ignored by other administration bodies. The effect is to give CSOs broad opportunities to develop innovative ways of providing social services and to encourage governments to be responsive to CSO proposals.

2 Ethical trading such as *fair trade*

This involves helping producers in developing countries advocating for the payment of higher prices and for the enforcement of social and environmental standards. It focuses in particular on exports from developing countries to developed countries, most notably such as handicrafts, coffee, cocoa, sugar, tea, bananas, honey, cotton, wine, fresh fruit, chocolate and flowers.

In 2008, Fair Trade certified sales amounted to approximately US$4.08 billion (€2.9 billion) worldwide, a 22% year-to-year increase. While this represents a tiny fraction of world trade in physical merchandise, some fair trade products account for 20-50% of all sales in their product categories. In June 2008, *Fair-trade Labelling Organisations International* estimated that over 7.5 million producers and their families were benefiting from fair trade funded infrastructure, technical assistance and community development projects.

Use of Soft or Hard Assets

CSOs can earn fees or royalty payments for their soft or non-tangible assets such as their name endorsement on a product/service or the use of their intellectual property. Consultation with a lawyer is advisable in these cases. A careful approach to permissions for the use of CSO's name might avoid potential harm to the organisation's reputation. CSOs can also use their hard assets such as buildings, office space, or equipment to generate extra income through rental. Maintenance costs should be considered when negotiating contractual conditions of such rental services.

Bank interests and Investment Dividends

Through careful financial management, some CSOs are able to create reserve funds or even raise funds for an endowment. This money can be invested and re-invested in order to earn interest revenues or dividends.

Fundraising Activities

Key issues

This chapter presents various fundraising activities structured into four main interlinked fields that can be implemented in parallel without having a prescribed starting point:

- knowing your prospect;
- defining what you want;
- communicating your request;
- building the relationship.

Fundraising Activities

Fundraising activities can be structured in the following four main fields or categories. As the graphic shows they are interlinked, can be implemented in parallel and there is not a prescribed starting point

Building the relationship		Defining what you want
Communicating your request		Knowing your prospect
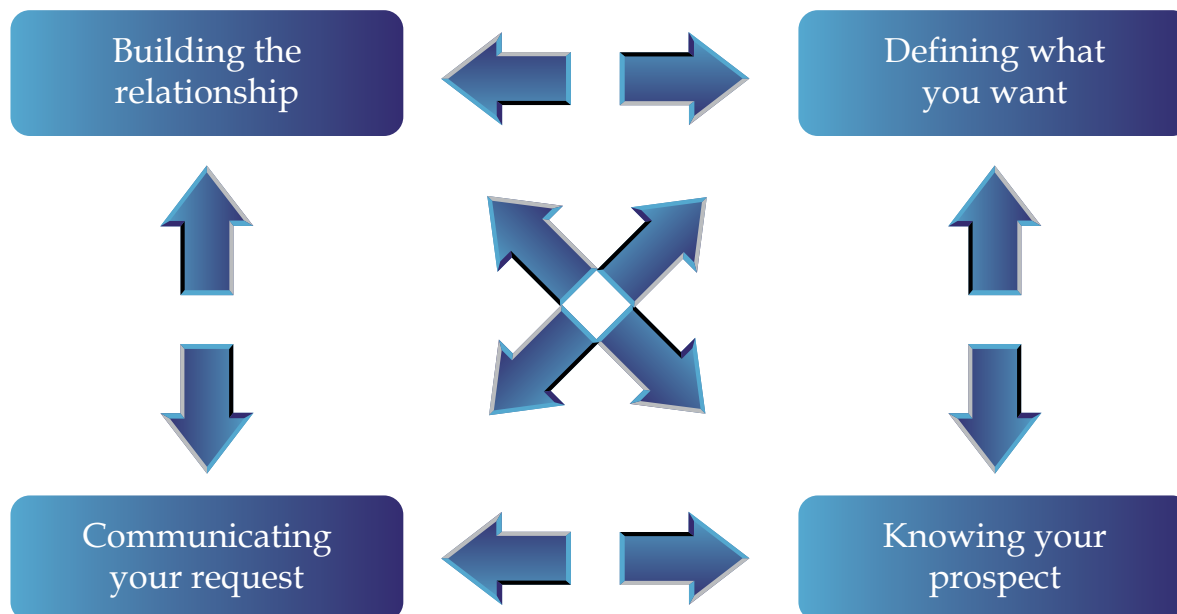
Each of them will be further described.

Knowing your prospect

You do not have to be personally acquainted with your sources of funding before you can request their support. But you have to make preliminary efforts in order to understand:

- who they are;
- what they need and want;
- how they may give;
- why they may give.

You should build a database of possible and existing sources of funding, creating their profiles that may include:

- name and organisation;
- contact such as their address, phone and fax number, email address;
- their giving record;
- how, by whom, and when they were contacted by or referred to your organisation;
- did the donor have contact with your organisation before becoming a donor? If so, what kind, how much, and with whom?
- is the donor a user of your organisation's services?
- does the donor volunteer at the organisation? Has the donor served on the board or any committees? Does the donor belong to any support groups of the organisation?
- has the donor visited the organisation? When? How many times?
- with which staff members has the donor had the strongest contact?

Addressing your sources of funding needs, values and interests, make them feel understood and more likely to take action in support of your work.

After collecting the necessary information about your existing and potential sources of funding, you can use different frames of analysis in order to identify the fundraising activities you have to further implement. We propose the following three:

- donors' pyramid;
- donors' kite;
- donors' matrix.

Where in this pyramid are your sources of funding?

The Donors' Pyramid illustrates the relationship between different types of financial contribution (the size) and different levels of donor commitment (the frequency of receiving them).

It is based on the assumption that, in general, the size of a donor's contribution is directly proportional to the degree of the donor's commitment and loyalty. An organisation may probably attract a large number of occasional donors from various sources, fewer will be willing or able to make more regular contributions and commitments, and only a handful will be in a position to make a really substantial contribution.

From the perspective of the donors pyramid your task is (1) to move them as far up the pyramid as they are able and willing to go and (2) to enlarge and diversify your donors' base

> **Moment of Reflection**
>
> Think about your organisation and draw its donors' pyramid. What does it tell you? Do you have a sufficiently diverse base? Do you rely on a few loyal funders? How dependent are you on one major funder? If this is the case, do you have alternative sources if the main funder is not supporting your organisation any longer?

Applying the Pareto principle, sometimes called the 80:20 rule, meaning 80% of your income is likely to come from only 20 % of your sources of funding, the image that you may build is something like a **Donors' Kite.**

Through this type of analysis you can identify towards which sources of funding your energies should be primarily directed.

Legacies

Big gifts

Committed donors

Occasional donors and subscribers

Responders
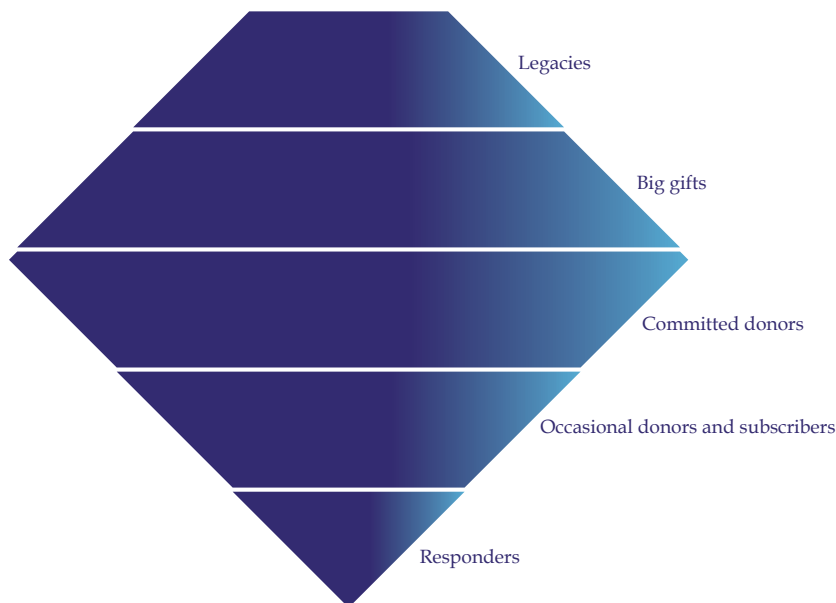
Another way of analyzing your sources of funding is through the Donor's Matrix. The horizontal axis represents the degree of knowing someone and the vertical axis the level of potential contribution. By identifying where a source of funding belongs on this matrix, you can get an idea of how best to focus your energies in your fundraising activities.

Those in the top right-hand corner are to be valued and nurtured as they are the core of your support.

Those falling in or moving towards the bottom right-hand corner are problematic; there will come a point when you judge it is no longer worth investing more time and effort in sustaining your relationship with them if they show little or no inclination to move upwards.

Maximum potential contribution

Anonymous member of public

Personally known individual

Vague interest
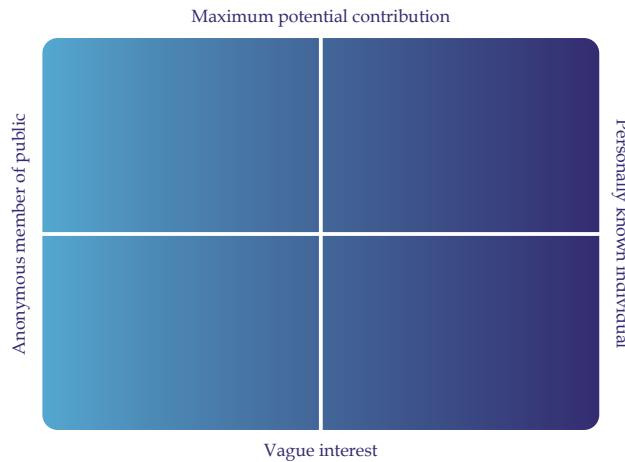
Moment of Reflection

Think about your organisation's sources of funding. Know them better by applying the two instruments i.e. the Donor's Kite and the Donor's Matrix. What are the 20% sources that give you 80% of your resources? How well do you know them?

Defining what you want

Defining what you want is as important as knowing your potential sources of funding. It is possible to define what you want only if you have a clear mission and vision for your organisation, long term objectives and activities, and a realistic evaluation of what they would cost to be implemented.

Defining what you want implies that your organisation has a fundraising strategy, based on a realistic evaluation of your planned activities whose aim is achieving your objectives and mission.

Whatever source of funding you may approach you need to be specific about what you want from this specific source of funding and why you want it. You need to indicate a level of donation or a type of involvement, and the reasons you believe it merits your potential supporters' consideration. When writing applications or project proposals defining what and why you want the support it is done by following the application form requirements. Even if the application forms differ from one donor to another they all ask you to define clearly the problem and how you want to address it, why it is worth supporting you and how much support you would need.

When asking for donations/gifts you have to research and identify how much you need and want to solicit and make a specific suggestion about it, but do not impose. You have also to avoid the following confusing statements:

- give what you can;

- give what you are comfortable with (people may be comfortable giving less than you need even if they can afford to give more);

- we would appreciate a gift between 100 and 1000 (this gives the message that you have not determined what your real needs are).

Communicating your request

When you are communicating your request, verbally or in a written form, your success will very much depend on knowing how to ask effectively.

Making your request through verbal communication

Let's first focus on communicating your request verbally. First we have to understand why people are confident or uneasy to ask for support. Hereafter are some answers people give when asked why they are confident or uneasy to ask for money in different situations:

I am confident when:

- I know to whom I am talking and how they are likely to respond;

- I believe strongly in what I am asking for, I know exactly what I am asking for and why;

- I never ask for more than someone can afford;

- I like talking to people;

- I am as honest and open as I can – and do not pretend that I am more confident or sure than I am;

- I don't harangue people or use moral pleading, because then the vast majority of people are pleasant and enjoy being able to contribute;

- I found I should not expect that everyone has to agree with me and I should always try to respect their right to say no to my request.

I am uneasy when:

- I am unsure of my own commitment;

- I am afraid people will say no, because I don't like being rejected or getting into arguments;

- I basically don't agree with asking for money for social welfare; I think its funding should come from taxation;

- I feel I am intruding on people's privacy;

- I don't like rich people – they make me feel angry and uncomfortable and I don't think we should ask from poor people;

- I think is just begging on a large scale and I find it is demeaning to me and the people I ask;

- As a disabled person I want rights not charity;

- I can't get rid of the sense that I am a second-hand car dealer.

As you see, many of us feel awkward about asking people for things. It often seems intrusive and against our accepted conventions of polite interpersonal behaviour. Having mixed feelings of confidence and anxiety is common when asking people for money and other forms of support because you are putting yourself in a position of risk and personal exposure. But just because you perceive that you are lacking the charisma, eloquence and general confidence of an experienced fundraiser, you should not think that you cannot ask for things.

Moment of Reflection

What about you? Look at the list of reasons why people feel confident or uneasy to ask for money or other forms of support and see what applies to you. Complete the list if necessary.

What about your colleagues? Carry out short interviews with them to find out their reasons for being confident or uneasy when asking for support.

Share your lists and discuss how you may overcome the obstacles towards effectively asking for support.

You can learn how to deal with the tensions and conflicts by understanding the asking process steps and acquiring the necessary knowledge and skills to apply them. There is no one ideal way of actually putting a particular request forward. Communicating your request involves thinking through how your proposal is likely to be received and amending your style if necessary. Link your request with other information and requests your proposal might have received from your organisation. You should also consider if you are the most appropriate person to make the request. Someone who speaks the same language as your prospect and personally shares his or her values and concerns will often be most effective.

Here is some general advice when asking someone directly for a major contribution:

- make it a special occasion - it's worth thinking carefully about the setting and timing of any request for major support;

- dress appropriately - respectful, non-verbal communication is an important part of the process of asking;

- set yourself and your prospect at ease - remember that this request is in the context of a relationship. Always allow some time for you and your prospect to settle yourselves into the encounter.

- establish some form of mutuality - pay attention to your prospect's motives, aspirations and concerns. It is important to establish a basis of common interests;

- explain who you are - be very clear about what you and your organisation do and do not do. Be proud of its accomplishments. Be specific. Do not apologize for wanting a financial contribution. Invite and answer questions. Be businesslike;

- ask for a specific amount of money - make your precise request along the lines of "I would like you to contribute 1000 to the museum." It is right and proper not to hustle your prospect and to allow them time and space to reflect on your request. If an uncomfortable amount of time passes, ask your prospective donor whether they have any questions;

- listen and respond appropriately - you must listen carefully to what is being said. Empathize with their concerns but stay on track by continually bringing the conversation back to your cause. Reiterate the importance of a contribution. If the response is positive, restate what has been promised to make sure you have

understood it correctly. Make a written agreement there and then – do not leave your prospect to contact you later, as they rarely will. If the response is negative, listen and clarify the reasons respectfully. It may well be that you can make a further approach another day with a different request to which they will respond positively;

- always say thank you - where possible, send a personal thank-you letter within forty-eight hours, no matter what you receive. Reinforce the relationship that has been created and repeat the value of the donation.

A superb personal performance and a flawlessly sensitive process will not guarantee your success. This is not your fault, nor the fault of the prospect. Even if fundraising uses the term "prospect", you are not in the oil exploration business. You are engaged in a much more fragile process of fostering relationships. It is in the nature of this work that you will often fail – or not succeed immediately. The most important skill you need is the ability to handle the answer "no" and yet still continue. While you need to have a strong personal commitment to the success of your request, you also need to place it firmly in the context of the bigger picture. Concentrate on learning from the experience. The source of funding from whom you are soliciting is only one amongst many other possibilities. Furthermore, it is important to hope that in the future the situation will change. Remember the words of a successful fundraiser: "No" today does not imply "No" tomorrow. I always try to retain the relationship.

Making your request through written communication

When communicating your request in writing, there is a real tension between being both personal and impersonal at the same time. The widespread aversion to junk mail, telephone selling and email spamming means you have only a brief moment to capture the interest and attention of your possible source of funding. This poses a dilemma. How do you persuade your audience that your case is worth their attention without the dangers associated with using aggressive tactics?

For example, through careful testing, the *direct mail* industry has established a number of rules for how this can be done:

- the envelope matters - a simple message printed on it gives the recipient a reason to open the envelope;
- make it personal - direct mail packs are far less successful if they do not include a letter, and the more like a 'real' letter it is, the more effective it will be;
- credibility is crucial - the use of patrons and famous people to endorse a cause or present your case improves responses;

- use the layout - the headings you use and your opening sentence are particularly important;

- involve the recipient - this can be done by using the right questions or suggestions, or by enclosing something that offers an involvement device, for example a straw to breathe through so that people can discover what it is like to have an asthma attack.

It may be interesting for you to know also some of the advice about writing letters, brochures, newsletters or direct mail packages to your potential donors given by Tom Arhern[xvii], a master in fundraising:

- before you start writing a fundraising piece, you need to answer the following questions: Who is my target audience? What do I know about them? What will interest them? What will surprise them? What emotional triggers will they respond to? What's the most important thing I can tell them?

- Dale Carnegie said an important thing: "You'll have more fun and success when you stop trying to get what you want and start helping other people get what they want". Fundraising isn't about picking pockets and donors are not ATM machines. Successful fundraising is about giving your donors a vivid sense that they are changing the world. It is about recognizing that people want to feel important and one way is when they feel they have made a difference by making a gift to a terrific organisation. Fundraiser's real job is to give donors a powerful sense of accomplishment.

In order to write successful fundraising materials you have to imagine that four basic personalities reside in the minds of your readers, namely, the amiable, the expressive, the sceptical, and the bottom-liner.

- the Amiable responds to people and stories about people, he/she wants to help, nurture and be part of a community. That is why you should use photos in your materials, faces that establish eye contact with the reader. You should use anecdotes and stories about people as micro-documentaries that instantly interest, educate and inspire;

- the Expressive wants to hear news. Give a dose of news right away to get attention. Place the news in the first paragraph of your appeal letter, on the home page of your website, or on the front page of your newsletter. What is news? A daring new program, a story about how a client changed his or her life, an emerging trend, a problem or a solution that no one knows about yet;

- the Sceptical is wary and suspicious of fundraising appeals. How do you deal with such scepticism? You should figure out all the objections ahead of time and answer them. Develop a list of FAQs a sceptical person might ask about your organisation by brainstorming with your staff and then provide answers on your website, print

them in your materials and circulate them to your volunteers. Provide testimonials of real people talking about your organisation's achievements, because good, credible testimonials are one of the best tools for addressing scepticism;

■ the Bottom-liner wants to know what to do next. Tell the reader exactly what to do and make it easy to do it, such as "Send us a check. Put it into the enclosed self-addressed, postage paid envelope". Do you want the reader's email address? Provide an easy-to-use response card. Do you want the reader to volunteer? Provide a name and telephone number of a person to call. Maybe you want the reader to download a PDF file from your website. Give clear instructions about how to do that.

With these four personalities in mind your fundraising materials will:

■ appeal to the heart;

■ provide news that will get the reader's attention;

■ provide facts to deal with scepticism;

■ tell the reader what to do and how to do it.

Treat fundraising materials as a conversation with a friend about something that really moves you. Fundraising materials should be simple and friendly in tone. Anticipate and then frankly answer objections in your fundraising materials, as this will build trust.

Making your request through organising special events

A recent study[xviii] by Charity Navigator suggested that special events are not good sources of funds. However, special events create other fundraising possibilities:

- in-kind contributions such as donations of food, the venue, or entertainment. Why is this useful? in-kind contributions are easier to get from a business without a prior relationship. But it could also be used as an introduction to other contributions;

- sponsorships are commonly used to increase the income from events. Sponsors pay for various benefits such as publicity through the event, an advertisement in the program or a company logo displayed prominently;

- special events can also build relationships, helping potential donors to feel a connection with your cause. An event provides great opportunities to meet supporters in person, sometimes setting the stage for large gifts;

- events are an opportunity to bring in new donors and introduce them to your organisation To do this, plan an event that will have broad community appeal and charge reasonable entrance fees;

- special events can also generate a lot of publicity. Your PR staff will find a myriad of methods for getting the word out, from fliers to interviews with local media. Building visibility in the community is crucial to successful fundraising;

- use special events as a way to provide fundraising experience for your volunteers, including your board members. Selling tickets to an event is less anxiety-producing than making a personal call on a donor. Help volunteers build confidence through your event activities.

When planning a really large event, consider establishing several committees with specific tasks. A volunteer should lead each committee, and most of the committee members should be volunteers. A couple of staff people can be assigned to each committee to serve as consultants and to accomplish logistical tasks as needed.

Special events are not a way to raise a lot of money immediately, but they can be a part of your strategic plan to cultivate future donations, and to boost your profile in the community. Use them wisely and well.

Building the relationship

You need to create and sustain an appropriate relationship with your sources of funding, be they individuals or organisations. You can achieve this through:

- active cultivation;
- careful consideration;
- respectful appreciation.

Active cultivation means you continuously work to cultivate relationships with the people who support you directly or work for an organisation that supports you, with the exception of public organisations that require not having any personal contact with you.

Careful consideration means understanding how each organisation operates and work. In donor cultivation terms that means working out whom you need to befriend, and be careful about stepping on toes. When grant seekers write to the chairperson of one foundation often they get back a letter from the program officer beginning with "Our president has forwarded your request to me because, as you should know, it is my responsibility to review all proposals."

Respectful appreciation means that thanks need to be expressed to an organisation and to the individuals supporting your organisation. A foundation or corporation should be recognized prominently and often for its donations, and the people who did the work of evaluation need to know just how much you appreciate their efforts.

Building a relationship is building connections: you cultivate individuals and organisations offering you support in order to strengthen the connection they have with your organisation. The stronger that connection the deeper is the relationship. The deeper the relationship, the more likely that donor is to make larger and more frequent gifts. In that way your donors became your partners in fulfilling your organisation's mission.

To build donor relationships and loyalty, let's take a look at seven basic strategies:[xix]

Bring donors to your organisation

There is no better way to expose donors to the good work your organisation does than by having them visit your facilities or by taking them to see the results of a project or program of your organisation. These events are named site visits and having donors on site has the following advantages:

- you have their undivided attention;

- they can be shown exactly how contributions are being used;

- you can introduce them to key staff;

- they can meet individuals benefiting from the organisation's activities;

- they ask questions, the answers to which may allow for additional contact;

- they acquire information that they will share with others;

- they end up feeling good about being a donor.

Another way to bring donors to your organisation is to invite them to attend events or performances you host. This is easy to do if you are an arts or education organisation. Make sure donors receive an invitation and make it special. Make sure you invite them to a few events each year. No matter what the event, give attending donors something extra - for example a reception to meet the speaker, performer or artist.

Go out to meet donors

It's not always possible to bring donors to your organisation but this does not mean you give up on your efforts to have personal communication with donors too busy to commit to visiting. Take the initiative and make a visit to your donor's site. Schedule an appointment to pay a call on a donor you wish to cultivate, and have a reason for that call. Share information on new projects. Bring along a staff person you would like the donor to meet. Maybe best of all, set up an appointment with the donor to ask the donor's advice about something. Asking someone for help is the most flattering thing you can do. There are few things that will draw donors closer to an organisation on a professional level than having the organisation turn to them for their knowledge and expertise.

Another thing you can do is find out what philanthropic, professional, or other events your donor will be attending, and then attend them yourself. Does your donor ever speak locally? If so, and if it is at all possible, be in attendance. The donor will be flattered that you came and you'll learn more about him or her.

If you rarely leave your organisation's office you are like a salesperson who sits by the phone waiting for orders to come in. You can't cultivate donors that way, you have to make contact with them.

Keep in touch with donors

Even if you successfully get donors to make site visits and are able to reach out to them as described above, it is not enough. You need to do more to keep in touch. After all, how many times a year is the donor willing to come to your organisation, or how frequently can you call for an appointment without becoming annoying? Besides, there are other ways to communicate and express interest in donors. Let's look at some ideas:

- you may have a regular newsletter that goes out to donors. The newsletter should be aimed at the donor community, rather than something that goes to everybody from clients to employees;

- include donors on your press list and make sure they get copies of every press release you send out;

- send photographs of things the organisation is doing;

- and finally, send something special that is specific to your organisation. If you're a social service organisation and your clients make crafts, how about sending something made by a client?

- share with donors the thank-you notes you receive. Have clients of the organisation write to a donor explaining the difference the organisation has made in their lives.

Look for ways to help donors

You are well positioned to facilitate business and social contacts your donors may wish to make. Inviting a donor to a party or event hosted for you by those who are more socially or professionally prominent is a good way to help that donor make useful contacts. Conversely, inviting prominent members of your community to a party hosted for you by a donor who is trying to increase his or her social or professional standing can work just as well. What is important here is to realize that you or your executive director or board chair may be in a position to provide a donor with an opportunity a donor is likely to remember the next time you ask for a gift and every time thereafter.

Bring donors closer: find ways to connect them with program & other staff

One of the best ways to cultivate a relationship with a donor and strengthen that donor's loyalty to an organisation is to foster the donor's connection with key staff. Obviously, executive directors and other very senior staff are naturals for this. But there are other approaches:

- you can introduce donors to staff members with whom they share interests;

- invite donors to lunch with senior program staff. The donors get to hear the inside story on what the organisation is doing and staff develop an appreciation for the donors;

- after you have said your thank-you for a gift, continue to show the organisation's appreciation. Wait a while and then have a program staff member write to a donor describing how a specific contribution made by the donor or how the total contributions received in a recent campaign have made it possible to create, improve or increase a program. Have it come from someone who is putting the gift to its actual intended use, rather than you or even the executive director or board chair.

Contact by staff can make donors feel much more a part of an organisation. It also associates more faces and names with a donor's gift. And remember, one of our truisms of donor loyalty is that people give to people. However, make sure the development office acts as a clearing house for this, and knows when other staff contact whom and for what reason. Remember, requests for funding need to go out in a coordinated way.

Always thank donors quickly and accurately for their generosity

Thanking donors is such a basic rule that maybe we shouldn't have to talk about it. But more mistakes, with more devastating results for donor loyalty, are made in the thanking of donors than anywhere else. So, let's go over six rules for saying thank you that are absolutely essential:

- thank a donor immediately. Send out a thank-you note for a gift no later than the day after the gift is received. Nothing is more important than a prompt thank-you;

- be humble. Don't act as if you were expecting the gift as something that was the donor's responsibility to do;

- praise the donor's generosity and let the donor know how important the gift is;

- praise your donor's leadership. Anyone who gives is a leader and should be treated as such, and call attention to the fact that their gift will influence others to give;

- thank donors for past support. When you receive today's gift you should remind the donor how appreciative you are of past support, but do not talk about future support;

- and finally, never let a hint of disappointment show. Never, ever show a lack of gratitude for a gift, whatever its size.

There are two important ideas that you must remember about saying thank you. Donors expect it and they deserve it.

Recognize Donors Appropriately

Thanking donors is a private act. It is between the donor and the organisation. Recognizing donors is public, and because it is public you need to be absolutely sure you adhere to a donor's wishes when you do it.

Obviously, you don't publicly recognize a donor who has requested anonymity. Be sure you know exactly how publicly the donor wants to be recognized. Here are some ideas on how to recognize your donors:

- issue press releases when major gifts are received and be sure to cite both the importance of the gift and the generosity and leadership of the giver;

- recognizing a donor is to have naming opportunities. They can work well, but be careful that you don't exaggerate. If every physical asset of an organisation ends up with a name attached to it, the result is to lessen the value of truly significant naming opportunities;

- putting donors' names on a wall in the lobby of a building is another way to recognize them. It seems obvious that a donor whose name is visible in the building is going to feel a greater sense of connection with that organisation;

- recognize donors in your newsletter. Make absolutely sure that a donor is recognized in the annual report and that all gifts are accounted for. Include a donor recognition component in your annual report;

- finally, establish a donor recognition program. Don't let recognizing donors be an afterthought. Give it a priority in your lists of tasks and develop a written program of what you will do. If you have a larger development operation, assign responsibility for donor recognition to someone. Donor recognition is a process. Manage it.

The discussion about cultivating donor relationships will be closed by emphasizing a couple of points about the nature of your individual relationship as a development officer with your organisation's donors.

- it should be professional: your relationship with donors is a business relationship. You are a representative of your organisation. You facilitate the process of giving gifts to it;

- it should be deferential: most donors capable of making large gifts are likely to have achieved wealth, professional success of a high order, and social prominence. It is unlikely that you as development officers will be part of their peer group. Development officers exist to help donors. You provide them with service. You are not their friends. It is far better to treat a donor with more deference than is expected than with more intimacy than is wanted. Yes, it is possible for a personal friendship to develop with a donor. But it is up to the donor to acknowledge and encourage that friendship first;

- do not fall into the trap of thinking the relationship you are cultivating with a donor is with you personally. It is with the organisation. Your job is to cement

the connection between donors and the non-profit organisation for which you work. That's where your effort should be directed. And that's why remembering the nature of your relationship with donors is a crucially important tactic when it comes to cultivating donor relationships.

Foundations and corporations very often have a need for the public to be made aware of their good works. Look for public ways to recognize their contributions. If they support a specific project, always include a note recognizing that support in your communication with the media. If appropriate, include program officers, contribution managers, and foundation or corporation leaders in important events.

Personally thank the individuals at the foundation or corporation who helped you. It isn't enough to send a letter to the top official. Reach out to all the people who worked on your grant request. And finally, say thank you even when you don't get the grant. It takes as much work on the part of a prospective funding source and its staff to say no as it does to say yes. Thank them for that work. The head of a foundation once explained how much he appreciated the applicants who always thanked him, even when a grant was not awarded. He went on to say that fewer than one in four of the organisations that had grant proposals rejected ever bothered to thank him for reviewing their proposals. This head of a major foundation said: *"Why do you suppose they would want to break off their contact with us and burn their bridges behind them?"*

EU Funding Sources

Key issues

This chapter presents EU funding opportunities in the Western Balkans and Turkey such as:

■ Instrument for Pre-Accession Assistance – IPA;

■ European Instrument for Human Rights and Democracy – EIDHR;

■ EU Community Programmes;

■ Europe for Citizens;

■ Progress – Community Program for Employment and Social Solidarity;

■ Lifelong Learning Program;

■ Youth in Action.

EU Funding Sources

The manual will devote special attention to EU Funds that you can receive in the form of grants. It will focus also on how to elaborate effective projects in order to access these grants.

Clearly, as was described in the fundraising activities chapter, the first step is up to you. You need to know what you want. It is better that the process is driven by your ideas rather than by the funding opportunities. Here is a basic guide to the technical, logical and precise process of applying for EU funding, laid out in the sometimes complex but rational language that dealing with Brussels and the EU funding process will involve.

The following EU funding opportunities are available in this period for Western Balkan countries and Turkey:

- IPA – Instrument for Pre-Accession Assistance;
- European Instrument for Human Rights and Democracy;
- EU Community Programs;
- Europe for Citizens;
- Progress (Community Program for Employment and Social Solidarity);
- Lifelong Learning Program;
- Youth in Action.

Instrument for Pre-Accession Assistance - IPA

IPA represents the main EU funding source for Western Balkans and Turkey. Beginning with 2007, the financial instruments of the EU directed towards candidate and potential candidate countries of the Union are brought together under the umbrella of the Instruments for Pre-Accession Assistance (IPA). In the framework of this assistance, countries of the Western-Balkans and Turkey receive funding to prepare them for meeting membership criteria in the political, economic and legal realm. IPA has replaced all previously existing pre-accession instruments, including CARDS. IPA provides a general framework for financial support.

The EU provides focused pre-accession financial aid to:

- the candidate countries, currently: Croatia, Turkey and the Former Yugoslav Republic of Macedonia; and

- the potential candidates: Albania, Bosnia and Herzegovina, Montenegro, Serbia, Kosovo under UN Security Council Resolution 1244/99.

A key focus of assistance is to support political reform, in particular institution building, strengthening the rule of law, human rights, protection of minorities and the development of civil society.

Before joining the EU, a country must have a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the EU. Assistance is therefore provided to support economic reform, leading to economic growth and better employment prospects. Assistance is also provided for the adoption of the acquis communautaire (obligations related to membership), for example, concerning protection of the environment and the fight against crime, drugs and illegal immigration. Furthermore, pre-accession aid encourages regional co-operation and contributes to sustainable development and poverty reduction. EU funding aims at medium to long-term changes in society and its economy as a whole. The pace of reform and that of the accession process are closely related.

The financial assistance under IPA is accession driven and actions stem from priorities identified in the European and Accession Partnerships for each country and in the enlargement strategy paper and progress reports that form the enlargement package published each autumn. The enlargement package is accompanied by the *IPA multi-annual indicative financial framework* (MIFF)[xx]. The MIFF is designed to provide information on the Commission's intentions in terms of indicative financial allocations by country and by component. This financial matrix forms the link between the political framework and the budgetary process. It is revised annually, on a rolling three year basis.

The latest published MIFF is for 2009-2012. Updated figures for 2007 and 2008 are also given. The table below shows a summary by country in million Euros.

Country	2007	2008	2009	2010	2011	2012
Croatia	141.2	146.0	151.2	154.2	157.2	160,4
Former Yugoslav Republic of Macedonia	58.5	70.2	81.8	92.3	98.7	105,8
Turkey	497.2	538.7	566.4	653.7	781.9	899,5
Albania	61.0	70.7	81.2	93.2	95.0	96,9
Bosnia & Herzegovina	62.1	74.8	89.1	106.0	108.1	110,2
Montenegro	31.4	32.6	33..3	34.0	34.7	35,4
Serbia	189.7	190.9	194.8	198.7	202.7	206,8
Kosovo under UNSCR 1244	68.3	124.7	66.1	67.3	68.7	70,0
Multi-Beneficiary Programs	109.0	140.7	160.0	157.7	160.8	164,2

Based on the allocations in the MIFF, and on the priorities identified within the political framework, multi-annual indicative planning documents (MIPD) for each country (plus one for all multi-beneficiary programs) are prepared, through which the specific objectives and choices for pre-accession aid are presented by the Commission. These also cover a three-year period. The latest published MIPDs cover the period 2008-2010.

IPA components

IPA is made up of **five components**, each covering priorities defined according to the needs of the beneficiary countries.

Two following components concern all beneficiary countries.

Component I: Transition Assistance and Institution Building

Covers all institution building actions and the investments related to the *acquis communautaire*; it helps beneficiary countries build up administrative and judicial capacity and addresses, according to priority, cooperation measures not expressly covered by other components.

Component II: Cross-Border Cooperation

Supports cross-border activities among beneficiary countries and between beneficiary countries and Member States; it also covers the participation of IPA beneficiaries in ERDF (European Regional Development Fund) trans-national and interregional co–operation programs and in ENPI (European Neighbourhood Policy Funding) sea basins programs, as appropriate.

The remaining three components apply to candidate countries only:

Component III: Regional Development

Is accessible to candidate countries and emulates, to the greatest extent possible, the ERDF and Cohesion Fund, thereby giving to the beneficiary countries the highest possible approximation to Structural Funds implementation under External Aid rules.

Component IV: Human Resources Development

Accessible to candidate countries, it prepares them for the programming, implementation and management of the European Social Fund, in the framework of the European Employment Strategy.

Component V: Rural Development

Helps the candidate countries prepare for post-accession EU-funded rural development programs by implementing pre-accession assistance through systems, which are as similar as possible to those required in post accession.

IPA implementation

The way IPA is implemented depends on the status of the respective country in relation with the EU. These countries are at various stages on their road towards the EU. The implementation of the funding instruments usually involves different administrative levels and authorities. Annual or multi-annual programs (depending on the component) are designed in accordance with the strategic *MIPD*s. They are adopted by the Commission following consultation with the beneficiary countries and other stakeholders. They are implemented in one of the following three ways:

- centralized: managed by the Commission in Brussels;
- decentralized: managed by the authorities of the beneficiary country as a result of an accreditation process;
- shared: by the authorities of one of the Member States participating in the management of the cross-border program.

For example national administrations have a central role in Croatia and Turkey as candidate countries. IPA assistance to Croatia is implemented under decentralized management according to the *five IPA components*.

Country Grants

Tenders and grants for IPA assistance to enlargement countries are based on project fiches agreed between the Commission and the beneficiary countries. Check for the financial assistance sections in the *country pages*.[xxi] All grants are published on the internet.[xxii]

Multi-beneficiary programs

The multi-beneficiary programs are designed to complement the National Programs and to strengthen multi-lateral relations in the Western Balkans and Turkey. The strategy focuses on areas identified as crucial for European integration and stability in the region. Programs with a regional impact, and or those which can benefit from economies of scale or scope if implemented horizontally across a number of beneficiary countries, are funded under this envelope. They include: Regional School for Public Administration, Central European Free Trade Agreement (CEFTA), Regional Cooperation Council (RCC), and the new Civil Society Facility.

IPA Civil Society Facility

The importance of civil society has been highlighted in the *Communication from the Commission to the Council and European Parliament on the Enlargement Strategy and Main Challenges 2007–2008*.[xxiii]

The Enlargement Strategy and Main Challenges 2009-2010 document emphasizes the importance of *bringing citizens and administrations closer to the EU*. Increased participation of civil society organisations is considered important in order to strengthen the quality of democracy and the quality of the accession process. The Commission, through the implementation of the civil society facility under IPA, financed the setting up of technical support offices in each beneficiary country and an increasing number of short-term visits to EU institutions as well as the participation of some 800 people in workshops in the Western Balkans and Turkey.

The Commission will continue to support civil society partnerships giving priority to sectors such as culture, minorities and business associations. In order to better meet the needs of the region, support to *civil society development and dialogue* will be coordinated and streamlined by focusing on three areas of intervention, constituting the new civil society facility:

- Civic Initiatives and Capacity Building Support to local civic initiatives and capacity building enforcing the role of civil society;

- "People 2 People" Program - Visitor programs to EU institutions and bodies for groups with influence over decision making and society, such as journalists, young politicians, trade union leaders and teachers;

- Partnership Actions Activities carried out in partnership between civil society organisation s in the Beneficiary countries and the EU, leading to a transfer of knowledge and networks.

European Instrument for Human Rights and Democracy

The European Instrument for Democracy and Human Rights (EIDHR)[xxiv] was adopted by the European Parliament and the Council in December 2006.

This instrument takes the place of the European Initiative for Democracy and Human Rights, which was created at the initiative of the European Parliament in 1994. The entry into force of this specific instrument on 1 January 2007 makes possible to give financial support for activities that strengthen democracy and human rights in the world, under the 2007-2013 financial perspectives.

EU Community Programs

The purpose of Community Programs is to support the European Union's internal policies. They are action programs, designed primarily as means of achieving objectives set by the EU and its Member States, based on internal budget headings. However, some of the Community Programs are *open for the countries in the process of joining the EU*.

As such, they are considered to be one of the important instruments of the Pre-accession Strategy, through which the Candidate Countries are familiarized with the policies and working methods of the European Union.

The programs support the transfer of know-how and good practice, particularly in the areas of the *acquis* that will serve as a central reference point for the reform process and in line with the Accession Partnerships.

Europe for Citizens

Europe for Citizens promotes active European citizenship, puts citizens in the centre and offers them the opportunity to fully assume their responsibility as European citizens. It responds to the need to improve their participation in the building of Europe and encourages cooperation between citizens and their organisations in different countries in order to meet and act together and develop their own ideas in a European environment which goes beyond a national vision, respecting their diversity.

There are four different actions:

> *Action 1:* "Active Citizens for Europe" involves citizens directly, either through activities linked to town-twinning or through other kinds of citizens' projects;

Action 2: "Active Civil Society for Europe" is targeted to Europe-wide civil society organisations, receiving either structural support on the basis of their work program or support for trans-national projects;

Action 3: "Together for Europe" supports high visibility events, studies and information tools, addressing the widest possible audience across frontiers and making Europe more tangible for its citizens;

Action 4: "Active European Remembrance" supports the preservation of the main sites and archives associated with the deportations and the commemoration of the victims of Nazism and Stalinism.

The Program is open to the Member States of the European Union and the countries which are parties to the EEA Agreement, the candidate countries and countries from the Western Balkans, provided that certain legal and financial obligations are fulfilled.

Information on participating countries:

Countries	Situation
Croatia	Croatia is a participating country as of 5 November 2007
Former Yugoslav Republic of Macedonia (FYROM)	The former Yugoslav Republic of Macedonia is a participating country as of 19 March 2009
Turkey	Has not specified when it intends to participate
Albania	Albania is a participating country as of 28 April 2009
Bosnia and Herzegovina	Has not specified whether it intends to participate
Montenegro	Has expressed informally an interest in participating
Serbia	Has not specified whether it intends to participate

Progress - Community Program for Employment and Social Solidarity

Progress - Community Program for Employment and Social Solidarity - financially supports the implementation of the objectives of the European Union in the fields of employment and social affairs. Progress focuses on five areas:

- employment;
- social inclusion and protection;
- working conditions;
- non-discrimination and diversity;
- gender equality.

Progress has six general objectives:

- to improve the knowledge and understanding of Member States situation through analysis, evaluation and close monitoring of policies;
- to support the development of statistical tools, methods and common indicators in the areas covered by the program (broken down by gender and age group where appropriate);
- to support and monitor the implementation of Community law and policy objectives in the Member States to assess their effectiveness and impact;
- to promote networking and mutual learning and identify and disseminate good practice and innovative approaches at the EU level;
- to enhance stakeholder and general public awareness about each policy area;
- to boost the capacity of key EU networks to promote, support and further develop EU policies and objectives.

Three types of actions are funded by Progress:

- analysis;
- mutual learning, awareness and dissemination;
- support to main actors.

Progress is open to the accession and candidate countries associated to the European Union, as well as the Western Balkan countries included in the stabilization and association process. Access to the Program is open to all public and/or private bodies, actors and institutions, in particular:
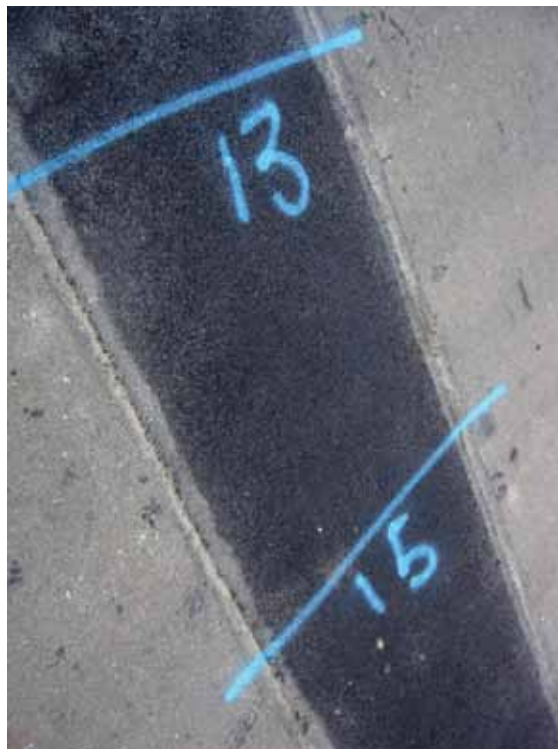
- member states;
- public employment services and their agencies;
- local and regional authorities;
- specialized bodies provided for under Community law;
- social partners;
- NGOs, in particular those organised at European level;
- higher education institutions and research institutes;
- experts in evaluation;
- national statistical offices;
- media.

Lifelong Learning Program

The Lifelong Learning Program includes various educational and training initiatives and enables individuals at all stages of their lives to pursue stimulating learning opportunities across Europe. It consists of four sub-programs:

- Comenius: for schools;
- Erasmus: for higher education;
- Leonardo da Vinci: for vocational education and training;
- Gruntvig: for adult education.

CSOs are eligible for Leonardo and Gruntvig.

A transversal program complements these four sub-programs in order to ensure that they achieve the best results. Four key activities focus on policy co-operation, languages, information and communication technologies, effective dissemination and exploitation of project results. Applicants must be established in one of the following countries:

- the 27 Member States of the European Union;
- the EFTA-EEA countries: Iceland, Liechtenstein, Norway;
- candidate countries: Turkey

In addition applicants from Croatia and the Former Yugoslav Republic of Macedonia are eligible for the following actions:

- Grundtvig and Leonardo da Vinci partnerships;
- Grundtvig in-service Training;
- Leonardo da Vinci Mobility;
- Grundtvig visits and exchanges;
- preparatory visits under all sectoral programs;
- study visits under the Key Activity 1 of the Transversal Program.

National Agencies can provide more details:

- Croatia: Agency for Mobility and EU Programs;
- Former Yugoslav Republic of Macedonia: National Agency for European Educational Programs and Mobility;
- Turkey: The Centre for EU Education and Youth Programs.

Youth in Action

Youth in Action is the EU Program for young people aged 15-28 (in some cases 13-30). It aims to inspire a sense of active citizenship, solidarity and tolerance among young Europeans and to involve them in shaping the Union´s future. It promotes mobility within and beyond the EU borders, non-formal learning and intercultural dialogue, and encourages the inclusion of all young people, regardless of their educational, social and cultural background.

The Program is structured around five Actions:

Action 1 - Youth for Europe: encourages young people´s active citizenship, participation and creativity through youth exchanges, youth initiatives and youth democracy projects

Action 2 - European Voluntary Service: helps young people to develop their sense of solidarity by participating, either individually or in groups, in non-profit, unpaid voluntary activities abroad

Action 3 - Youth in the World: promotes partnerships and exchanges among young people and youth organisations across the world

Action 4 - Youth Support Systems: includes various measures to support youth workers and youth organisation s and improve the quality of their activities

Action 5 - Support for European Co-operation in the Youth field: supports youth policy co-operation at European level, in particular by facilitating dialogue between young people and policy makers

A distinction is made between *Program Countries* and Partner Countries participation.

Program Countries are candidates for accession to the European Union – Turkey. *Neighbouring Partner Countries* are Albania, Bosnia and Herzegovina, Croatia, Former Yugoslav Republic of Macedonia (FYROM), Kosovo under UNSC Resolution 1244/1999, Montenegro, Serbia, Armenia, Azerbaijan, Belarus, Georgia, Moldova, Russian Federation, and Ukraine.

Participants and promoters from Program Countries can participate in all Actions of the Youth in Action Program. Participants and promoters from Neighbouring Partner Countries can participate in Action 2 and sub-Action 3.1 of the Youth in Action Program. Participants and promoters from Other Partner Countries of the World can participate in Action 2 and sub-Action (3.2) of the Youth in Action Program.

Accessing EU Funds

Key issues

This chapter explains how you can access available EU funds in the form of grants. You will learn about some basic principles that apply for every grant programme. Also, you will learn of the main steps of grants awarding such as:

- call for proposals;
- selection of projects;
- award of projects;
- contracting, reporting and payments;
- implementation of EU funded projects.

Finally, you will be instructed on how to you use some concrete tools that will help you to prepare your organisation to access EU Funds.

Accessing EU Funds

The EU Commission awards money in the form of grants from the EU Budget or from the European Development Fund in order to implement projects or activities in relation to European Union policies.

Grants are awarded in fields as diverse as research, education, health, consumer protection, protection of the environment and humanitarian aid. Since grants cover such a diverse range of fields, the specific conditions that need to be fulfilled vary from one program to another. It is therefore important to make efforts to know your prospect by consulting carefully the Internet to find out the rules and conditions of each grant program, as well as the application process.

However, some basic principles apply for every grant program:

- EU Grants are a form of complementary financing. The EU does not in general finance projects up to 100% requiring co-financing by the grant beneficiary. Depending on the specific requirements, co-financing can be done from the grantee's own resources or in-kind contribution or through financial transfers from third parties;

- EU Grants allow a given operation to break even financially and cannot lead to a profit for their beneficiaries;

- EU Grants cannot be awarded retroactively for actions that are completed before the grant approval;

- only one grant can be awarded for the same action;

- grants are based on the reimbursement of the eligible costs, in other words, costs effectively incurred by the beneficiaries that are deemed necessary for carrying out the activities in question;

- the results of the actions remain the property of the beneficiaries;

- grants are subject to a written agreement signed by the two parties.

What grants are awarded is decided through annual or multi-annual programming done by Departments of the European Commission or other designated authorities that manage grant programs. They publish their Annual Work Programs on their Internet sites.

The programs fix the broad outlines of the grants that are envisaged over the year, such as the area of activity, objectives, timetable, available budget and award conditions. Any substantial change in the work program during the relevant year must also be published in the same conditions as the initial work program.

EU development assistance is distributed through multi-annual programs, which are coordinated for the Western Balkans and Turkey by the Directorate General for Enlargement and External Relations.

When formulating and managing these programs, the Commission consults the authorities in partner countries and this result in an agreed country and regional strategy paper, which includes the multi-annual national indicative program. In these documents socio-economic indicators in the EU and its partner countries' priorities are reviewed, problems and opportunities which can be addressed through co-operation are identified, and main objectives and sectoral priorities for cooperation are then decided in order to provide a relevant framework within which programs and projects can be defined and developed.

There are strict rules governing the way in which grants are awarded, subject to the principles of programming, transparency and equal treatment. The main steps of grant awarding are:

Call for Proposals

By consulting the work programs you may identify the fields which are of interest to you. But in order to apply you have to wait till the Managing Authorities publish the Calls for Proposals through which they invite candidates to present, within a given deadline, a proposal for actions that correspond to the announced objectives and fulfil the required conditions. These calls for proposals are published on the Managing Authorities internet sites, in the Official Journal of the European Union – C series, on the EuropeAid website or locally.

Guidelines for Applicants

The Guidelines for Applicants give details about the:

- purpose of the Call for Proposals, its objectives and priorities;
- rules regarding the eligibility of applicants and partners;
- types of action and costs which are eligible for financing;
- evaluation (selection and award) criteria;

- instructions on how to fill in the application form, what to annex to it and what procedures to follow for applying;
- information on the evaluation process that will follow (including an indicative timetable) and the contractual conditions, which will apply to successful applicants.

The Guidelines for Applicants are published together with the Application Form and Annexes on the Internet, on the EuropeAid website and, when the Contracting Authority is not a service of the European Commission headquarters, locally (in specialized press, local publications, etc.). They are available in the languages appropriate to the context of the Call for Proposals.

The Application Form

Is structured as follows:

- a concept note;
- information about the action proposed, including its budget;
- information about the applicant;
- information about partners.

The Annexes

Include declarations and supporting documents, originals or photocopies. If the supporting documents are not written in one of the EU official languages or, if applicable, in the language of the country of implementation, a translation of the documents that prove applicant eligibility may be required.

Proposals must be submitted to the Contracting Authority at the address and, at the very latest, by the date (and time in case of hand-delivery) indicated in the Call for Proposals, as evidenced by the date of dispatch, the postmark or the date of the deposit slip (in case of hand-deliveries, the deadline for receipt is on the date and hour fixed in the guidelines).

Selection of projects and award of grants

Eligibility criteria

The established criteria shall comply with the principles of transparency and non-discrimination and relate to two different aspects:

- Eligibility of applicant and partners: their legal and administrative status should correspond with the criteria defined in the Call for Proposals. If a Call for Proposals relates to an action to be implemented in partnership, the minimum number of

partners and the eligibility criteria applicable to each of the partners of the lead applicant must be specified. The eligibility criteria applicable to the lead applicant and to partners may differ. The applicant eligibility is assessed based on the Declaration and the criteria set out in the Guidelines for Applicants. The Declaration by the applicant should be in conformity with the supporting documents requested. Any missing supporting document or any incoherence between the Declaration and the supporting documents will lead to the rejection of the proposal. Are the applicant and the partners eligible?

- Eligibility of the action: this refers to the types of activities, sectors or themes and geographical areas covered by the Call for Proposals, set out in the Guidelines for Applicants. Taking into account the Good Administrative Practices, the Evaluation Committee can exclude an applicant at any stage of the evaluation process whenever it is obvious that the latter does not meet the eligibility criteria.

Evaluation criteria

The evaluation criteria consist of selection and award criteria, all of which are defined in the evaluation grids.

- the selection criteria are used to assess the applicant's financial and operational capacity to complete the proposed action. The applicant must have stable and sufficient sources of funding to maintain its activity throughout the period during which the action is being carried out and to participate, where appropriate, in its funding. Applicants and their partners must also have the necessary professional competencies and qualifications to complete the proposed action. The verification of the financial capacity is based in particular on an analysis of the supporting documents requested from the applicants and does not apply to individual scholarships, public bodies or international organisations;

- the award criteria are used to assess the quality of proposals against the set objectives and priorities, so that grants are awarded to the actions which maximize the overall effectiveness of the call for proposals. The award criteria relate, in particular, to the relevance of the action and its compatibility with the objectives of the grant program under which the Call for Proposals is being financed, to the quality, expected impact and sustainability of the action, and to its cost effectiveness.

These criteria enable the Contracting Authority to select and award proposals which comply with its objectives and priorities and guarantee the visibility of the EU financing.

Stages in the evaluation process

The evaluation process starts with the receipt of the concept notes/proposals by the Contracting Authority, and ends with the decision to award grants to the selected applicants.

The following main steps are followed:

- receiving the proposals: the Contracting Authority must register them and provide a receipt for those delivered by hand. The envelopes must remain sealed and be kept in a safe place until they are opened;

- administrative check: The proposals having met the deadline are subject to an administrative check, through which is assessed whether they satisfy all the items mentioned in the checklist. Incomplete dossiers are disqualified from the evaluation process. However, the call for proposals defines if the applicant is rejected or is invited to submit a clarification within the deadline fixed by the Evaluation Committee;

- acknowledging reception of proposals: the Contracting Authority will send a standard letter to applicants that includes a statement indicating whether or not their application was submitted within the deadline, informing them of the reference number they have been allocated, whether their application has satisfied all the items mentioned in the checklist and whether their concept note has been recommended for further evaluation;

- Examination and evaluation of proposals: all applications are examined and evaluated on the basis of criteria that have been clearly announced in the calls for proposals, while ensuring equal treatment. The quality of an application is assessed on the basis of the evaluation grid containing the selection and award criteria. Comments are made for each heading on the basis of the questions and criteria used for that heading. In particular cases, comments may need to be made for specific subheadings. The overall assessment is based on the scores obtained under each subheading, added up by heading;

- sending a standard letter to applicants Once the required approvals received, the Contracting Authority sends a standard letter stating whether their proposal has been provisionally selected according to their score, and inviting those whose proposals have been provisionally selected to provide the required supporting documents. Candidates are individually informed of the final decision concerning their proposal.

As grants are made with public money, the European Commission applies the principle of transparency. Thus, the Commission Departments and/or other management authorities for the management of EU funded grant schemes publish on their Internet sites the list of the grants that they awarded during the previous year, with the exception of those awarded in the form of scholarships to individuals.

Contracting, reporting and payments

The standard grant contract recognizes the beneficiary's independence of action and lays down the management rules accordingly. In particular, it allows the recipient to adapt or modify the action without the prior consent of the Contracting Authority provided that the modifications are not substantial and do not result in a change of more than 15% to any budget heading.

Payment procedures may vary but in general they include:

- a first pre-financing payment, which covers either 80% of the amount of the contract or 80% of the first annual budget, paid after both parties have signed the contract;

- subsequently, in the case of contracts for large amounts, an interim report (technical and financial) and payment request must be sent once a year as soon as 70% of the previous payment (and 100% of earlier ones) has been used up;

- a new payment of pre-financing is made on that basis. Where the consumption of the previous pre-financing is less than 70%, the amount of the new pre-financing payment shall be reduced by the unused amounts of the previous pre-financing payment. The balance is paid on approval of the final report;

- the EU finances a specific percentage of the total eligible costs rather than a particular part of the action. If at the end of the action, the actual eligible cost is lower than anticipated, the grant will be reduced proportionately;

- an expenditure verification report is attached to the final report were the grant is of more than € 100,000, to a request for further pre-financing in the case of grants of € 750,000 or more and in the case of an operating grant to a request for payment of over € 100,000 for the financial year;

- a financial guarantee for up to the same amount as the pre-financing is required where pre-financing represents over 80% of the total amount of the grant. Instead of asking such a financial guarantee, the Contracting Authority can also decide to split the payments into several instalments;

- ahe beneficiary must keep documents for a period of seven years after payment of the balance and up to the date of the prescription of any dispute in regard to the law which governed the contract. During and after this period, the Contracting Authority will treat the personal data in conformity with its privacy policy.

Implementation of EU funded projects

Modifying grant contracts

The modifications must not have the purpose or the effect of making such changes to the contract as would call into question the grant award decision or be contrary to the equal treatment of applicants. The maximum amount of the grant may not be increased. Preparing an addendum may sometime take a substantial amount of time.

Procurement

If the implementation of an action involves the procurement of services, supplies or works by the grant beneficiary, the contract award procedures specified in Annex IV of the grant contract must be applied for each procurement contract. This contract must be awarded to the best value for money tender (the tender offering the best price-quality ratio), in accordance with the principles of transparency and fair competition for potential contractors and taking care to avoid any conflicts of interest.

Re-granting

If the action requires financial support to be given to third parties (re-granting), it may be given on the condition that the financial support is not the primary aim of the action and that the conditions for giving such support are strictly defined in the grant contract. The grant contract must therefore specify:

- the minimum and maximum amounts of financial support that can be paid to a third party and criteria for determining the exact amount;

- the different types of activities that may receive such financial support on the basis of a fixed list;

- the maximum amount of financial support that can be paid to third parties by a beneficiary is € 100,000 with a maximum of € 10,000 per each third party.

Co-financing

Although EU grants can in some circumstances provide 100% of the eligible costs of the financing for a program or project, the general rule is that the beneficiary (whether a public authority, SME or NGO) contributes also to cover the costs, through co-financing. Each program has specific rules on the required level of co-financing.

- co-financing based on other EU funds is prohibited;

- no "double financing" is allowed either. What is double financing? It is a polite way to describe submitting the same item of expenditure (a specific cost) to different sources separately (either EU, national or regional) in order to obtain financial support from all of them. In other words, it is a fraudulent abuse of public money and is clearly prohibited.
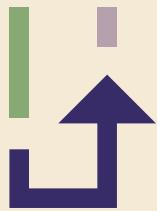
Developing a Fundraising Strategy

Key issues

This chapter explains how you can develop a Fundraising Strategy for your organisation. It also links to the concrete tools to be found in the Toolbox that will help you to do this task successfully.

Developing a Fundraising Strategy

Your organisation's fundraising strategy is part of your organisation's strategic plan, it is a plan within a plan. The steps of elaborating strategic plans or fundraising plans that follow are: analyse the Present (where we are), imagine the desired Future (where we want to be) and find the Ways how to go there.

How to go there

Where we are

Where we want to be
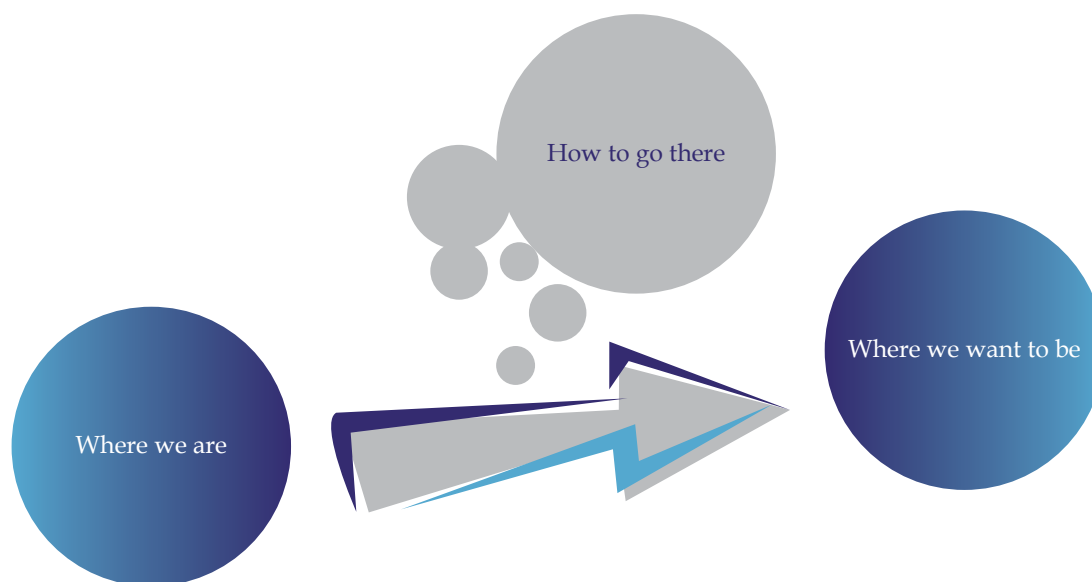
The planning processes are defined by the:

- time frames they cover;
- degree of specificity, detail and clarity with which Present, Future and Solutions are described.

The closer in time we are to the problems of the present or to the desired situations of the future, the more specifically and clearly we can see them as well as the way to go from where we are to where we want to be.

Action planning includes short-term time frames and specific actions to solve immediate problems and achieve clear, detailed objectives or results.

Strategic planning includes long-term or medium-term time frames and more general activities to solve complex problems and achieve less specific, less detailed visions or strategic objectives.

Where we are: the Present

The present can be described by the problems that hinder us and by the opportunities that help us.

Problems are unfavourable circumstances and obstacles which prevent us getting from where we are to where we want to be, which prevent us from achieving our desired future. Problems are situations we want to change. Instead of the word "problem" people often use other words. Some of them have negative connotation, such as difficulties or obstacles; others are more neutral such as issues or situations, and others even have positive connotations, such as challenges or opportunities.

Opportunities are favourable or advantageous combinations of circumstances that could help us get from where we are to where we want to be in our desired future.

Many problems can be perceived also as opportunities. Identifying and defining the real problems is one of the most important (and difficult) steps in the planning process.

In that sense we have to avoid the risk of focusing on symptoms because the real problems will persist, or to focus on solutions because other useful solutions will be ignored or neglected.

Where do we want to be: the Future

The Vision is the description of a distant desired Future. The Objective describes a desired future that is closer in time or less complex compared to the Vision.

Objectives can be defined in two ways:

- starting from Problem definition: by turning the problem negative statement into a positive one, describing the desired situation when the problem was solved, the obstacle was removed or the opportunity was met;

- starting from Vision: by identifying specific fields in the Vision and making a more detailed description of these fields, as desired steps to be achieved on the way towards the Vision.

Depending on the degree of specificity and clarity, the Objectives can be Strategic Objectives, Program Objectives or Project Objectives that are all descriptions of the desired Future, closer and closer to the present time and, for that reason, more specific and clear.

How to Get There: the Solutions

The Strategies define how to go from where we are to where we want to be in the future. Strategies can be formed by:

- sets of Programs that define how to achieve Strategic Objectives;

- sets of Projects that define how to achieve Programs Objectives;

- sets of Activities that define how to achieve Projects Objectives;

In order to be implemented, a strategy, a program, a project or an activity should have:

- the commitment, support or acceptance of key stakeholders;

- access to specific resources: human, material, informational (technically and financially achievable);

- a schedule in time, such as a duration, correlation with other strategies, programs, projects or activities).

Your organisation's Strategic Plan is a blueprint for carrying out your mission.

- it looks at your organisation's existing situation using different frames of analysis;

- it describes the desired future synthesized in your organisation's mission and vision;

- it identifies what programs, services and activities you will implement in order to achieve it.

Based on it you can establish your organisation's budget, because knowing what is to be done and how allows costs to be evaluated and revenues to be balanced against expenses.

Your fundraising strategy identifies the solutions that assure your organisation's financial sustainability, meaning the long-term ability to achieve its mission. Sustainable funding is about moving beyond the short term project cycles to a more durable, dependable and diverse income base. The fundraising strategy identifies:

- all potential funding sources necessary to achieve your fundraising goal, which is a certain amount of revenues needed to cover the specific programs, activities or services costs;

- the actions to be taken to access the identified funding sources;

- who will be responsible for taking the respective actions and when;

- what is the cost of taking them and what other resources are needed

Like the strategic plan, the fundraising strategy is a living document that is periodically reviewed by staff, management and the board, and has to be developed before you start making funding applications. It is not a document meant to be written and then forgotten, nor should it prevent an organisation from responding to funding opportunities that come up unexpectedly.

All important stakeholders should be involved in the strategic planning process such as the head of the organisation, the board chairperson, key staff members, board members, other volunteers or advisory group members all need to agree with the fundraising goals and the plan for achieving those goals. You have to remember that consensus can be achieved by involving in the plan's design those from whom you are seeking consensus.

Toolbox

- Knowing your organisation better
- Elaborating fundraising strategies
- Accessing EU funds

Toolbox

The following Tools will help you in:

Knowing your organisation better

Tool 1: How principled is your organisation?

You will become aware about the principles your organisation should follow in order to be trusted by founders.

Tool 2: How is your fundraising activity progressing?

You will identify problems in your organisation's fundraising activities.

Tool 3: Is your organisation ready to change?

You will identify the level of resistance to change in your organisation.

Tool 4: Is your organisation ready for self-financing?

You will become aware about the necessary preconditions to be fulfilled before deciding to start self-financed activities.

Tool 5: Are responsibilities clearly divided in your organisation?

You will check how clearly the responsibilities are divided in your organisation.

Tool 6: What are your organisation's Strengths, Weaknesses, Opportunities and Threats?

You will elaborate a SWOT analysis of your organisation.

Tool 7: What are your main sources of funding?

You will analyze your organisation's sources of funding.

Tool 8: What are your most needed and cost effective services and products?

You will analyze your organisation's services and product sustainability.

Elaborating fundraising strategies

Tool 9: Why do a strategic plan?

You will identify the main reasons for starting a strategic planning process.

Tool 10: Organisation development strategies

You can use the proposed forms to elaborate strategies for their organisational development.

Tool 11: Fundraising strategies

You can use the proposed forms to elaborate fundraising strategies and action plans, based on your organisation's development strategies, in order to assure its financial sustainability.

Accessing EU funds

Tool 12: Evaluating your project team's effectiveness and your own behaviour in team work

You will evaluate how effective is your project team.

Tool 13: Partner's organisational capacity analysis

You will use the spider diagram to analyse your partners' organisational capacity.

Tool 14: Evaluating a project

You will use in your project team an evaluation grid to evaluate a project, in order to better understand the evaluation criteria and the different points of view evaluators may have.

Tool 15: Evaluating your organisation's administrative and project management capacity during project implementation

You will use a questionnaire to assess your organisation's administrative and project management capacity.

Tool 1

How principled is your organisation?

Objective

Sustainable funding can be achieved only by gaining the trust of the potential or actual founders. The objective of this exercise is to highlight the qualities that NGOs should have in order to build the trust of their founders and achieve financial sustainability.

Process

Imagine that your organisation is a person and asks your support for implementing some activities that you think are worth doing. To what kind of a person will you be open to providing your support? Imagine which qualities, behaviour and attitudes might be appropriate.

Take a piece of paper and jot down the qualities of this person. Ask your colleagues to do the same and compare your ideas.

Group all your ideas into the following four main categories:

- integrity
- accountability
- transparency
- professional and managerial capacity

Think about your organisation and discuss with your colleagues how close your organisation is to this ideal situation:

- what qualities exist?
- what qualities are missing and should you work on developing them?

Tool 2[1]

How is your fundraising activity progressing?

Objective

Completing the questionnaire below will help you identify problems that are obstacles for your organisation in carrying out effective fundraising.

Process

Try to answer the following questions truthfully. Answer each question with one of the four options below, and after you have finished the test, sum up your points. Then go to the page that explains how to interpret your result.

Definitely = 4 points, Yes, but could be better=3 points, No=2 points, don't know=1 point

	Questions	Points
1	Does your organisation have a mission statement that is clearly defined, fully understood and completely accepted by all its members?	
2	Are you certain that your organisation's programs/services/products address critical needs of your target beneficiaries?	
3	Are your organisation's main programs/services/products built on your organisation' strengths?	
4	Has your organisation a strategic plan elaborated for a period of (at least) 3 years?	
5	Has your organisation a fundraising plan elaborated for a period of 1-2 years?	
6	Has your organisation an annual budget (revenues and expenses)?	
7	Has your organisation been financially stable over the last three years, covering its costs or achieving a positive financial result?	
8	Do you know what your operational annual budget numbers are?	
9	Do you understand the difference between operating funds, reserve funds, and endowments?	
10	Has your organisation a multi-annual budget?	
11	Does your organisation have (or are you planning to have) a competent employee who is (or will be) responsible for coordinating fundraising activities for your organisation?	
12	Do you have full access to information about what your organisation is, what it does, and why money is needed in the furtherance of what goal?	

13	Do you know the managers and program coordinators of the foundations and/or corporations that support the programs you are responsible for?	
14	Are the members of your board of directors actively involved in some form of fundraising for your organisation?	
15	Does your board of directors include a representative of a company?	
16	Does your organisation receive support from diverse enough funding sources?	
17	Do you have enough (up-to-date) information about your current funding sources – for example, the history of the company or foundation, their mission, their priorities this year, and other specific details about them?	
18	Does your organisation possess an archive of previous annual reports, applications for grants or database of gifts from your donors?	
19	Do you submit your grant applications on time and in full compliance with donor's requirements?	
20	Are your grant applications easy to read, carefully designed and with an attractive layout?	
21	Do you submit reports on supported projects to your donors on time and in full compliance with their requirements?	
22	Do you always present compelling cases for support that not only state the amounts you need, but present the reasons why your organisation merits support?	
23	Do you always rigorously evaluate the giving potential of the funding sources before you approach them?	
24	Do you have information on corporations supporting non-profit activities in your country or region?	
25	Are your target beneficiaries willing or able to pay for your services/products?	
26	If the answer is definitely yes, have you developed a specific and realistic business plan to approach the target beneficiaries as a source of income?	
27	Are you financially capable of working without any profit from selling your services/products for at least three years (or even cover a certain loss resulting from your business activities)?	
28	Do you know any key donors who may be able to provide planned, regular contributions to organisation s like yours in the future?	
29	Do you announce results, give recognition, and thank donors and volunteers, after a successful fundraising campaign?	
30	Do you cultivate donors by inviting them to events, annual meetings, and site visits and issuing newsletters and other communications, making sure that they hear from you at times other than when you are asking for money?	
	TOTAL POINTS	

How to interpret the information generated by this questionnaire:

120-105 points:

Congratulations! If you have answered truthfully and your organisation really has achieved such a high number of points, then please do not keep your knowledge to yourself. It is high time to help other organisations. Tell them what you have experienced, and what you have learned about fundraising. If your organisation is still unsuccessful in obtaining sufficient funds, then your organisation has almost certainly experienced very rapid growth. It is probably a good time to think about other, more demanding approaches. What about selling your services/products through commercial activities? Or building a strategic partnership with a commercial entity? If this is not the case, then ask yourself a question – is everything really satisfactory in regard to your mission? Do people still need you as much as they did at the start?

104-82 points:

You are on the right track. Make a note of those areas where you received less than 4 points and propose a discussion on them at your organisation's next strategic meeting. It is always possible to improve. And if it is not your practice to call strategic meetings for long-term planning, then if you are serious about fundraising, it is time to begin.

30-81 points:

Do not complain about uncompromising donors. Do not envy others who have more success in fundraising. It is probably not by chance. It is much more difficult to change your donors than the habits in your non-profit organisation. Go through each question in this mini-test once more, and pay particular attention to those where your response was "I don't know". Perhaps your strategy for obtaining funds is not completely under control; maybe this activity is only spontaneous and unplanned. Don't wonder why you are constantly struggling with enormous fluctuations in financing for your organisation's programs. Such uncertainty is probably unsettling for everyone, and presents a significant obstacle to long-term considerations concerning what you want to do, and what you will actually do in coming years. If you answer, "that depends on how much money we get", it may not provide the best outlook for the future of your organisation. Perhaps you should approach the situation more proactively. First clarify what you really want to do – things that are genuinely necessary – and once you have done this, concentrate your efforts upon creative fundraising in accordance with this plan.

Tool 3[2]

Is your organisation ready to change?

Objective

In case you decided to make changes in your organisation, in order to improve your fundraising capability, it is useful to go through this exercise in order to be prepared to implement the planned changes.

Process

Mark the answers that are relevant to your organisation. Check your perceptions with the opinions of your colleagues and agree on the answers that are best suited to your organisation's situation.

1. In the past, the changes planned in your organisation were:
   - supported by the entire staff;
   - not very well understood and faced resistance;
   - rejected.

2. Your organisation's staff and volunteers are:
   - innovative and independent;
   - dependent and passive;
   - conservative, resistant to change.

3. The latest and best-known change is perceived as being:
   - successful;
   - moderately successful, without a significant positive impact;
   - failure.

4. Change is expected to lead to:
   - agreement – by the entire organisation;
   - agreement solely in the management or board;
   - disagreement and ambiguity.

5. People directly influenced by the planned changes:

- can fully describe them;
- can describe only how their own department and activities will be affected by them;
- cannot describe them at all.

6. The expected impact of changes were in the past:

- identified in detail;
- weakly defined;
- not defined.

7. The current operation of the organisation needs:

- substantial change;
- certain change in key area;
- no change.

8. Problems and need for change were first identified by:

- regular staff (people who are directly affected by problems);
- the organisation's leadership;
- clients/donors and sponsors;
- external consultants.

9. The people directly affected view the proposed changes as:

- beneficial for the entire organisation;
- beneficial only for parts of the organisation;
- just an event that brings no substantial benefits.

10. The organisation's management/board gives to the change the following degree of support:

- enthusiastic;
- limited;
- ambiguous.

11. Management of the organisation:

- provides significant resources for the planned changes' implementation (financial, time and material resources);

- expects the change to be implemented with the existing resources;
- does not provide nor plan the necessary resources.

12.   Management views the process of performance assessment as a:
- substantial part of the managerial responsibility;
- routine;
- barrier to effective operations.

13.   The proposed change creates problems in the organisation's operations:
- directly;
- indirectly;
- not at all.

14.   The proposed change:
- will make work financially and otherwise more attractive;
- will make work easier and more satisfying;
- will replace old tasks with new requirements and will make the work more difficult.

15.   Technically speaking, the proposed change is:
- similar to those conducted in past;
- new;
- ambiguous.

How to interpret your results: some advice

If in answering questions 1-3 you have identified problems concerning previous changes in your organisation such as resistance to implement changes, low understanding of the planned changes, staff reservations towards changes because of their limited or small impact in the past, then the following advice is in order:

- ensure everyone is thoroughly informed. Make the access to information easy for everyone. Clearly explain plans and take measures so that staff can easily address management with questions, doubts and requirements for explanations during the process of change;
- ensure that the change will be permanent and unambiguous by showing its practical and obvious effects with practical examples. Explain the change using

terms staff understand and find important. Show how the change is aligned with the mission and plan of your organisation. Pay time and effort to thoroughly prepare a presentation showing how the organisation will look after the changes are implemented;

- prepare carefully: diagnose the organisation, spend time with individuals and groups, and build trust, understanding and support;

- involve people by giving feedback to their proposals. Ask them to develop a list of questions that bother them about the planned changes and make management discuss all these questions with staff;

- begin with small and successful steps. Make the first experiments with an advanced group of staff, in a department with a history of success. Implement changes in clear phases;

- plan for success: begin with items that can pay out easily and quickly. Publicize the first successes. Give positive feedback to those involved, and give compliments.

If in answering questions 4-9 you identified problems concerning the fact that people have different opinions about the planned changes, they do not know what to expect, or the change is not perceived as important or is only connected with career development, then the following advice is important:

- make clear the benefits the changes will bring to those affected by them, to the organisation's staff, volunteers, clients and donors;

- diminish surprises to a minimum possible level by clarifying all positive and negative impacts of the planned changes. Identify possible problems that may occur and when these may happen;

- inform staff about the planned steps in advance, regularly and through various communication channels. Ask for feedback. Don't suppress opposing voices and negative opinions; listen carefully to fears and reservations and respond openly to them;

- introduce the situation clearly by showing who wants the change and why. Explain long-term advantages and identify common benefits. Highlight and analyse potential problems clearly and in advance.

If in answering questions 10-12 you identified problems concerning the fact that the organisation's management has ambiguously formulated its support for change or that management has not allocated appropriate resources for change and has no clear idea how to assess the progress of change, then the following advice and solutions are pertinent:

- strengthen your expert position (advisor, consultant) through a convincing presentation in front of the organisation management and board;

- define partial objectives and indicators to measure if they have been achieved, with specific time tables. Agree on a system for monitoring the process of transformation. Organise regular meetings to assess the progress.

If in answering questions 13-15 you identified problems such as the fact that changes are being met with low levels of acceptability, the fact that the planned change is not aligned with other plans, the objectives to be achieved are not clear and their impact is not well estimated, then we have the following advice:

- emphasize that the organisational change is a task as important as any other day-to-day tasks of the organisation;

- start the implementation of change with the people who support it, those being more flexible and ready to adapt to new situations. Start in those parts of the organisation where it is strongly supported. Try to understand why people support the change, such as in the interests of their career, for a reward or in the benefit of organisational politics, and adapt the strategy of change to these motivations;

- do not be stubborn in imposing the change. If you get into conflicts discuss the reasons for these conflicts; do not implement the change without discussion.

Tool 4[3]

Is your organisation ready for self-financing?

Objective

If your organisation wants to start self-financing activities, then take a look at the following exercise. It will help you find out how ready your organisation is for this step, what the risks are and what strategies you may have ready to address them.

Process

Count the number of times your answer is "yes": the more times you have, the more ready is your organisation to engage in self-financing activities. Every "no" answer helps you identify problems that may jeopardize the successful realization of your business plan, or have negative effects on your organisation. Careful planning is important otherwise you may end up with frustrated employees, angry members and supporters, and most worryingly, you may end with large debts.

1. Is your organisation determined to dedicate itself to self-financing over the long -term (10-15 years)?

2. Do your employees support the idea of self-financing?

3. Is there a general agreement in your organisation on how future income/profits from the self-financing activities will be used?

4. Are the employees, the board of directors, and members willing to make a greater effort outside the framework of their usual activities) in order to ensure that self-financing is a success?

5. Have you developed a specific and realistic business plan?

6. In the event of failure, do you have an alternative plan?

7. Has your organisation been financially stable over the last three years, ie. in covering its costs or achieving a positive financial result?

8. Are you financially capable of working without any profit from self-financing for at least three years (or even covering a certain loss resulting from your business activities)?

Tool 5[4]

Are responsibilities clearly divided in your organisation?

Objective

In order to be financially sustainable, you should have a well functioning organisation. Through this exercise you can determine if the responsibilities in your organisation are clearly divided and for which activities. If not, you still need to decide who is responsible for what.

Process

Discuss with your colleagues and identify who from your organisation is responsible for the following activities: the Executive Director? Board members? Heads of Departments? Employed staff? Or members? Nobody?

1. Deciding who should go on a two-week training course abroad;
2. Obtaining finances for the organisation's operation;
3. Approving (or rejecting) candidates for volunteer work in the organisation;
4. Calling a repair service when the photocopier or the internet breaks;
5. Choosing/appointing the executive director;
6. Defining/redefining the organisation's mission;
7. Being accountable for the consequences of financial discrepancies in projects' budget execution;
8. Holding an interview with a journalist when describing the organisation's activities;
9. Preparing and drafting the annual report;
10. Meeting donors or sponsors;
11. Resolving a conflict between two employees;
12. Monitoring and controlling the effectiveness of projects or programs and the organisation's activities;
13. Writing ongoing reports on projects;
14. Handling telephone calls, faxes, and mail;

15. Handling the organisation's accounts;

16. Initiating new, creative activities;

17. Contacting new (potential) employees;

18. Writing press denials concerning false information about the organisation's financial practices;

19. Selecting and approving new board members;

20. Applying with new projects to different funding sources;

21. Starting self-financing activities;

22. Deciding to buy new equipment/furniture.

Tool 6

What are your organisation's strengths, weaknesses, opportunities and threats?

Objective

This exercise (SWOT Analysis) helps you identify your organisation's strengths and weaknesses, as well as the opportunities and threats in the outside environment that may support or hinder its mission achievement.

Process

Discuss with your colleagues and complete the table below. You can interpret the information generated by this analysis by answering one or more of the following questions:

- are the programs, services or products through which your organisation achieves its mission built on its strengths?

- has your organisation used all the main opportunities that present themselves?

- have you planned scenarios to face foreseen threats if they become reality?

- have you planned remedial actions in order to address your organisation's weaknesses that are real obstacles to assuring its sustainability?

Internal Environment

Strengths	Weaknesses
Opportunities	Threats

External Environment

Tool 7

What are your main sources of funding?

Objective

Through this exercise you can identify the type of funding sources your organisation is reliant upon and think about strategies to assure your organisation 's financial sustainability by (1) expanding the diversity of your funding sources (2) strengthening the loyalty of a few important founders and (3) assuring independent revenues through self-financing activities.

Process

Complete the table:

- list the sources of funding you were able to access in the last years;

- identify if they are in the group of supporters or target beneficiaries and in what forms you received the funds from them, ie. As grants, fees or gifts.

You can interpret the data you generated by answering one or more of the following questions:

- who are the 20% sources of funding that provided 80% of the organisations' revenues? Are they due to stay for the foreseeable future in your region? (Maybe you identified the threat that these sources of funding are leaving your region?) Are there ways to gain their loyalty and continuous support?

- how diverse is your funding base? Do not forget the old proverb which says do not put all your eggs in one basket?

- could you think about changing one source from supporter to beneficiary? For instance, by paying you fees for your services?

- could you think of your existing target beneficiaries as becoming sources of funding?

- can you expand your target beneficiaries to have new sources of funding, once again without forgetting about your mission and values and principles?

Existing Funding Sources	Forms of receiving the funds	
	Supporters	Beneficiaries

Tool 8

What are your most needed and cost effective services and products?

Objective

Through this exercise you can analyse your existing services and products and decide (1) which are those you should continue to deliver or develop and (2) what are those you should cease to deliver in order to be financially stable and at the same time address the needs of your target beneficiaries?

Process

Introduce your programs, services or products in the box where you think they belong based on two criteria: how much your target beneficiaries need them and to what extent you are currently covering your costs of delivering and or providing them. You do not need specific budget numbers to do this, just rely on a rough estimation based on your past experience.

- development costs are recovered: this means that the revenues generated by delivering or providing the program, service or product cover not only the direct, indirect and overhead costs, but means you are able to save money for your organisation's reserve fund for future development;

- full costs are recovered: means that the revenues generated cover the direct, indirect and overhead costs, without any possibility of making economies;

- direct and indirect costs are recovered: means that the revenues generated cover only the direct and indirect costs incurred by the respective program or product delivery and do not contribute to covering the overhead costs;

- deficit: means that the revenues generated cover only direct costs and you have to subsidize the rest of the costs.

Your organisation 's level of costs recovery	Beneficiaries level of need for the respective service/product		
	Critical Need	Need	Little Need
Development costs are recovered			
Full costs are recovered			
Direct and indirect costs are recovered			
Deficit			

Tool 9[5]

Why do a strategic plan?

Objective

Through this exercise you will identify and agree with your colleagues on the main reasons for starting a strategic planning process in your organisation.

Process

Think about what is your experience concerning the benefits of strategic planning and try to make a list of reasons why your organisation should plan strategically. Discuss your ideas with the other members of your organisation. It is important that before you begin to commit resources and time to the strategic planning process you all agree on the answers to the question: Why should we elaborate a strategic plan?

Our organisation should elaborate a strategic plan because:

_____

_____

_____

_____

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_____

[5] *Adapted from NGO Management and Leadership, by Peter Robl, Dušan Ondrušek, Maja Zelenáková, 2002*

Tool 10

Organisation development strategies

Objective

You can use the following 3 forms to help you formulate strategies for your organisation's development

Process

Complete this forms together with your colleagues. Involve board members and beneficiaries, if possible. Use the data generated through the previous tools that helped you diagnose the existing situation.

Form 1: the Desired Future

Organisation Mission

Your organisation's mission statement describes clearly and attractively:

- why your organisation exists: the reason for which it has been established, the problems it wants to solve or the changes or solutions it wants to promote;

- for whom your organisation works: who it serves, who are its target beneficiaries;

- how your organisation is meant to work: the principles that are guiding its work;

- where your organisation wants to work and have an influence: the geographical area it is targeting.

Organisational Desired Future: the Vision

Imagine yourself 2-3 years from now working for your organisation that is achieving its mission. Describe what you see about your organisation: its size, location, people, beneficiaries, activities, and outsiders' perception of it

Form 2: How to go from the Present to the Desired Future:

Plan your programs, services and products

In order to achieve your Mission and Vision, based on the information generated by the different frames of analysis of the existing situation, decide for the next two years what will be the main programs, services or products you want to deliver. Think about:

- what do you want to keep doing?

- what you want to change in what you are doing? What do you want to eliminate?

- what new program or service or product do you want to deliver?

Taking into account both criteria when completing this table, you may decide to maintain program and product delivery even if it creates deficit, because you perceive that there is a critical need for it and the deficit can be covered by other programs or services. Or you may consider keeping your programs or products or creating new ones as long term investment, if you foresee it moving up on the level of cost recovery in the next years, and even if it creates deficit this and the following year.

Your organisation's level of costs recovery	Beneficiaries' level of need for the respective service or product		
	Critical Need	Need	Little Need
Development costs are recovered			
Full costs are recovered			
Direct and indirect costs are recovered			
Deficit			

Form 3: Activities and programs/services/products

Plan roughly in a timeframe of the next two years, in the following Gantt chart, the activities you will undertake to improve your organisation's fundraising capacity and the programs/services/products you want to deliver:

Programs/Services/Products	Year 1				Year 2			
	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12

Tool 11

Fundraising strategic plan

Objective

You can use the following 2 forms to help you formulate fundraising strategies and action plans, based on your organisation's development strategies, and in order to assure its financial sustainability

Process

Complete the forms together with your colleagues. Involve board members and beneficiaries, if possible. Use the data generated through the previous tools that helped you elaborate a strategic plan for your organisation for the next two years.

Form 1: What you want and knowing your prospect

Costs & Sources of Funding

In order to complete this table you need to:

- evaluate roughly the costs of the planned activities, programs or services or products. Do take into account your organisation's overhead costs, such as organisational audit, marketing, legal services, director, utilities and suchlike. Decide if you include them in the program/service/product costs or if you include them in a separate line.

- identify the possible sources of funding and how much revenue you hope to assure from the respective funding source (i.e. get to know your prospect). The amount of money you want to secure, as revenue from the different sources of funding, is part of your funding strategy objectives.

Activities, Programs, Services, Products	Costs			Possible Sources of Funding/Amount to receive							
				a		B		C		d	
	Y1	Y2	Total	Y1	Y2	Y1	Y2	Y1	Y2	Y1	Y2
Total											

Form 2: Making the request and building relationships with your donors

In order to complete this table you need to identify your most important fundraising objectives. One criterion would be to focus on raising funds for the most important activities, programs, services and products from the most important sources of funding (the 20% that provides you with 80%). Other criterion would be to think of diversifying your sources of funding and trying something new, like accessing new funding sources such as corporations or individuals, or new funding forms, such as fees for selling services or products to your target beneficiaries. It is up to you how you choose your main funding objectives. Be aware that to raise funds, you need funds, and that this cost should be a maximum 25% of the funds raised. If the cost is bigger then ask if it is worth the effort. Maybe it is if you have a long term vision and accept short term losses for future gains.

For each objective you have to develop an action plan in order to achieve it, deciding upon timing, who is responsible and what resources are needed (money, time, information, other) in order to make the request and build the relationships. The table below will help you structure your action plan:

Fundraising Objective

- funding Source(s) targeted (if it is supporter or beneficiary);

- revenues you want to generate: Year 1, Year 2, and total;

- for what activity (s), program(s), service(s), product(s)

Fundraising Actions	Y1				Y2				Responsible	Resources
	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12		

Use this table for each of your Fundraising Objectives. It is up to you to decide how many objectives you want to achieve in order to assure your organisation's financial sustainability, and if you are to organise them around types of funding sources or types of activities, programs, services or products.

Tool 12[6]

Evaluating your project team's effectiveness and your own behaviour in team work

Objective

Using this exercise you can analyse your project team's effectiveness and identify ways to improve your personal behaviour when working in your project team.

Process

Complete the following questionnaires:

(1) To analyze your team by rating it on a scale from 1 to 5 (5 being what you would consider to be ideal) with respect to each of these variables. Then, with the rest of your team, discuss the situation, paying particular attention to those for which the average rating is below 5 or for which the range of individual ratings is particularly wide.

1. My satisfaction with our team's progress so far.

   1 ….. 2 ….. 3 ….. 4 ….. 5

   Dissatisfied   Satisfied

2. My feeling of freedom to express my ideas.

   1 ….. 2 ….. 3 ….. 4 ….. 5

   Dissatisfied   Satisfied

3. The extent I feel my ideas and opinions are heard.

   1 ….. 2 ….. 3 ….. 4 ….. 5

   Dissatisfied   Satisfied

4. The way decisions are made.

   1 ….. 2 ….. 3 ….. 4 ….. 5

   Dissatisfied   Satisfied

5. The degree of trust and openness I feel exists in our group.

   1 ….. 2 ….. 3 ….. 4 ….. 5

   Dissatisfied   Satisfied

6. How we are managing our time.

   1 ….. 2 ….. 3 ….. 4 ….. 5

   Dissatisfied   Satisfied

(2) In order to help you think about your behaviour in your team, mark a line indicating the place on the scale that describes you best. After marking all the scales, pick out the 3 or 4 areas of personal behaviour which you would most like to change in order to improve your project team's effectiveness. On these scales draw an arrow above the line to indicate the desirable direction for changing your behaviour.

1. Ability to listen to others in an understanding way.

   1 ….. 2 ….. 3 ….. 4 ….. 5

   Low   High

2. Ability to influence others in the group.

   1 ….. 2 ….. 3 ….. 4 ….. 5

   Low   High

3. Tendency to build on the previous ideas of other group members.

   1 ….. 2 ….. 3 ….. 4 ….. 5

   Infrequent   Frequent

4. Likeliness to trust others.

   1 ….. 2 ….. 3 ….. 4 ….. 5

   Unlikely   Likely

5. Willingness to discuss ones feelings and emotions in a group.

   1 ….. 2 ….. 3 ….. 4 ….. 5

   Unwilling   Willing

6. Willingness to be influenced by others.

   1 ….. 2 ….. 3 ….. 4 ….. 5

   Unwilling   Willing

7. Tendency to run the group.

   1 ….. 2 ….. 3 ….. 4 ….. 5

   Low   High

8. Tendency to seek close personal relationships with others in a group.

   1 ….. 2 ….. 3 ….. 4 ….. 5

   Low   High

9. My reaction to comments about my behaviour in groups.

   1 ….. 2 ….. 3 ….. 4 ….. 5

   Reject   Welcome

10. Extent to which I am aware of the feelings of others.

1 ….. 2 ….. 3 ….. 4 ….. 5

Unaware   Aware

11. Extent to which I understand why I do what I do.

1 ….. 2 ….. 3 ….. 4 ….. 5

Low   High

12. Reaction to conflict or disagreement in the group.

1 ….. 2 ….. 3 ….. 4 ….. 5

Low tolerance   High tolerance

13. Reaction to opinions opposed to mine.

1 ….. 2 ….. 3 ….. 4 ….. 5

Low tolerance   High tolerance

Tool 13[7]

# Partner's organisational capacity analysis

Objective

Using this instrument, the spider diagram, you can evaluate your project partner by obtaining a visual summary of its institutional capacity.

Process

Decide on the institutional capacity aspects of your partner by selecting the appropriate number, as in the example illustrated in the diagram:

0 = undesirable, dramatic improvement needed

1 = poor situation, significant room for improvement

2 = satisfactory, some improvement needed

3 = highly effective

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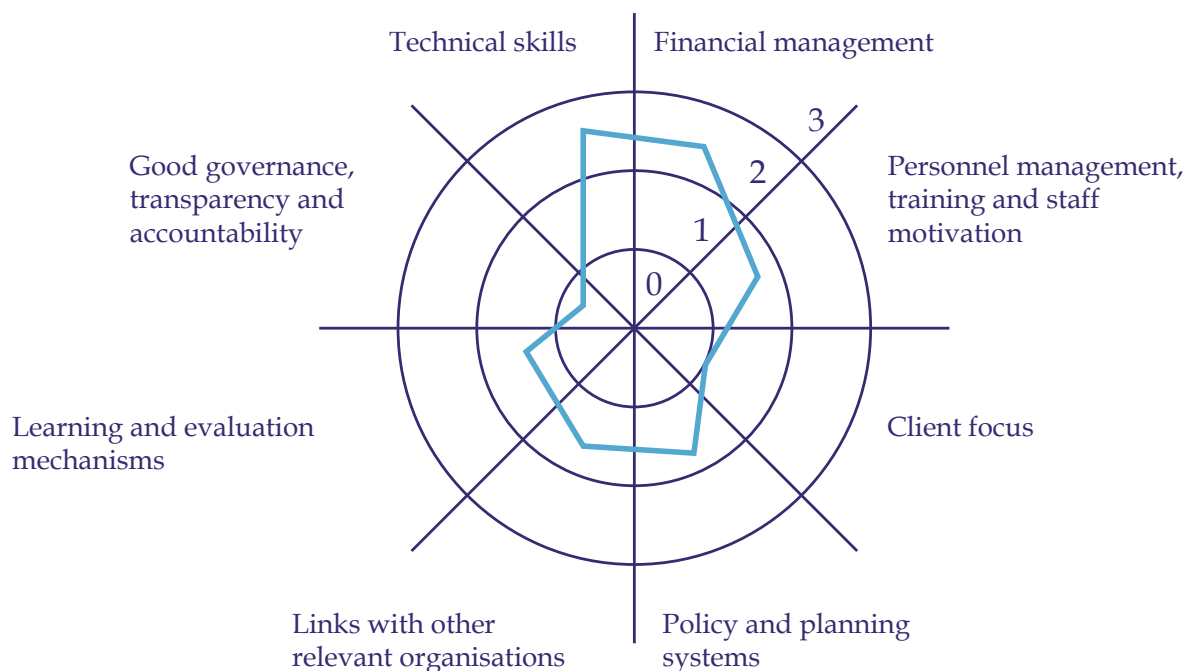
[7] *Adapted from Project Cycle Management Guidelines, European Commission, Euroepaid Cooperation Office, 2004*

Aspects and criteria	Points
1. Applicant organisation and partners capacity	25
1.1 Applicant organisation and partners have experience in project management, including financial management	5
1.2 Professional qualifications of the project team members in the project's fields of activities	10
1.3 Clarity of each organisation's responsibilities and level of involvement	5
1.4 Project team members numbers, roles and responsibilities are appropriate for the proposed activities	5
2. Project relevance and existing situation analysis	50
2.1 Project fits in with the call for proposal objectives, as they were stated in the applicant guide	10
2.2 The problem that is addressed through the project is clearly defined, justified with data and logical arguments, and the target beneficiaries are also clearly defined and quantifiable	10
2.3 The strategies and activities proposed to solve the problem take into account the risks and opportunities and the needs of the target beneficiaries	10
2.4 Proposed activities are realistic and feasible with the project resources	5
2.5 The activities are planned in a clear, coherent and realistic way	5
2.6 Results are formulated using quantifiable, measurable qualitative and quantitative indicators that can be verified	5
2.7 Project activities assure their results' continuity, valorisation and integration after project finalization	5
3. Budget	25
3.1 Expenses are justified by the expected results	15
3.2 Activities are budgeted in a realistic and reasonable way	10

Tool 15[8]

Evaluating your organisation's administrative and project management capacity during project implementation

Objective

It is usual to assess your organisation's administrative and project management capacity before starting a project, but the following questionnaire will help you assess these aspects during your project's implementation

Process

The following checklist of questions is provided as a general guide to the type of questions that you may ask and answer in undertaking this administrative and organisational capacity assessment. The first stage in using such a checklist is to determine whether or not each question is relevant, and if relevant, whether it needs to be adapted to suit the specific circumstances of your organisation and situation. The checklist is provided as an indication of the type of questions that need to be considered in the conduct of an organisational capacity assessment, not as a blueprint questionnaire.

Organisational aspects to be analyzed	Questions to be answered
External aspects	
External factors	• How does the legal framework affect the functioning of the organisation? • How does the political climate and macro-economic and financial conditions affect the functioning of the organisation?
Linkage/relationship with other organisation s	• Does it pay adequate attention to building and maintaining effective relationships with the project's key stakeholders? • How are its relations with the financing institutions or donors?
Views of clients/users	• How adequate is the relationship between target groups or users and the organisation? • How satisfied are users with services delivered by the organisation?
Internal aspects	

Management style and culture	- Does the organisation have strong and effective leadership? - Are management well informed of the operations of the organisation? Is staff kept informed of management decisions? - Is the attention of management adequately divided between internal and external relations/concerns? - Is there an appropriate balance between delegation of responsibilities and maintaining overall control of staff performance? - Is there a service-oriented culture? - Are decisions taken in a timely manner? - Are management adequately accountable for their decisions and performance?
Organisational structure	- Is the decision-making structure based on a clear division of responsibilities? - Is the division of responsibilities and tasks clear and understood - by staff? - Is there sufficient coordination between departments and units? - Does the organisation function in line with the formal structure?
Policy making and planning	- Are experiences of other stakeholders, including donors, with regard to management of funds by the organisation satisfactory? - Does the organisation provide regular information of an adequate quality about its operations and achievements? - Are basic administrative and financial management systems and procedures documented? - Is there a clear system of work planning and operational monitoring which adequately involves the organisation's staff? - Are these systems understood and applied by managers and staff? - Are procurement procedures appropriate?
Personnel management, training and motivation	- Does staff have job descriptions and terms of reference, and if so, are these clear and useful? - Are salaries and staff remuneration appropriate? - Are there appropriate incentives in place to motivate staff? - Is staff performance assessed periodically, and are these systems appropriate and effective? - Is staff turnover at acceptable levels? - Are appropriate training opportunities available for staff?

Glossary of Key Terms

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BRAND   A brand is the identity of a specific product, service, or business. It can be a name, sign, symbol, color combination or slogan. A legally protected brand name is called a trademark.

CAUSE MARKETING   Cause marketing or cause-related marketing refers to a type of marketing done in collaboration between a "for profit" business and a non-profit organization for mutual benefit. The term is sometimes used more broadly and generally to refer to any type of marketing effort for social and other charitable causes, including in-house marketing efforts by non-profit organisations.

CHARITABLE ORGANIZATION   A charitable organisation is a type of non-profit organization focused on general philanthropic activities (e.g. educational, religious, or other activities) serving the public interest or common good.

CIVIL SOCIETY   The totality of voluntary civic and social organisations that form the basis of a functioning society, as distinct from the force-backed structures of the state and commercial institutions of the market. The theory of the legal state (state under the rule of law) considers the equality of state and civil society as its most important characteristic.

CIVIL SOCIETY ORGANISATIONS   Are non-governmental organisations (NGOs) legally constituted, created by natural or legal persons, which operate independently from any government. This is a term usually used by governments to refer to organisations that have no government status. There is a growing movement within the "non"-profit and "non"-government sector to define itself using more proactive wording. Instead of being defined by "non" words, organisations are suggesting new terminology to describe the sector. The term "civil society organization" (CSO) has been used by a growing number of organisations.

COMMUNITY   Traditionally a "community" has been defined as a group of interacting people living in a common location. The word is often used to refer to a group that is organized around common values and is attributed with social cohesion within a shared geographical location, generally in social units larger than a household. The word can also refer to the national community or international community. Since the advent of the Internet, the concept of community no longer has geographical limitations, as people can now virtually gather in an online community and share common interests regardless of physical location.

COMMUNITY ORGANIZATION   Community organization (sometimes known as community-based organization) is a civil society non-profit that operates within a single local community.

COOPERATIVE   A cooperative (also co-operative; often referred to as a co-op) is a business organisation owned and operated by a group of individuals for their mutual benefit.

Cooperatives are defined by the International Cooperative Alliance's Statement on the Cooperative Identity as autonomous associations of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through jointly owned and democratically controlled enterprises. A cooperative may be owned and controlled equally by the people who use its services or by the people who work there.

DONATION   A donation is a gift given by physical or legal persons, typically for charitable purposes and/or to benefit a cause. A donation may take various forms, including cash, services, new or used goods including clothing, toys, food, and vehicles. It also may consist of emergency, relief or humanitarian aid items, development aid support, and can also relate to medical care needs as i.e. blood or organs for transplant.

DONOR   A donor in general is a person who donates something voluntarily. In business law, a donor is someone who is giving the gift and a donee the person receiving the gift.

FINANCIAL ENDOWMENT   A financial endowment is a transfer of money or property donated to an institution. Among the institutions that commonly manage an endowment are: academic institutions (colleges, universities, private schools), cultural institutions (museums, libraries, theaters, hospitals) and religious establishments. An endowment may come with stipulations regarding its usage, such as to be spent in a certain way or alternatively invested, with the principal to remain intact in perpetuity or for a defined time period.

INTERNATIONAL NON-GOVERNMENTAL ORGANIZATION   An international non-governmental organisation(INGO) has the same mission as a non-governmental organization (NGO), but it is international in scope and has outposts around the world to deal with specific issues in many countries. An INGO may be founded by private philanthropy, such as the Carnegie, Rockefeller, Gates and Ford Foundations, or as an adjunct to existing international organisations, such as the Catholic or Lutheran churches.

MARKETING   Marketing is the process of performing market research, selling products and/or services to customers and promoting them via advertising to further enhance sales. Marketing is used to identify the customer, to satisfy the customer, and to keep the customer.

MONEY-FREE ECONOMY   Money-free economy is term that was used in 1960s but has only recently come into large scale existence. Wikipedia itself is a prime example. Thousands of people are prepared to work for nothing editing Wikipedia on the condition that they can also use for nothing (as they do on YouTube), listen to music for nothing (as they have on LimeWire).

NATURAL PERSON, LEGAL PERSON   A natural person is a human being, as opposed to a legal or juristic person, i.e., an organization that the law treats as if it were a person distinct from its members or owner. Legal person allows one or more natural persons to act as a single entity (a composite person). It has a legal name and has rights, protections, privileges, responsibilities, and liabilities under law, just as natural persons (humans) do.

NONPROFIT ORGANIZATION, NON-GOVERNMENTAL ORGANISATION A nonprofit organisation (NPO) is a non-governmental organization (NGO) that does not distribute its surplus funds to owners or shareholders, but instead uses them to help pursue its goals.

ORGANIZATION An organisation is a social arrangement which pursues collective goals, controls its own performance, and has a boundary separating it from its environment.

PHILANTHROPY Philanthropy etymologically means "the love of humanity", in the sense of "what it is to be human", the essence of our humanity. In modern practical terms, it is "private initiatives for public good, focusing on quality of life".

PROCUREMENT Procurement is the acquisition of appropriate goods and/or services at the best possible total cost that meets the needs of the purchaser in terms of quality and quantity, time, and location.

PROFESSIONAL FUNDRAISERS Professional fundraisers are paid for their services either through fees unrelated to the amounts of money to be raised, or by retaining a percentage of raised funds (percentage-based compensation). The latter approach is expressly forbidden under the Code of Ethics of the Association of Fundraising Professionals (AFP), a professional membership body. They can be also a staff person having as main responsibility fund raising, and then usually he/she is part of the organisation top management.

SOCIAL ECONOMY Social economy refers to a sector in economies between the private sector/business and the public sector/government. It includes organisations such as cooperatives, non-governmental organisations and charities.

STRATEGY Strategy, a word of military origin, refers to a plan of action designed to achieve a particular goal. In military usage strategy is distinct from tactics, which are concerned with the conduct of an engagement, while strategy is concerned with how different engagements are linked.

VOLUNTARY SECTOR The voluntary sector or community sector (also non-profit sector) is the sphere of social activity undertaken by organisations that are for non-profit and non-governmental. This sector is also called the third sector, in reference to the public sector and the private sector. Civic sector is another term for the sector, emphasizing the sector's relationship to civil society.

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