T-KIT 9
Funding and financial management

Second edition






The training kits series

Youth Partnership

Partnership between the European Commission
and the Council of Europe in the field of youth

EUROPEAN UNION

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T-Kit 9
Funding and financial management
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Welcome to the T-Kit series

Welcome to the T-Kit series and this latest publication on funding and financial management.

The first edition of T-Kit 9 was published in 2004. This second edition includes a new structure, many resources and ideas that have been developed and put into practice by youth sector organisations over the last 20 years.

Some of you may have wondered: what does "T-Kit" mean? There are two answers. The first is that it is a simple abbreviation of the full version in English, "training kit". The second has more to do with the sound of "T-Kit" and its resemblance to the word "ticket", one of the travel documents we usually need to go on a journey. This T-Kit is a tool that each one of us can use in our work.

More specifically, we are aiming at youth workers, educators, peer learners, trainers and youth leaders, offering them theoretical and practical tools to work with and use when training young people.

The T-Kit series is the result of a collective effort involving people from different cultural, professional and organisational backgrounds. Youth trainers, youth workers, youth leaders in NGOs, youth policy experts and professional writers have worked together to create high-quality publications that address the needs of the target group while recognising the diversity of approaches across Europe to each subject.

The T-Kits are a product of the partnership between the European Commission and the Council of Europe in the field of youth. To find out more, visit the website: https://pjp-eu.coe.int/en/web/youth-partnership.

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Introduction

Welcome to the new T-Kit 9 on funding and financial management!

Since the first edition of the T-Kit, published in 2004, funding and fundraising have evolved rapidly in the European context. Several iterations of European, national and private funding programmes in the field of youth have moved towards more professionalism, transparency, sustainability, better governance and risk management, and a stronger connection between project-based funding and organisational development. Public and private funders have also begun accompanying applicants with more information and guidance on how to succeed with their bids. Covid-19 pandemic-related restrictions impacted youth civil society organisations and youth work on many levels, with many initiatives adopting a survival and resilience modus operandi. Digitalisation of policy and programme management is another underlying factor that has impacted the way youth organisations have to approach financial management internally and how to integrate fundraising into their processes. With a world of information on funding and fundraising a click or screen touch away, a toolkit that brings it all together in a structured, easy-to-use way will be a welcome support. And it is in this spirit that the new edition of the T-Kit on funding and financial management was prepared.

The aim of this T-Kit is to provide a blueprint for financial management and fundraising for youth non-governmental organisations (NGOs) at all levels. The T-Kit is composed of two parts: Part I – Concepts and building blocks (Chapters 1-3) and Part II – Educational activities (Chapter 4). The theoretical and educational part of the T-Kit can be used in both directions: one can read the first part of the T-Kit and then search for supplementary educational activity in the second part to explore the topic in a non-formal education setting; or one can start by choosing an activity in the second part of the T-Kit and then refer to the first part as a resource for more information in the preparation phase or in the follow-up of the activity.

The theoretical part of the T-Kit is intended both as an entry point for newcomers to the topics and as a comprehensive manual for those with more knowledge and experience who wish to dive deeper into the different dimensions it covers. For beginners, it provides the starting point to build a resilient financial management system alongside several other elements of organisational development. It is essential that a resilient financial management system is in place to reach the point where fundraising is value-based and sustainable. It provides a framework for understanding financial management and fundraising in youth organisations, complemented by references, examples and resources for further exploration. The educational (practical) part of the toolkit includes a variety of practical activities around these topics to help young people, youth workers and organisations to understand and implement this knowledge in a non-formal education framework. These activities tackle real-life situations faced by youth organisations and encourage learning through experience, exchange and reflection.

Financial management is an important building block of organisational development, which includes several other essential aspects beyond the scope of this T-Kit. We invite readers to complete the building blocks by consulting the Youth Partnership thematic T-Kits on organisational management, project management, training essentials and others. Chapter 1 includes a visual presentation of these various aspects, illustrating how fundraising emerges as a natural outcome of organisational development, as outlined in "The building blocks of fundraising".

In this chapter we outline the concept of organisational development in which the importance of good financial management is embedded. As you will need to manage finances, we provide initial insights into successful fundraising in "The funding encoder" section. With this information, you will have the overall picture of the two main topics: financial management and funding, and you should be ready to dive into the details of both.

In Chapter 2 on financial management, we describe the details of how to set up a sustainable and modern financial management system for youth NGOs. We start from the organisational-level perspective and progress to the project level. You will find several tricks, tips and examples that you can bring into your organisation for future development.

Once you have built the basis for value-based and sustainable fundraising, you are ready to explore one of the most important resources of your organisation: money. In Chapter 3 we provide an overview of the sources of funding as well as further tips on how to go about funding applications for your projects or even for your operational expenses.

Part II of the T-Kit is dedicated to practice. In this part, Chapter 4 brings together a series of interactive, non-formal education activities designed to be modular and adaptable, allowing educators, youth workers and organisations across Europe to choose according to their context, aims, group size and learning objectives. They are grounded in real-life situations faced by youth organisations and encourage learning through experience, exchange and reflection.

This part of the T-Kit builds upon the understanding of financial management as a core dimension of organisational development, as described and introduced in the theoretical part of the T-Kit. After exploring how strong financial management supports wider organisational sustainability and specific project implementation in practice, and how fundraising emerges as the natural next step in this process, the different themes of the activities are presented as interconnected rather than stand-alone topics. The 24 educational activities aim to complement the foundations laid in the conceptual Part I and support youth organisations in translating internal financial capacities into external financial support for their mission and activities.

Chapter 4.A focuses on financial management, helping participants build practical skills in budgeting, financial planning, risk management, transparency and ethical decision making. Through simulations, role-plays, case studies and problem-solving exercises, participants explore how budgets are designed and managed, how financial risks and lack of transparency can arise, and how responsible systems and values-based choices support accountability and trust. These activities aim to "decode" financial management and frame it as a collective responsibility as part of the organisational culture, rather than a purely technical task.

Chapter 4.B focuses on fundraising and resource mobilisation, with a strong emphasis on understanding the funding ecosystem and building sustainable relationships with funders and donors. Participants explore different funding sources, funding mindsets and strategies, and practise presenting their ideas in realistic settings. In this section, fundraising is approached as a technical aspect but also as a strategic and ethical process, encouraging youth organisations to align funding choices with their mission, values and long-term sustainability. The activities can be implemented with groups belonging to the same organisation, as well as with participants representing different organisations. They can also be adapted to work with participants from the same local or national context, as well as in an intercultural environment.

You can read this T-Kit gradually, learning how to build funding systems and initiatives from scratch. Or you can cherry-pick your choices and take what you need specifically, depending on where your organisation or project stands. Illustrations, including icons, scannable QR codes and visual presentations of processes and more complex concepts, will help you integrate the knowledge and tips quickly.

The structure of this T-Kit is as follows.

Part I – Concepts and building blocks

1. The building blocks of fundraising
2. Financial management
    a. Organisational level
    b. Project level
3. Fundraising – Sources of funding

Part II – It's time for practice!

4. Educational activities
    a. Foundations of financial management
    b. Fundraising fundamentals

Finally, this T-Kit will equip you with what you need to know and how to navigate what are often seen as technical or sometimes scary processes. We hope that with the knowledge you gain from this T-Kit, you feel more confident and will have fun learning and practising funding and financial management. Let's dive right into it.

Part I

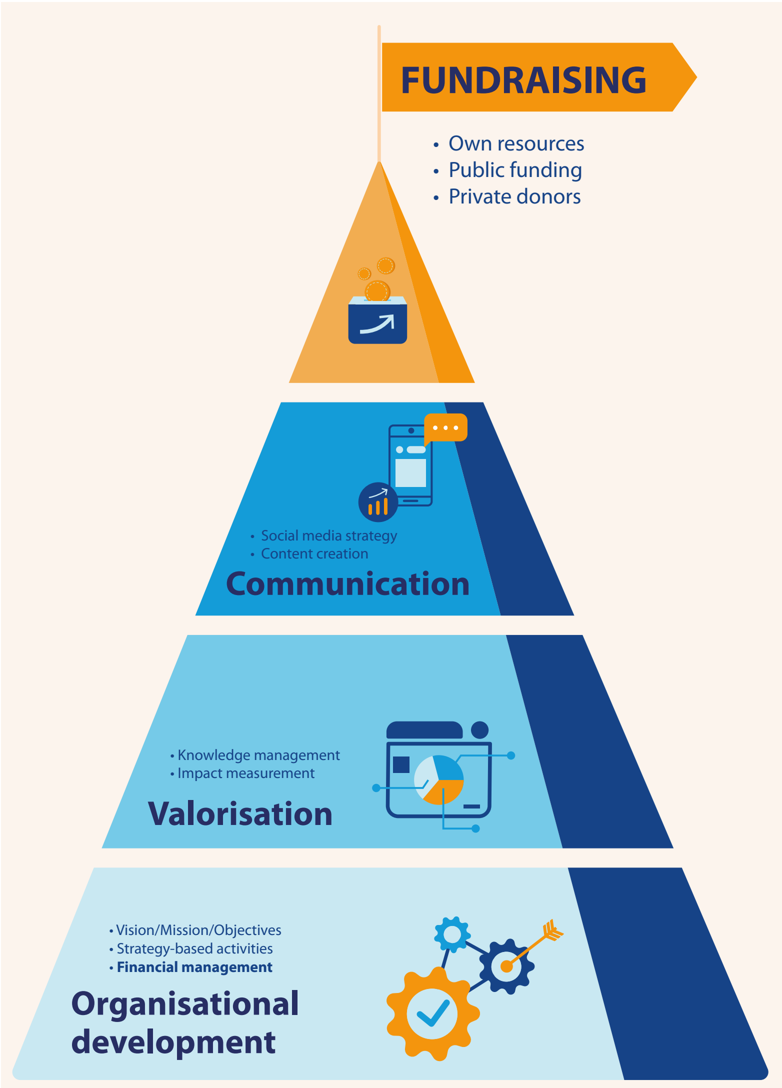
Concepts and building blocks

The building blocks of fundraising

Chapter 1

The building blocks of fundraising

FUNDRAISING IS NOT A GOAL, IT IS A RESULT!



"This year it is extremely important to start doing fundraising or hire a professional to generate funds so we can finally reach the desired sustainability." How many times have we said this to ourselves? But is it really an item on our annual task list?

In this T-Kit we want to challenge this approach: the starting point is that funding and fundraising cannot be an overall goal for an organisation, but rather the result of organisational development, the valorisation of the activities and their created impact, and strong, effective communication. When all these elements are of high quality and in their proper place, funding and fundraising are a natural result of the organisation's effort. The level of depth, detail and quality of each element has to be established depending on the organisation's history, track record, aims and necessary funds to be reached in order to sustain the organisation and even allow it to grow.

Our aim is to present a structure which can be adapted, starting from informal groups just taking off and preparing for their first initiative to organisations with a well-established structure, separated operational units, paid staff and different activity areas where work has already been done and is embedded in the local, regional, national and/or international context.

Obviously, writing down your vision and mission, and measuring and communicating your impact needs to be done on a different level for an informal group starting a prototype project growing from a new idea, than for a well-established organisation making a financial plan where the goal is to reach financial independence for the whole organisation. We see it more as a process that groups and NGOs need to embrace and go through from idea to project, from project to organisation, from project-based to value-based, from survival to independence. With this T-Kit we want to empower you to look at your financial management and diversify your funding and fundraising prospects. Other essential topics (most of the elements related to organisational development, and the sections on valorisation and communication) necessary for success are described in other T-Kits and literature for youth NGOs.

ORGANISATIONAL DEVELOPMENT – VALORISATION – COMMUNICATION

Understanding and building the first three blocks (organisational development – valorisation – communication) is an inseparable part of successful financial management and fundraising. Yet they are also beyond the scope of this T-Kit. There is literature out there from which to learn these organisational basics and to understand how to adapt them to the specific environment your organisation exists in. We will only touch upon these topics very briefly, except financial management, which in our view is part of the organisational development block.

Organisational development

Every person who decides to work in a civil society organisation will be learning about ideas, models and structures of organisational development. Terms such as vision, mission, objectives, strategy and structure are top words in the jargon which becomes the mantra of youth organisations' staff. There is a continuous improvement process which has to be dealt with, no matter the history and the size of the organisation. Whether an informal group, a recently established organisation or a well-established historical one, what makes the youth sector incredibly colourful and diverse is that no group or organisation shares the same vision or mission. Only two factors are true for all:

1. You need one
2. It will keep changing over time

Members, staff and volunteers need to be clear about their organisations' vision, mission, objectives, strategy and activity areas. This is key for all organisations which aim for long-term sustainability and want to create long-lasting impact relating to their mission. Nevertheless, there is no perfect or final vision and mission of an organisation. From time to time, generation by generation, it is important to revisit and align to the ever-changing reality which surrounds your organisation. The "how?" is the ultimate art-science and you can spend a lifetime figuring out the best formula for your organisation. Certainly, you will find thousands of training courses, guidance and literature about the topic. What is important for us in this T-Kit from the perspective of financial management and fundraising is that within your organisation you do have a clear vision, mission, objectives and a strategy you want to bring to life in order to offer your work for the greater good. We call the organisations that have well-established organisational basics "strategy-based organisations". Without these organisational basics, it might be called a "fund-driven organisation" or even a "project factory" which tends to have a much shorter lifespan than its strategy-based siblings.

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

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

The vision, mission, objectives, strategy and sustainability of your project or organisation must be the starting point for your fundraising efforts. We therefore place them at the beginning of the T-Kit.

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

We are assuming that you use the first approach and that you will have developed your idea and done some project planning before you grapple with the details of financial planning and raising the funds. Money is one of the primary tools to help you achieve the mission of your organisation or project; the overall purpose of the activity you are planning then needs to be converted into a "strategic plan", which outlines the steps involved in achieving that purpose.

Money is one of the keys to the sustainability of a piece of work. Winning a continuous stream of income and making the most of it is essential to the longevity of your work.

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

The same factors are relevant in attracting people to support your cause and activities on a voluntary basis. If people believe in your idea and project, they will also be motivated to donate their time and energy to it. Having a stable group of volunteers can also support the sustainability of your financed activities.

Mission – strategic plan – sustainability = key concepts for a successful fundraiser

Mission = the broad purpose and direction of your organisation or project

Strategic plan = the bigger steps you need to achieve your purpose

Sustainability = the ability to keep your project going for the whole of its intended life

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

#Reading

A T-Kit is already available about organisational management. If your organisation does not have a clear vision – mission – strategy we encourage you to read this T-Kit as well!

https://pjp-eu.coe.int/en/web/youth-partnership/t-kit-1-organisational-management

SCAN ME

What kind of organisation are you?

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

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

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

Valorisation

Once you have a clear vision, mission, objectives and strategy, you need to take the next step in order to head towards successful fundraising. Many organisations do outstanding work in their field with extraordinary successes, yet as long as other stakeholders do not understand the impact and scope of the impact, it remains an urban or countryside legend such as "magic happens" and we do our activities because "the kids' eyes are shining" or "the world opens up for the young people". Great! What improves? How? When? How many? What happens after? What is your impact? Unfortunately, or not, we live in a highly digitised and very rational world which even demands that youth NGOs collect and publish data about the impact of their activities in order to justify that they are really needed. This is one of the basic principles for donors. They only want to give money where they can see that real impact happens and in order to demonstrate this you need to put in place an effective and routine impact measurement process which translates your magic into numbers and data. Now, there are many possible ways to implement impact measurement on your activities.

#Reading

Read about how to carry out impact measurement in youth NGOs in the Scouts' concise toolkit.

https://learn.scout.org/resource/impact-measurement-toolkit

SCAN ME

Another important aspect of the valorisation block is knowledge management. This is a system you need to put in place in order to store and organise data coming from your impact measurement as well as from different sources where knowledge of the organisation is born. This is your superpower to avoid redundancy and parallel work, increasing your efficiency in organisational project management and fundraising. Once data are harvested or knowledge created within your organisation, it should be accessible and available to upcoming generations as well. People will come and go but your organisation is a separate entity which hopefully will be nurtured throughout several generations. Pick an optimal software package which matches your organisation's data-handling culture, create a team and draft the blueprint on how you will manage data and knowledge within your organisation.

The kind of software depends on your possibilities and scope of work as well as financial means. It can be a basic Excel spreadsheet if this is sufficient for your needs. There are also other open source project management programs. Depending on your team, the work you want to implement and the ways you will work, you can select the best fit for your purpose. The best tool will only work when everyone involved will also actively use and understand it. Knowledge management will ensure your organisation gradually improves its financial management and fundraising and prevent your organisation from falling back to reinventing the magic that was initially created in your organisation. It will make your fundraising much more efficient by understanding and quantifying the track record of your organisation as well.

Communication

Another extremely deep and long-standing topic is the communication of, and about, your organisation and its impact and activities. We need to separate internal and external communication. Internal communication is part of the block of organisational development. What you will definitely have to practise for fundraising is the external communication. Effective "block-busting" organisations which have a clear vision, well-organised activities and accessible impact measurement data definitely have the advantage when you arrive at the point of deciding what and how to communicate about the organisation. Communication will be your tool to present your claim for funders in order to gain the ultimate tool that many in the organisation need to fulfil their dreams: money. Until now it sounds pretty easy, however the twist within communication is the diversity in how you will have to present the same information to many different donors. Obviously, for the Erasmus+ national agency you will need to present your impactful activities and strategy in an application or accreditation format while to a socially responsible company the same format will definitely not work. Within this T-Kit we will mention aspects of the specific format, however we believe there is a much vaster knowledge on this subject which extends beyond this publication.

Tip: The Coordinating Committee for International Voluntary Service (www.ccivs.org) has created a simple, effective and adaptable e-learning module about basic organisational development which must be undertaken for each organisation. It is based on the Pentagon model which allows you to make an in-depth diagnosis of your organisation's financial sustainability, functioning, structure, relations and communication. We suggest you at least take the test which will give you a good preview of your organisation's basics.

#Exercise

Complete the e-learning STEPS – OD (Organisational Development) Training on the CCIVS iLearn website to make sure your organisation is ready with the organisational basics.

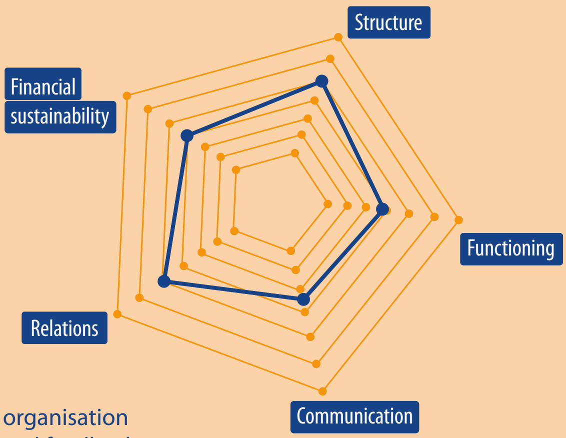
https://ilearn.ccivs.org/

SCAN ME

Diagnosis and the Pentagon model

"An organisation is a system with all its parts interrelated: we need to ensure balance and health in all of them"

"Before starting any strategy we need a good diagnosis"



MODULE 1 – Contents

- The Pentagon model
- Assess your organisation
- Do it in your organisation
- Conclusions and feedback

STEPS Organisational Development Training

#Reading

Organisational development training of the STEPS project, STEP to Change

https://erasmus-plus.ec.europa.eu/projects/search/details/581777-EPP-1-2016-2-FR-EPPKA2-CBY-ACPALA

SCAN ME

Self-test for the organisational basics

#Exercise

ORGANISATIONAL DEVELOPMENT	Yes	No
Do you have a mission and vision?	✓	Meet your board/colleagues and create one! Read the book *Start with WHY* by Simon Sinek or *T-Kit 1 – Organisational management* https://simonsinek.com/books/start-with-why/ https://erasmus-plus.ec.europa.eu/projects/search/details/581777-EPP-1-2016-2-FR-EPPKA2-CBY-ACPALA
Is it still up to date?	✓	
Does your project idea relate to your mission and vision?	✓	Reshape the idea, or toss it – only work in line with your mission and vision
Do you know what you want to achieve with your activities/project?	✓	Have a meeting with your team and write down your main activity areas and most important projects
Do you have all the knowledge in your organisation to implement the project?	✓	Look for partners to add their expertise, include them in the project design to have a complete picture of the idea and outcome
VALORISATION		
Do you measure the impact/outcome?	✓	Read about how to carry out impact measurement in youth NGOs in the concise toolkit of the Scouts https://learn.scout.org/resource/impact-measurement-toolkit
Do you have data from previous activities/studies that you can add to your application?	Use the information for your application	Start with this project/look for similar organisations/policies and see if you can refer to their work and steer it to yours
Do you store, or (know) where your colleagues have stored statistics, final reports or outcomes of previous projects?	Use the information for your application	Create an effective knowledge management system For example: https://coda.io

#Exercise

COMMUNICATION	Yes	No
If you have experience: have you communicated your outcomes from previous activities?	Use these as references to showcase your work	Start planning how to collect the outcome data and how you want to share it with your members, the public, future donors/co-operation partners
Can you refer to your publications/yearly reports on your website?		
Do you have the up-to-date numbers ready for your presentation to the donor?		
MORE QUESTIONS TO CONSIDER		
What kind of funding do you need to implement the activity?		
How much money do you need to implement the activity?		
Does the donor fit your mission and vision? /which donor fits your mission and vision?		

Financial management

Chapter 2

Financial management

As seen in the previous chapter, financial management is an inseparable part of organisational development. From the organisational development building blocks, we are going to explore financial management in more depth, as the main focus of this T-Kit is fundraising.

The most important rule of thumb in understanding 21st-century financial management of youth organisations is that you will need to be clear first what belongs to organisational-level finances and what belongs to project-level finances. Depending on the diversity and type of funding streams, items relating to organisational-level finances and project-level finances can vary quite a lot.

ORGANISATIONAL LEVEL

The first step in organisational-level finance is to define the absolute minimum financial resource you will need to run the organisation with minimum activities. It can be very different for a global umbrella network than for an informal group of young people. Are you working only with volunteers? Great! You will need less money, but you will still need to ensure they have a place and equipment to work with and can access the information they need. Do you need more paid staff? Also great! Make sure you have enough income to pay their salaries no matter what funding is available.

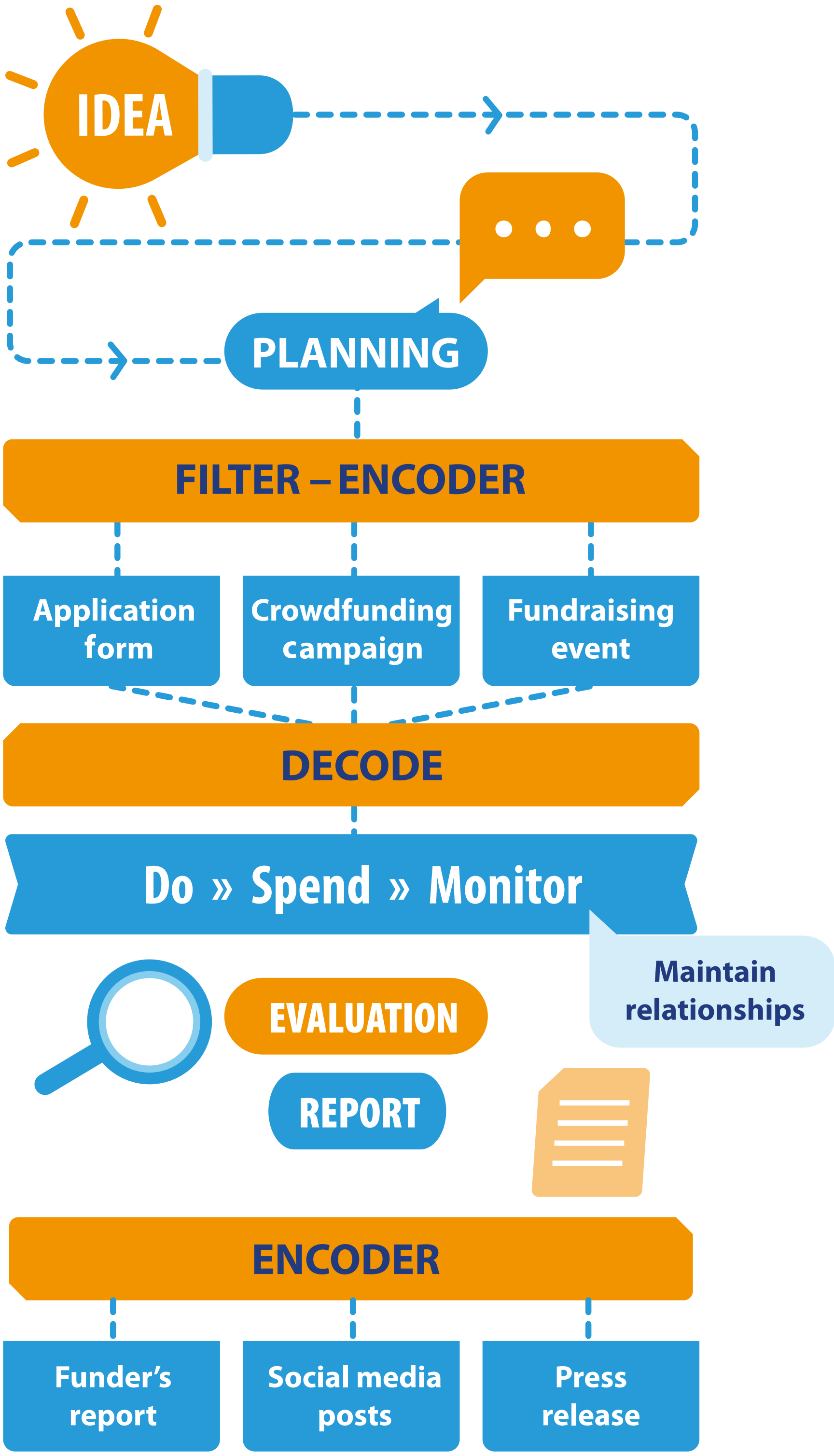
Depending on the status of your organisation, you will also have general expenses that you will need to cover steadily: founding capital for some types of organisations, bank charges, rental costs, equipment, transportation costs, accountant, administration costs, materials, etc. Relying entirely on one stream of funds to cover organisational-level finances is not the most responsible attitude. It is better to cover organisational-level finances from several independent sources such as recurring private donations, steady payroll income, membership fees, participation fees and passive income (read the section on passive income in Chapter 3). These income streams are there to ensure that the organisation's vision and mission are implemented, and that the impact is achieved in the long run.

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

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

PROJECT LEVEL

The funding encoder



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

What sources of information on funders are available to you?

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

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

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

One of the most important rewards when you do fundraising is the organisational and personal learning process. We do not go into this in this T-Kit since you can read about it in depth in *T-Kit 10 – Educational evaluation in youth work*.

#Reading

T-Kit 10 – Educational evaluation in youth work

https://pjp-eu.coe.int/en/web/youth-partnership/t-kit-10-educational-evaluation-in-youth-work

SCAN ME

Who is involved?

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

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

Translating your project into the funder's language

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

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

2. If there seems to be no funder on the scene, do not give up. You can draw up a description of your project on a generally accepted model (for example use the one suggested in *T-Kit 3 – Project management*). Consider the impact of delays on project implementation (what if the project has to start later than planned?) and continue looking for funding opportunities. Really important projects will get funded sooner or later.
3. For a start, you can look into sponsoring (maybe the local market can donate some food, the school could offer space for a performance or collection activity). Or to be more independent and reach a bigger audience, you can use different crowdfunding platforms to reach your financial goal. For more details read the section on crowdfunding in Chapter 3.
4. If you find relevant funding sources at the planning stage, you might build their requirements into your planning (e.g. partners, time frame, budget heads) and you can structure the information about the project in the proposed format. Encoding will then be much easier.
5. Make sure your information about the funder is up to date. Many funders give money periodically: in between times they may make changes concerning the criteria, rules, formats, etc. Do not waste time filling in out-of-date application forms.
6. Read the guidelines first. Even if they seem long-winded, boring, redundant or familiar, you will always find useful and crucial information such as:
   - aims, objectives and priorities of the funder/funding programme;
   - application procedures and deadlines;
   - eligibility criteria concerning the applicant organisation: what kind of organisations, with or without partners (and what sort of partners);
   - minimum and maximum amounts of funding to be requested;
   - minimum level of own contribution;
   - eligible costs, so that you are sure all your project expenses will be fully supported;
   - any other requirements that you will need to respect, for example visibility requirements.

   You will save time and money by not preparing proposals for funders who by definition are unlikely to support your project.
7. Use the funder’s vocabulary. You can familiarise yourself with it by reading their literature (guidelines, press releases, booklets, annual reports, etc). Use their wording rather than synonyms, especially when writing about key matters (objectives, target groups, main activities). Do not assume it will be obvious to them that you are talking about the same things they are interested in: do not expect the funder to “translate” your words, do that job yourself. However, retain your own identity and terminologies whenever those represent specific aspects of your project, organisation and context. Make sure that it is understood by the audience/funder. The best way to formulate it is to synthesise the funder’s vocabulary with your own words.
8. If the funder specifies a particular format, use it. Do not try to be original by using a different structure – it will not be appreciated. Make sure you answer all the questions and provide all the requested appendices.
9. Be coherent: needs-aim-objectives-methods/activities-resources, as well as your target group/beneficiaries, should logically flow from one another. Give all the information necessary to show the importance of the proposed aim, but do not fill up pages with information that has no relevance to the project. Objectives should be relevant and fit the overall aim. Methods/activities should be adequate and appropriate to achieving the objectives; and your needs in terms of resources should be accurately estimated and justified. If your approach is deliberately unusual or original, make this clear and explain why you chose it. Innovation is valued only if it is well understood, otherwise it might create confusion. Make sure to also mention the results and what you want to achieve with your activity/activities.
10. Be specific: say what you intend to do. Avoid vague statements and foggy descriptions. “Speechifying” may sound impressive but does not always make total sense.
11. Be brief: use the space provided by the application form (if any) and try to use the right/minimum number of words. Get the message across but be reasonably concise.
12. Be yourself: do not pretend that you have expertise you do not possess. Submit a project that fits your organisation’s profile and explain why your organisation is the right one to carry it out.
13. Be informed: convince your funder that you know what you are talking about, your needs analysis is sound, you have studied your target group and you have identified and understood all the stakeholders (including other organisations active in the same field as you).

14. Make sure you pass the Alien Test – be clear. Use language that is easy to understand. Avoid being over-technical – funders are often not specialists in your field. Do not use abbreviations or slang specific to your organisation without explanation. Ask a person who is not involved in the project (or, even better, someone who is not involved in your organisation – for instance, your grandmother) to read the proposal and tell you what they have understood the project to be about. Compare with your original plan and make sure the two versions match up.
15. Be ready: it is never too early to start writing a proposal. Completing an application form is like gas: it takes up all the space available. It is important to actually read over the proposal before presenting it. Getting a few nights' sleep after writing the proposal will clear your head and give you the necessary distance to really read what you have written, as opposed to simply assuming that what you wrote was what you meant.

If one or more of the blocks are new for your organisation, we encourage you to grab your team and jump into understanding, learning and building them first. Our experience is that "blockbuster" organisations are much more likely to succeed not only in fundraising but also in sustainability in general. The real stamina of your organisation lies within these blocks. Building a resilient organisation is also key for surviving drastically changing realities such as the Covid-19 pandemic, wars, inflation, natural disasters or economic crises.

#Reading

T-Kit 3 – Project management

https://pjp-eu.coe.int/en/web/youth-partnership/t-kit-3-project-management

SCAN ME

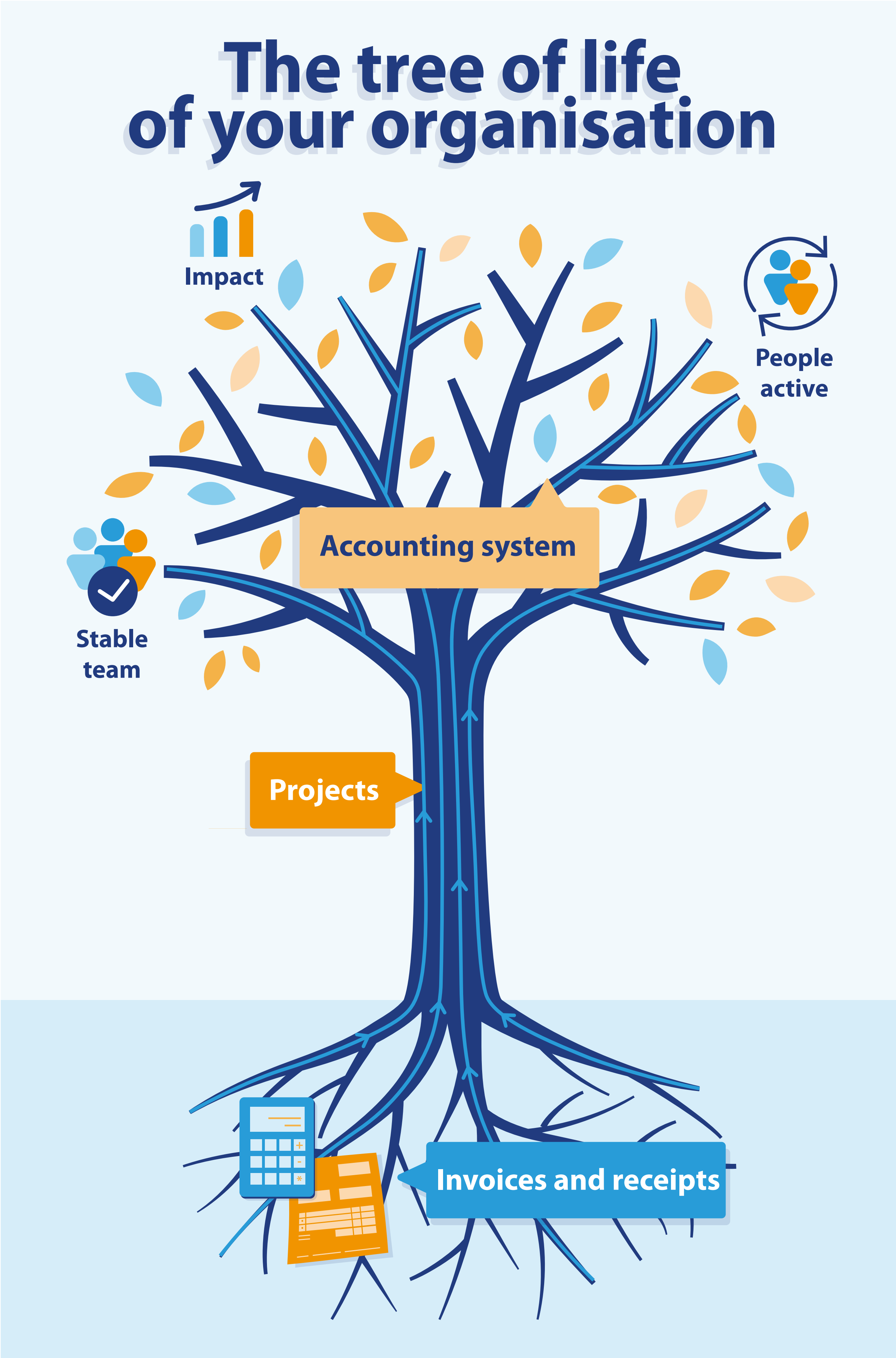
Project-level finances are the building bricks of the organisation's financial structure. Most project incomes are heavily restricted by what the eligible costs are and what you cannot spend on. Projects and their financial input are there to implement and support the organisation's growth. In this way, they increase the range of activities, involve more of your target group or create a new product, always taking into account that any new action contributes to achieving the organisation's mission. In principle, each of your projects should aim to generate resources which then make the project sustainable. Such resources can be intellectual capital, information, tangible outcomes or even financial-generating outcomes such as creating an e-learning platform about the project results where you can transform your knowledge from the project into financial resources.

One of the most important steps for financial management is to interconnect the project-level and organisational-level finances and create smooth administration, ensuring you follow all related national and international regulations, taxation and comply with the eligibility criteria, while being up to date and transparent at all times.

Secondly, you will need to create a structure and accounting system where you are able to track income and expenses on both levels:

- national accounting and reporting obligations;
- organisational-level needs;
- project financial management;
- donors' accounting and reporting systems.

This chain needs to be resilient, coherent and well monitored in order to build a sustainable financial management system.



The tree of life
of your organisation
Impact
People
active
Stable
team
Accounting system
Projects
Invoices and receipts

When you pay for something, a receipt or an invoice is issued. The receipts are the roots of the financial tree of your organisation. They hold all the information you need to grow a healthy financial tree which will be your accounting system. If the expense was bound to a specific project, the first thing you need to do is connect the receipt to that project. You can do it by giving a specific accounting number to all the projects. Beyond the project expenses the receipt also belongs to your overall organisational accounting. Did you pay for your staff salary? Or bought a new laptop? You will need to be able to track when and how much you spend on different accounting categories and, in most cases, you will need to report to the respective authorities at least annually. Many projects will give a firm trunk to the financial system of your whole organisation. As diverse as the projects are, the stronger your tree will grow. When the money is well spent and managed the trunk of your financial tree will be firm and steady. If you spend and/or manage irresponsibly your tree will be fragile, even if it seems to grow higher.

A well thought-through process on how, what and when you are registering an expense is the very basis of your accounting system. Some information is on the receipts, some you need to add in order to fulfil the donors' and the regulations' rules. An effective system is one that follows a logical process in order to avoid double work. You will have to think about who will handle the money and where the handover points are. Unless you are a small informal group or organisation with few projects it is very unlikely that only one person will do all the buying, then register and account for all the expenses from the receipts. It is also unlikely that the accounting is done on a project basis, as different project co-ordinators will communicate with your accountant only about the project they lead. At a certain level financial accounting must be centralised at the organisational level.

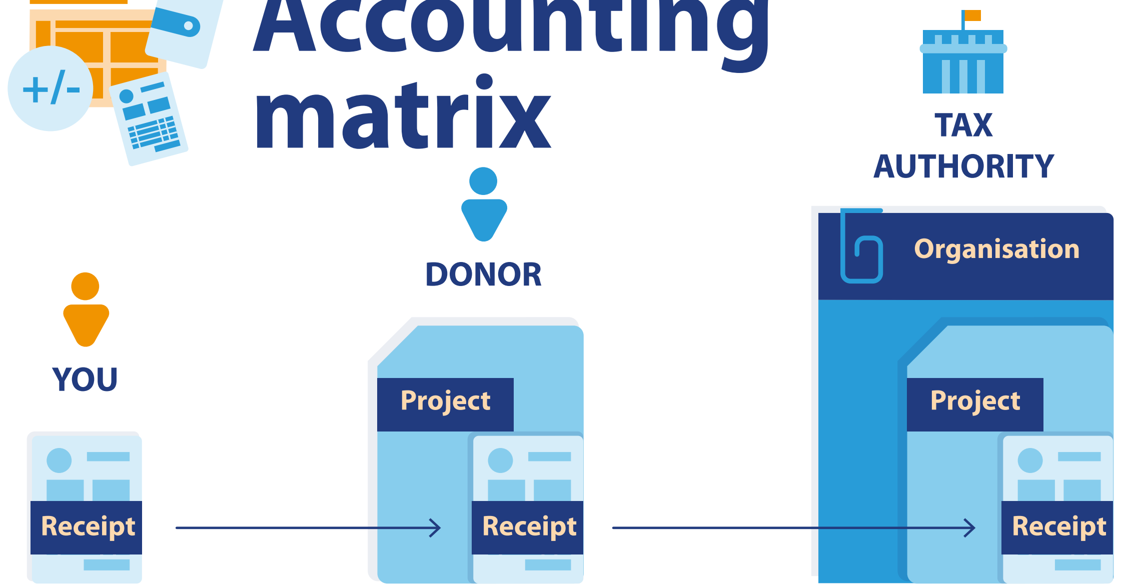
An efficient system will enable you to track different aspects of your financial health. Amounts, eligibility, timing and legal responsibilities can be planned only based on actual and valid data. You will not know if you can hire a new staff member if you are not aware of the reserves you have and the timing and eligibility criteria of your upcoming incomes.

Your best friend in growing your financial tree is the accelerated trend of digitalisation. There are hundreds and thousands of digital software programs (Google Workspace, Microsoft Teams, Coda, Asana, Basecamp, Notion, Accounting software, Sales Force, Slack, Odoo, NAS systems, Cisco, Webex, Jotform, Snowflake, etc.) which can ease, automate and simplify the work that is needed to maintain your accounting system. You can digitise, create tables and formulas, different permissions can be assigned, interconnect project-organisation-bank-accountant level finances – the possibilities are endless. Some of them offer non-profit discounts and some even provide them free for public benefit uses. The rule of thumb in using and finding your way in the arena of digital solutions is to consider the following:

- map and understand what you need in order to make responsible financial decisions and what your obligations are;
- which software can cover most of your needs and obligations;
- how much you can afford to spend on these platforms;
- who will train the staff, and how, in the efficient use of these tools;
- how safe these tools are in dealing with sensitive data.

In relation to digital tools, we encourage you to introduce new ones only if you can replace at least one which will also do the job of some existing ones within your organisation. For example, if you use hundreds of Excel tables for your accounting process, it is worth considering replacing them with one digital tool that can do the same calculations, but which can also be connected to your bank. This is only one example, but there are thousands of apps and tools out there you may consider using.

Accounting matrix



	Staff – Project co-ordinator	Financial administrator	Accountant auditor
DATA	• When? • What? • How much? • Payment method?	• What project? • Which budget line?	• Accounting category?
CALCULATIONS		• How much to be paid? • How much left?	• Project totals • Sums by accounting categories: salary, equipment, etc. • How much reserves you have? • When do I need how much money? (cashflow, liquidity)
DOCUMENTS	• Bill • Invoice • Pay slip • etc.	• Budget tables • Documents defined by the grant agreement: boarding pass, proof of payment, etc.	• Annual reports • Contracts • Audit report • etc.

Preparing the budget

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

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

4 steps in budgeting

1. Calculate expenditure

Possible headings under expenditure in your budget may be:

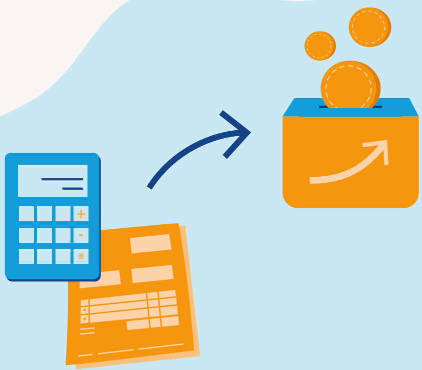
- **Travel costs** – what costs are you responsible for?
- **Rental costs** – how much do you pay for hiring equipment, seminar/activity rooms, etc.?
- **Communication costs** – how much does it cost to communicate, post on social media, send a newsletter, make phone calls?
- **Administration costs** – what costs do you have relating to accounting, bank charges, if you rent an office: costs relating to maintaining the space, etc.?
- **Food and accommodation** – do not forget travel days and all visitors and guests.
- **Fees** – how much do you need to pay specialists, interpreters, trainers, etc.?
- **Personnel and miscellaneous expenses** – are there likely to be any extra expenses to be reimbursed to members or staff?
- **Sundries** – make a reasonable judgment about small cash amounts you may need.
- **Exceptional costs** – are there any hidden costs?

2. Calculate income

Income consists of guaranteed income, namely income which has already been agreed by a funder or funders, and non-guaranteed income which is income that you plan to raise.

Possible headings under income in your budget may be:

- fees (from members, participants);
- income from your own fundraising events;
- public funding (e.g. local government);
- European funding (e.g. Erasmus+, European Solidarity Corps programme);
- corporate gifts;
- private donations;
- value of gifts in kind.



3. Budget for income and expenditure

We suggest that you underestimate income, making sure you don't include any that is uncertain. Equally, we suggest that you overestimate expenses and are sure to take into account inflation at say 5-10% more than today's prices for those items.

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

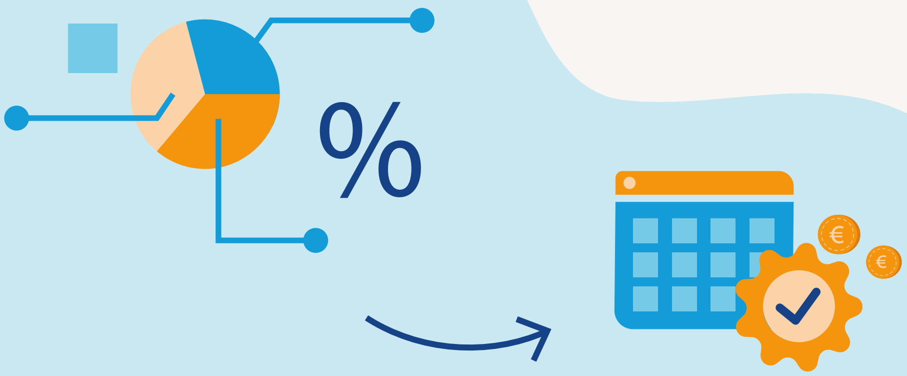
Once the budget shows an adequate surplus, you have to "phase the figures" or produce a cash-flow forecast: namely, analyse when the different items of income and expenditure will arise.

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

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

If there is a deficit in a particular month, the most important task is to check outstanding invoices and payments, then you can see which expenses you can pay later, or if you can make arrangements with your suppliers to pay at a later date. If there is a significant surplus in any month then it may be appropriate to invest the money in a way that makes sense for your organisation, such as providing allowances for volunteers, hiring an intern, buying better equipment or saving it in a higher-interest bank account.

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



Matching funds and co-funding

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

The organisation requesting the funds will then have to mobilise extra resources. These may come from its own resources (financial or other – buildings, equipment, materials, staff time allotted to the project or volunteers' work). If its own resources are insufficient, the organisation will have to look at other sources, of which there is a large range: other funding agencies, partner organisations, revenue generated by the project itself (participation fees, charges for services provided, etc.). The funds that the organisation receives from the same funding agency for a different project can never be treated as matching funds. This rule is called double funding and it is very strictly applied in European Union and Council of Europe funding programmes, which specifically ask whether the project has already received funds from the European Union or not.

Volunteer time recognition (VTR)

In some types of grants (e.g. European Youth Foundation international activities' grants and annual work plan grants) you will be able to recognise as income the voluntary working hours your volunteers will spend implementing your project. This is a great opportunity for organisations which work on a volunteer basis and do not necessarily have their own financial resources to provide the required co-financing. This does not mean that you will pay your volunteers, it means that you can estimate the time they put into your project as a contribution to the project funding and include it in the income part of your project. The calculation of VTR will be provided within the call for applications or programme guides.[1]

#Real-life experience

The most common practice among organisations is to record the working hours of the project managers within the VTR. In this way their work is virtually monetised within the budget. There are also projects where specific expertise is needed and the organisation through its network finds experts who are generous enough to provide their services for free. In this case, organisations can account for the expert's fee and working hours as VTR. Another best practice for using VTR is when organisations are working with hundreds of volunteers on mass sport events to co-ordinate thousands of visitors and manage practicalities around the event. For them, VTR is also a great opportunity to add their voluntary contribution to the project accounts.

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

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

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

1. For example, see www.coe.int/en/web/european-youth-foundation/volunteer-time-recognition.

SPENDING THE MONEY

1. Knowing your obligations – the agreement (or "financial agreement")

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

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

What happened?

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

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

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

Why so formal?

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

Many financial agreements consist of several documents. The agreement itself establishes the general rules. The appendices regulate the more detailed rules on finances, reporting obligations and other technical aspects of your contractual relationship with the funding institution. Appendices are always an integral part of the agreement. You need to read them just as carefully. The financial agreements of public funding institutions like the European Union or the Council of Europe come with numerous appendices containing frequent references to their financial regulations. It cannot be stressed enough: read them! And make sure any project team member that has to follow the rules within these documents also reads them.

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

No document-phobia, please

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

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

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

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

What is the content basis of the financial agreement?

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

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

Timing matters

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

For some reason you might not be able to implement your project during the agreed time frame. If you realise this may be the case, ask the funding institution formally, in writing, to change the dates of the contractual period. You should ask for an amended financial agreement or contract to be issued. The new agreement should include the new dates for your project. Of course, you need to explain to your funding institution what difficulties have forced you to request a modification of your agreement with them.

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

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

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

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

2. Agreements with project partners

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

Because of your responsibilities, you should make a partnership agreement with each of your project partners. A partnership agreement will help you to avoid misunderstandings about the rights and responsibilities of all project partners. The process of negotiating it will itself clarify important management questions. The actual agreement will help the successful management of your project. For standard, recurring projects such as Erasmus+ or European Solidarity Corps projects, it might be a good idea to create a standard easy-to-replicate Internal Partnership Agreement.

Depending on the funding scheme, templates for partnership agreements are either given by the donor or must be created by the applicant. The best practice is to search for an existing template created for the use of the specific programme and edit it to your needs.

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

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

It is important for you to keep in mind that the funding institution is not responsible for dispute settlement between project partners. Solving conflicts is the responsibility of the involved partners. In case they do not find a solution, the next step is to ask for legal counsel. The agreement has to include which national law is applicable to the legal proceedings.

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

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

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

For example:

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

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

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

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

3. Dealing with (financial) crisis

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

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

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

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

#Real-life experience

Even a simple training day could cause a big financial headache. An organisation was running a training course and they put a simple paper tape on a wooden floor to create some markers on the floor for the next activity. At the end of the day while removing the tape it damaged the wooden floor leaving a visible mark on it. The owner of the accommodation asked for a quote for repair and the price was as much as €1 300. Luckily, the organisation had third-party liability insurance which covered the total expenses.

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

4. Ownership

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

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

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

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

5. Handling cash and monetary transactions[2]

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

- **Separation of cash-handling and accounting.** It is healthy practice to entrust these functions to two different people in order to prevent any collusion in committing fraud. Of course, in a small organisation it may not be practical to have two people performing these functions, in which case the organisation has to be vigilant and alert to its own realities. Trust within an organisation is easily breached and it is neither healthy nor sensible to rely on it totally and dispense with adequate controls.
- **Division of cash payments into petty cash and larger payments.** Both for accounting and control purposes it is wise to separate payments into petty cash payments and larger payments. It is advisable to fix limits for petty cash payments. While petty cash can be entrusted to one person, large payments should go through the chief executive of the organisation and should require a special withdrawal from the bank.
- **Bank transfers/cheque payments versus cash payments.** As far as possible, make all larger payments by bank transfer or cheque.
- **Cash receipts.** The management should ensure that the cash received by the organisation is promptly deposited in the bank. Its receipt should be attested by pre-numbered receipts which are properly recorded in the cash book. The various functions of receiving, processing and recording should be clearly segregated.
- **Physical verification of cash.** Management should have an in-built system allowing someone in authority to check cash in hand against the balance shown in the book at least once a month and also on surprise visits, but definitely at the end of the financial year.
- **Bank transactions.** It is advisable to have as few bank accounts as possible except where separate bank accounts are required by funding agencies or by law. An organisation's bank account should always be in the organisation's name, not in the name of an individual. All bank transactions should be entered in the book from pay-in slips and cheques.
- **Fixed assets and inventory control.** While an inventory, normally known as a stock register, records assets which are generally consumable or saleable, a fixed-assets register records more permanent assets which provide long-term benefits to the organisation. Both are valuable since they represent a substantial portion of the organisation's net worth. Both types of assets therefore have to be controlled and managed efficiently and used effectively.
- **Audits and reviews.** An audit is meant to check the organisation's accounting standards and compliance with legal requirements. External reviews are independent, objective, critical studies of the organisation's financial management system. They offer suggestions for improving the system.
- **Bank cards, online payments, payment gateways.** You can also use bank cards for making payments. It is considerably safer and easier. Make sure that the bank card gives access to the main bank account, or is a separate one, and that you can control how much money can be accessed with the card. It is also good practice to issue several cards and give them to staff members who often need to make payments. Always check the handling fees, but mostly using bank cards should be cheaper than taking out cash from an automated teller machine (ATM). Cardholders from your organisation need to understand their

2. This section is based on Kandasami M. (1997), *Governance and financial management in non-profit organisations – a reference manual*, Caritas India, New Delhi, India.

responsibilities and the relevant internal regulations about the accounting system. They should know how and when they are obliged to administrate the payment receipts. You can also make online payments with bank cards. Be aware of fraudulent websites which might be able to store your bank card data. You can also receive money online via bank cards such as for a donation page on your website or to sell your product. To do this you will need to find a provider for a payment gateway.

- **Fintech (PayPal, Revolut, Wise, etc.).** It is always important to keep up to date with new financial and banking services and use them once they are well tested and safe. Many of them offer much cheaper services than classic banks. They are especially useful when you need to make international bank transfers, receive, send and spend money in multiple currencies, or you need more flexible banking data transfers between the software you use for your accountancy. The most important rule in using these kinds of services is to undertake wide research and consider all organisational-level and project-level aspects before using them. It is also good practice to test the service individually first and then introduce it to the whole organisation.

Working with different currencies

If you are working with international projects (whether with donors or project partners from countries with different currencies to yours), then you will have to prepare yourself and your accounting system to handle multiple currencies. It may be that you can organise a project meeting in a different country where the currency is different from yours, or you might need to reimburse travel expenses for a participant in another currency. Each donor defines its own base currency which is usually one of the international ones (EUR, USD, GBP, etc.) but it can also be the national one. They will make the payments in this currency as well and the exchange rates you have to use will be declared in your grant agreement. If you have a bank account in multiple currencies you can receive and spend money directly from/to those currencies, but if you only have one in your own currency, when you receive money from a different currency your bank will immediately convert it to your own currency. For example, banks cannot accept payments in euros from a Hungarian forint account.

On each occasion that money is exchanged between different currencies there is the possibility of losing or gaining money. Make sure that you consider all the possibilities in terms of what currencies will be used in a project and set up the most cost-effective system. It can happen that the currency in your country is different from the currency you receive the money from, and therefore you might have to make travel reimbursements to 15 overseas organisations with 15 different currencies. You might want to prepare for this! If you receive large sums in another currency to yours then it is easier and simpler to open an account in that currency. You just need to check the bank charges, as sometimes opening a bank account and receiving and sending money in a different currency can be very expensive. In this case, it might not be the best solution to open the account, especially if the exchange rate loss is insignificant or zero. Of course, we can never be sure how exchange rates will change over time as it is a very complex system. Make sure you find the most optimal one for your organisation. And here it is important to mention the Fintech companies. Many of them are designed to lower bank charges and offer multicurrency accounts for your convenience.

6. Spending plan

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

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

Plan of necessary resources

No.	Budget line	Type of expense/ resource	Time unit 1	Time unit no.	…	Total
			Amount	Amount		

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

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

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

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

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

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

▸ Example – Plan of expenditure for the period …

No.	Destination	Amount	Date of payment	Method of payment (cash, bank)	Destination	Who is responsible?

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

▸ Example – Evidence of income

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

▸ Example – Evidence of the income for the project …

No.	Source of	Amount income	Date of receipt	Method of payment (cash, bank, in kind)	Destination	Who is responsible?

7. Monitoring the project and maintaining relations

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

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

Monitoring

The kind of items you may need to monitor include:

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

Maintaining relations

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

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

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

ACCOUNTING FOR IT

1. A quick overview

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

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

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

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

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

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

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

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

2. Reporting obligations

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

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

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

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

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

What needs to be in every report?

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

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

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

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

Financial part

The financial agreement or contract provides you with details of the items that need to be justified, and what is regarded as justification. In some cases in transnational mobility projects the travel costs need to be justified with original travel documents or certified copies of them. In other cases – for example, travel costs are calculated based on unit costs – you will only need to prove that the activity happened and only in specific cases will you need to show the travel documents. Even if there is some flexibility on the side of the funder, regulations of the bookkeeping law of your country might differ. You are obligated to comply with both. Make an effective plan about when and in which format you will ask for travel documents from the participants. As travel costs are usually high and may use up the greater part of your grant, you should be careful about providing the necessary expenditure evidence.

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

Some funders, such as the European Union Erasmus+ and European Solidarity Corps programme, apply flat rates, lump sums and unit costs for certain budget items. Under the Erasmus+ and European Solidarity Corps programme, flat-rated items and fixed amounts do not need to be backed up by invoices. Make sure that you know what kind of documentation is necessary for the "cost initiation" in order to be able to receive the lump sum. The Erasmus+ and European Solidarity Corps national agencies will check the actual number of participants, activity duration and project partners against the ones in your approved application. So, you need to be prepared to justify any differences from the approved figures. Regardless of how the funding institutions use flat rates, you should also manage the funds in accordance with your own organisation's accountancy rules. Other institutions apply the rule of real costs incurred, so financial proof is needed for the project expenditure.

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

Finalising reports

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

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

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

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

3. What happens to my report?

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

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

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

- Your funder decides to pay the amount as it stands since your project was implemented without any significant changes.
- The evaluation shows significant differences between your report and the agreement/application and so the funder decides to reduce the amount due. Public funders will always have to reduce the funding if, for example, you had fewer participants in an exchange, fewer expenses, etc. An independent funder might be more flexible about this. But always expect to receive less if your project was slimmer than planned.
- If the project has changed dramatically, your funder may even decide to ask you for reimbursement of the entire advance payment or parts of it. This means that the entire grant is withdrawn, but it would only happen if there were serious problems of project implementation, or the project had changed completely. You will certainly not find yourself in this situation if you follow the recommendations of this T-Kit.
- If the project was larger in scope and budget than planned, an independent funder with whom you had developed a good relationship might actually agree to increase your grant. But that is extremely rare.

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

4. 10 good reasons for producing a good report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Here are 10 excellent reasons for writing a good report.

1. **Contractual.** For most funders, reporting is part of the signed agreement on the grant. Reporting requirements and dates when reports are due are specified in commitment letters. So at a very basic level, a concise, punctual report shows that a non-profit understands its contractual duties.
2. **Builds analytical skills.** Reports are excellent internal documents that teach everyone in your organisation (volunteers and staff) to review, synthesise and analyse an enormous amount of information and report back on key points. The ability to be concise is a valuable professional skill. Being analytical is another. Report writing can help staff develop these skills. Directors and programme officers like narrative reports of between five and 10 pages. More than that is too long. Think about the famous George Bernard Shaw remark: "I'm so sorry to write a long letter, I did not have the time to write a short one."
3. **Builds teamwork capacity.** Reports encourage staff and volunteers from all sides of an organisation – programme and financial/accounting – to work together. And building internal relationships makes good institutional sense. It builds capability.
4. **Secures current financing.** Some funders make mostly multiyear grants, with the second or third payments dependent on submission of a narrative and financial report. For this type of grant agreement, getting a report to a funder makes good financial sense.
5. **Improves future fundraising.** A good report delivered on time shows that you are concerned about good communication with the funder. Remember that if you have been successful once with a funder, you might be successful again, provided that you meet their requirements on reporting.
6. **Creates documents for other external or internal purposes.** Another advantage of writing a report is that it can be put to other uses. Clearly, one use would be reporting to other funders. But a report is also a model of good, clear, concise language that is then available for reporting to senior management or the board of directors, or even for the annual report.
7. **Gives you a competitive edge.** In the competitive grants environment, filing a good report on time gives a non-profit an edge over those who file reports late.

8. **Shows professional skill.** A well-written, punctual report shows the funder your command of the programme, the finances, the letter of agreement with the funder, and even internal filing systems. It is certainly unprofessional for grantees not to know which budget to report on.
9. **Demonstrates institutional belief in transparency and accountability.** A good report submitted on time shows that a non-profit's staff and board of directors place a high value on transparency and accountability.
10. **Builds relationships and open communication.** Working with funders is primarily about relationships – and relationships depend on open communication, trust, respect and courtesy.

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

5. Audits

After your final report has been accepted, it is possible that years later the funder will contact you for an audit. Here you might need to prove the payments of all items included in one unit cost/lump sum (like board and lodging), or for instance the travel tickets/boarding passes that have already been mentioned in order to prove the travel costs unit cost/lump sum. You will also need to present all bank statements connected to the project as well as transfers to your partners/participants. Therefore, it is important to check with your donor and the law of the country that your organisation is established in how long you need to store what kind of information in your archives.

In some cases, donors require external audits on your accounts connected to the project you carried out. This should have been mentioned in the application phase, but at the latest at grant agreement. In this case, you will need to plan for the costs for external auditing, which can go quite high when you implement a substantial project.

Make sure you keep the documentation and financial reports for the number of years the donor requires you to keep them. Each donor has different requirements but the national law is also applicable.

Attention: The date to start your count is from the date the final report has been accepted by the donor.

Fundraising

Sources of funding

Chapter 3

Fundraising – Sources of funding

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

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

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

OWN RESOURCES, REVENUES AND FUNDRAISING FROM INDIVIDUALS

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

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

Similar to the questions you ask yourself when it comes to writing applications and contacting donors, ask yourself if such finance sources are in line with your vision, values and the kinds of effects you will have or want to achieve by raising money from your own and your members' resources.

1. Membership fees: key to ownership and participation

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

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

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

2. Participation fees

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

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

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

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

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

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

3. Providing services: your hidden financial potential

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

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

It does not take a big effort to distribute leaflets or wash cars for a couple of hours. Always keep in mind what your organisation and the activities are aiming for and if the company you are supporting or taking money from is also supporting these ideas. Members and volunteers of the organisation can be mobilised for a good cause. The good cause could be earning enough money to cover the office rent or buy educational materials for poor children. The more people participate, the more money can be raised by offering services in your community. Although this sounds easy, bear in mind that this kind of fundraising activity needs careful planning and good co-ordination. Most importantly, people need to feel that they themselves are ultimately getting something out of it.

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

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

#Real-life experience

An organisation working in a village is providing after-school education to children and young people with fewer opportunities. They also have a community shop where they collect useful items, clothes, etc. and then sell them at a reasonable price. In this way, they are able to complement their income which they can then use to buy educational materials or take children to see a play at a theatre.

4. Fundraising classics

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

- seasonal bazaars
- auctions
- tombolas
- street collections
- parties
- sports competitions
- lotteries.

If you are organising an event where the main priority is to raise funds, there are two ways you can do this. You can cut costs to a minimum and you can raise as much income as possible. Cutting costs does not necessarily mean that you have to cut services or facilities. It means that you cut costs for your organisation. Increasing income means that you look at every aspect of your event and exploit all areas to generate extra cash. In general, it is better to hold fewer, larger events than a lot of small ones because they raise more money with less effort and this means you are not asking people to turn out again and again.

5. Payroll giving: an interesting option in some countries

One area of individual fundraising which needs the support of employers is "payroll giving". This is where staff decide that they want to support a specific project or organisation by giving directly from their pay cheques. Employees decide which organisation, and employers set up the system so that the money is deducted from monthly or weekly pay and sent direct to the organisation benefiting. In some countries the portion of salary donated is exempt from income tax. Some countries also have a requirement that the employer respond to the employee initiative by paying the administrative costs.

#Real-life experience

In Hungary it is possible to offer 1% of your personal income tax to those organisations that are registered as NGO. At the beginning of the year different Hungarian NGOs run huge campaigns in order to convince more people to offer this 1%. People still have to pay the tax, so it is not an extra 1%. In many other European countries this scheme is available in different formats. It is good practice to create meaningful relationships with companies that have similar values and activities to your own organisation and get their human resources department to suggest your organisation when the tax payments time approaches. It can be a good first step towards a long-lasting relationship with a company.

6. Passive income

Passive income is the financial resource that you can derive from products or intellectual property that you have already produced, and it keeps generating income for your organisation with very little or no ongoing effort. This is the ultimate income stream which gives maximum freedom to spend and long-lasting sustainability.

Financial passive incomes are linked to the idea that "money makes more money". If you have managed to collect a large enough sum you can increase it by opening a savings account and benefiting from the interest that the banks or other financial companies offer. The interest is usually between 0% and 10% with no or very low risk. You can never avoid the risks completely with these kinds of investments, therefore only undertake this if you are confident that losing money will not jeopardise your organisation in any way.

Rental passive incomes can be harvested if you have property that you are able to rent to others. It can be real estate, buildings, vehicles, equipment, books – the list is endless. It is important to calculate service and amortisation (the action or process of gradually writing off the initial cost of an asset) expenses, but still it is easy to earn many times more than the original price.

Turning your intellectual properties and outputs into financial income is maybe the most efficient way to reach sustainability. If your organisation is already able to produce intellectual property which is highly valuable for other individuals or organisations it is advisable to market it and gain financial benefit from it. Books, board games, e-learning modules and publications are just a few popular examples you can aim to use.

FINANCIAL AND LEGAL CONSIDERATIONS

Each country has different regulations about taxation and administration of passive incomes. It is important to inform yourself before you open this financial income stream. Another crucial aspect is how you produced the basis of your passive income. For example, if you created the board games you are about to sell from an Erasmus+ KA1 project you will need to check the conditions in your grant agreement about intellectual property. What are the rules related to selling your products financed by the EU or other types of grant? Are you obliged to publish the whole product or parts of it for free? Each donor will use different conditions.

1. Funding at local, regional and national levels

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

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

Being part of an international network gives an opportunity to amplify the voices of the NGOs which have similar values, aims and activities. In this way there are better chances to advocate and fundraise for the whole network or for the separate organisations. In some cases, a whole department is already assigned to this task.

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

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

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

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

2. European Union funding: transnational European funds

You should first consider the piece of work you wish to do in some detail and then start looking at potential funders. Prior planning will enable you to target the correct programmes and agencies. (Please refer to Chapter 1 for the financial planning and management aspects.)

The EU has a large number of funding programmes which are managed by the European Commission through the EACEA (European Education and Culture Executive Agency) on a centralised level and through different national agencies on a decentralised level. These national agencies are particularly important for the European Union's youth and education programmes. You can reach them through the websites of the various programmes (see below).

You have to distinguish between activities which are transnational (involve more than one country) and national activities that you can implement in your country without international partners. If your focus is on a specific region then you will need to contact the directorate which deals with this (or one of its agencies). For example, the Instrument for Pre-accession Assistance (IPA) III programme is managed by the European Commission external relations directorate, responsible for South-East Europe. The European Union has member states and through the enlargement process additional countries who are working to become part of the EU.[3]

Within the EU-funded programmes mostly EU countries can participate. Other countries like those in the European Free Trade Association (EFTA), or neighbouring countries, are eligible for funding.

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

European Union programmes usually do not cover all the costs of a project. There is always a part of co-funding involved and asked for.

3. You can find all the countries at: https://european-union.europa.eu/easy-read_en.

3. Erasmus+ and European Solidarity Corps programme

The EU runs programmes usually for a project period of seven years and renews/updates them after every programme period.

Currently the EACEA has four funding programmes: Erasmus+, Creative Europe, the European Solidarity Corps and the Citizens, Equality, Rights and Values programme.[4]

We will focus here on the content and priorities of the programmes. For technical support on how to access the different tools, please contact the EACEA, your national agencies or other bodies that are promoting and supporting the programme.

The most relevant programmes for youth organisations are the Erasmus+ programme and the European Solidarity Corps. These two programmes are applicable to European Union countries and a selection of other European countries. You can find all eligible countries in the programme guide of the funding programme.

With all calls and programmes: check the priorities of the programme and see if there is any annual focus that should be highlighted when writing your application.

Especially for EU grants, familiarise yourself with the EU Youth Strategy as well as the 11 European Youth Goals,[5] and for a global perspective the United Nations Sustainable Development Goals.[6]

Erasmus+ Youth

Youth is one part of the Erasmus+ programme next to education and sport. It focuses on funding and promoting non-formal and informal learning and the active participation of young people. On an organisational level it focuses on co-operation, quality, creativity and innovation in the youth sector.

Each year a new programme guide is published.[7] The guide is produced in all the national languages of the EU. The national agencies usually provide some additional information about how to apply for a grant.

The programme has general topics and priorities, some of which stay the same, while others may be added as yearly topics. Always check if your project idea might fit better in one particular year rather than another and make reference to this in your application.

4. See www.eacea.ec.europa.eu/grants/how-get-grant_en.
5. See https://youth-goals.eu/youthgoals.
6. See https://sdgs.un.org/goals.
7. For detailed information see https://erasmus-plus.ec.europa.eu/programme-guide/erasmusplus-programme-guide.

European Solidarity Corps

Within the European Solidarity Corps, young people aged between 18 and 30 have the chance to participate and create projects that support the local community and foster positive societal changes. Also, organisations have the opportunity to receive international volunteers into their organisations to help improve and internationalise their activities.

Like the Erasmus+ Programme Guide, the European Solidarity Corps Programme Guide is published at the end of every year. For detailed and specific information please consult the guide: https://youth.europa.eu/solidarity/organisations/reference-documents-resources_en.

A short overview of the eligibility of different kinds of groups and organisations for the Erasmus+ Youth and European Solidarity Corps grants is shown in the table below.

	Informal groups	NGOs	Networks
Youth exchanges	Yes	Yes	Yes
Mobility projects for youth workers	Yes	Yes	Yes
Youth participations	Yes	Yes	Yes
Accreditation	No	Yes	Yes
Strategic partnership	No	Yes	Yes
Operational grant	No	No	Yes
Solidarity projects	Yes	Yes	Yes
Volunteering projects	No	Yes	Yes
Volunteering projects in high priority areas	No	Yes	Yes
Humanitarian aid	No	Yes	Yes

4. Other European Union funds

The structural funds involve much larger sums of money but often cover work over a long period of time. They are focused on economic and social development of regions and this can include a wide range of topics related to young people, volunteering and development of youth work.

There are different funds in the current long-term budget of the European Union, together with NextGenerationEU, which is divided into six different areas of activity.

- Single Market, Innovation and Digital
- Cohesion and Values
- Natural Resources and Environment
- Migration and Border Management
- Security and Defence
- Neighbourhood and the World[8]

The most useful in the field of work with young people are the funds relating to Investing in People, Social Cohesion and Values, which includes the European Social Fund+ (ESF+), Erasmus+ (E+), the European Solidarity Corps (ESC) and the Citizens, Equality, Rights and Values programme (CERV). In relation to activities and co-operation outside the European Union, the Global Europe: Neighbourhood, Development and International Cooperation Instrument (NDICI) or the Pre-Accession Assistance (IPA III) could be useful. Another important fund is the European Regional Development Fund (ERDF).

8. For more information, see https://ec.europa.eu/info/funding-tenders/find-funding/eu-funding-programmes_en.

European Regional Development Fund

The ERDF aims to strengthen economic, social and territorial cohesion in the European Union by correcting imbalances between its regions. In 2021-2027 it will enable investments in a smarter, greener, more connected and more social Europe that is closer to its citizens.

European Social Fund+

The ESF+ is the EU's main instrument for investing in people with the aim of building a more social and inclusive Europe. The ESF+ finances the implementation of the principles of the European Pillar for Social Rights through actions in the area of employment, education and skills, and social inclusion. The fund supports the EU's green, digital and resilient recovery from the Covid-19 crisis by driving investment in jobs, skills and services.

Pre-Accession Assistance

IPA III supports EU candidate countries and potential candidates in transforming their societies, legal systems and economies on the path to EU membership. It helps the EU reach its own objectives, such as peace and stability, sustainable economic growth or combating climate change.

It facilitates political, institutional, social and economic reforms, fosters sustainable socio-economic development and brings societies closer to the European Union's values and standards.

Global Europe: Neighbourhood, Development and International Cooperation Instrument

Through the new NDICI – Global Europe, the new long-term budget will bring a significant modernisation of the external dimension of the EU budget. It will increase the effectiveness and visibility of the EU's external policies, strengthen their co-ordination with internal policies and give the EU the necessary flexibility to provide a faster response to new crises and challenges.

Citizens, Equality, Rights and Values programme

The objective of the CERV programme is to protect and promote rights and values as enshrined in the EU Treaties and the Charter of Fundamental Rights. In particular, it does this by supporting civil society organisations active at local, regional, national and transnational level. It aims to sustain and develop open, rights-based, democratic, equal and inclusive societies based on the rule of law. That includes a vibrant and empowered civil society, encouraging people's democratic, civic and social participation and cultivating the rich diversity of European society, based on our common values, history and memory.

A range of agencies in each geographical area develop a regional development plan which is approved by the European Commission and then used to prioritise grants for individual projects. Partnerships between agencies within a region are encouraged and, in some regions, the voluntary and youth sector is a significant beneficiary of the funds. Matching funds are usually required to make up the full cost of projects but in-kind support can also be used.[9]

5. Council of Europe funding for youth organisations' projects

The Council of Europe focuses on human rights, democracy and the rule of law. Among its many areas of expertise, it advocates for freedom of expression and of the media, freedom of assembly, equality and the protection of minorities. It has launched campaigns on issues such as child protection, online hate speech, and the rights of the Roma,[10] Europe's largest minority. The Council of Europe helps member states fight corruption and terrorism and undertake necessary judicial reforms. Its group of constitutional experts, known as the Venice Commission, offers legal advice to countries throughout the world.[11]

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9. Details of the structural funds can be found at: https://ec.europa.eu/regional_policy/funding/erdf_en or https://ec.europa.eu/european-social-fund-plus/en. You should also contact your regional government offices for specific local information.
10. The term "Roma and Travellers" is used at the Council of Europe to encompass the wide diversity of the groups covered by the work of the Council of Europe in this field: on the one hand a) Roma, Sinti/Manush, Calé, Kaale, Romanichals, Boyash/Rudari; b) Balkan Egyptians (Egyptians and Ashkali); c) Eastern groups (Dom, Lom and Abdal); and, on the other hand, groups such as Travellers, Yenish, and the populations designated under the administrative term "Gens du voyage", as well as persons who identify themselves as Gypsies. The present is an explanatory footnote, not a definition of the terms Roma and/or Travellers.
11. You can find out more about the Council of Europe and its member states on www.coe.int/en/web/portal.

The Youth Department is part of the Directorate General of Democracy and Human Dignity (DGII) of the Council of Europe. The department prepares guidelines, programmes and legal instruments for the development of coherent and effective youth policies at local, national and European levels.

It provides funding and educational support for international youth activities aiming to promote youth citizenship, youth mobility and the values of human rights, democracy and cultural pluralism. It seeks to bring together and disseminate expertise and knowledge about the life situations, aspirations and ways of expression of young Europeans.[12]

The Programming Committee on Youth (CPJ or PC) is the body of the Council of Europe that makes decisions about the programmes and projects supported by the European Youth Foundation and the Council of Europe. The CPJ consists of eight government representatives and eight non-governmental youth organisations. It establishes and monitors the programme of the European Youth Foundation (EYF) and the European Youth Centres (Strasbourg and Budapest). The CPJ meets in June and December. The members are elected for a two-year mandate. It takes the decisions on all applications submitted to the EYF as well as on the study sessions organised in co-operation with the European Youth Centres.

6. The European Youth Foundation

The EYF is a fund established in 1972 by the Council of Europe to provide financial and educational support for European youth activities.[13]

The EYF supports projects in line with the Council of Europe's youth sector's priorities, values and work. Only youth organisations can benefit from the grants of the EYF.

Projects must be designed to:

- strengthen peace and co-operation in Europe;
- promote closer co-operation and understanding among young people;
- encourage information exchange;
- stimulate mutual aid.

7. Council of Europe grants

Apart from the EYF grants, the Council of Europe offers two types of grants: project-related and operational grants. Depending on the profile and activities many youth NGOs might be eligible to apply for these grants.[14]

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

Types of private donors:

- foundations
- corporate funders
- individual philanthropists.

12. Council of Europe Youth website: www.coe.int/en/web/youth. The site is available in English and French.
13. You can find out more about the EYF at: www.coe.int/en/web/european-youth-foundation.
14. For more information, visit the Council of Europe website: www.coe.int/en/web/civil-society/grants-and-resources.

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

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

The T-Kit tries to answer the above questions and to clarify the varied landscape of private donors in Europe. It deals with this in four sections.

1. Crowdfunding – explains ways to communicate your cause efficiently with a call to action at the end asking for financial support.
2. Corporate social responsibility (CSR) – examines corporate funders (another component of the independent funding community), the long tradition of corporate citizenship and its current trends across Europe.
3. Foundations – provides a snapshot of independent foundations in Europe today and shows their role in modern philanthropy. It also details the different types of foundations in Europe.
4. Individual philanthropists – provides several tips on how to approach wealthy individuals.

A good starting point for discovering the many possibilities offered by different funding sources is signing up for newsletters designed to search, categorise and communicate various opportunities to apply for funds.[15]

1. Crowdfunding

If you have a community behind you or an idea that can benefit many people beyond your organisation, crowdfunding might be a tool to look into.

With crowdfunding many people with small donations can help you to reach your goal. There are different crowdfunding platforms. Make sure to use one that fits your purpose and that you understand their terms and conditions: do you get the money regardless of whether or not the goal is reached? Depending on the amount of money you want to raise, different rules and laws may apply – check the legal framework in your country. When you plan your crowdfunding campaign, think about the types of crowdfunding accessible to you: do you look for "donation-based crowdfunding" (supporting your cause if it is only value-based), or will you work with "reward-based crowdfunding" (supporting your cause and receiving something for it)?

Donation-based crowdfunding

This is a good tool to use if you have a cause that is very important but intangible. The supporters donate money and their motivation derives from their good feelings about being able to support your cause.

#Real-life experience

IBO Italy managed to raise more than €2 000 for the purpose of Covid-19 relief after their devastating situation at the very beginning of the outbreak. They clearly outlined the solution to the situation (supporting hospitals with volunteers, finding medical equipment, collection of home services, etc.) and succeeded in meeting their funding goal. During and after the implementation they documented and reported their actions in order to prove the use of the raised money: www.globalgiving.org/projects/help-at-home/.

15. For example, Funds for NGOs: www.fundsforngos.org.

Reward-based crowdfunding

Your supporters donate their money but also get something back in return. This is a good idea if you are working on a final product that they can receive, or if you have donations or merchandise that you can give away for a certain amount of money to motivate people to give more. Examples of rewards: the book you want to print, a poster of your campaign, their names written on the wall you will build, a bag with the name of your project/organisation on it, and so on.

When planning your crowdfunding campaign, think about the channels where you can spread your message to make the cause visible, think about the timeline you need to raise the money and also when you would need the money to implement the project. As crowdfunding works online, think about the visual aspects of your activity: how can you show it to the online audience – with videos, illustrations, etc.? And also think about the resources you need to invest in order to make it happen.

The most common mistake with crowdfunding campaigns is that we tend to leave it alone after we have uploaded our project to the online platform. Unfortunately, if only 90% of the project is uploaded to the website it will not generate a significant amount, let alone reach the fundraising goal. Uploading your project is not enough, you need to have a solid social media and communication strategy and you need to plan time to constantly create content and cultivate from the reach you have already generated. Promoting and transmitting your message is the key for successful crowdfunding. We encourage you to plan your strategy and timeline before you launch your campaign and think about this as a process.

Communication strategy

If you follow our recommendation at the beginning of the T-Kit and you are clear about your organisational basics connected to vision, mission and activities, you already have the materials and data ready to communicate. Understanding how to transmit your message with the purpose of convincing people to donate money to you is a whole new galaxy of knowledge and experience, which is incredibly valuable to learn and to secure for a 21st-century youth organisation.

Start with selecting the platform and if you have the necessary resources, you can even create your own donation platform on your website. In this way you avoid paying for service charges. An additional benefit of some platforms is the connected training they provide where they will explain and teach you how to implement a successful fundraising campaign. Ultimately, you have the same interest as the platform: to generate as much money as possible. As they usually charge a percentage, the more you make the more they receive. Make yourself informed about the different platforms, their reach and stakeholders as well as the extra services and training they might offer and select the most suitable one for your organisation.

Make a plan about how, when and to whom you are going to promote your campaign. Are you going to install a stand in the street in front of your office? Will you organise a roadshow in the schools where you work? Will you pay for social media advertisements? Are you going to use your organic reach? All of these? It's all up to you! Make sure the time and value effort will be sustainable for you and for other involved colleagues. It is also good practice to create a separate communication plan for the different targeted audiences. You will have to deliver your message in a different way to the participants you work with, then to your organisational partners, to the in-country audience and then to the international ones. Your strategy should clearly indicate the different target groups and the different communication channels you are going to use.

You will need to select the best possible format for your message and campaign: photos, videos and memes are the most engaging ones, but for your institutional partners you might want to go a bit more "old school" with an e-mail or conference call.

Once you have the plan about the practicalities you will arrive at the content creation. Your goal in this is to keep your target audience's attention and make them want to talk about it and share. You can repeat the core message of your campaign or connect the topic to news and articles. You can ask a celebrity or an influencer to support your campaign and talk about it or launch a podcast where you can invite guests to support your campaign. Keep in mind that direct selling and promotion is limited, and you must offer something in exchange for people's support. It can be membership, rewards, information, merchandise, entertainment and so on.

Crowdfunding which can break out from the usual audience tends to achieve greater success.

#Exercise

Do you need a shortcut? Read the Societ article at: www.societ.com/blog/fundraising/how-to-write-a-nonprofit-case-for-support-including-examples/.

Once you are ready, use their template to create your case here:

www.silentpartnersoftware.com/assetswp/misc-docs/sample-case-for-support-template.doc.

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2. Corporate social responsibility

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

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

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

- sponsorship;
- training;
- gifts of equipment or supplies;
- employee volunteering;
- matching of employee donations;
- secondment of staff;
- pro bono services.

Why do companies give?

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

Current trends

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

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

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

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

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

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

Don't turn against your values

The most important step is to make sure that the values of your organisation are in line with the values of the selected corporations. Ethical guidance in mapping and selecting corporations and accepting financial or in-kind support is the absolute necessity in order to keep the organisation's integrity. Always check if the organisation is really supporting the cause and not just following a trend, or green or pink washing their activities. Imagine a peace organisation sponsored by a company producing weapons. Definitely not the best optics for your target groups and past supporters who were told that your organisation will work towards peace in the world.

#Real-life experience

An organisation, after 15 years of implementing outreach grassroots youth work with local staff and international volunteers, managed to save enough money to buy a property and make their dream come true by building a home for their local youth work. The building they could afford needed serious renovation. Even the parts which they thought could be used immediately had issues to fix, so a complete makeover and renovation of the building was needed. Their idea was to start fundraising campaigns locally and internationally to collect the money needed for the renovation. Luckily, the organisation applied and became selected for a CSR call from a for-profit company offering pro bono (free) consultation on communication, marketing and fundraising. During the pro bono sessions the company and the staff of the organisation worked together on a communication and fundraising strategy. During one of the sessions an idea came up and the staff of the company and the organisation took part in a one-day volunteering activity, cleaning the garden around the house. The connection became even stronger while working together and especially because the company saw the effort, enthusiasm and professionalism of the organisation while implementing very precisely the strategy they created together.

Having built a strong personal and professional connection, seeing the reality of this new upcoming youth centre and the motivation of the organisation, the company made a final decision to support the organisation with a €10 000 grant. In this way the organisation managed to renovate the building to the point where they could open the youth centre within 6 months, and the company benefited by raising awareness among their own co-workers, building better cohesion and communicating their CSR to their own target audience. Furthermore, the company received a tax deduction following the €10 000 grant given to the organisation.

Image building

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

Approaching corporate funders

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

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

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

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

You can also think about a combination of support – giving the organisation a chance to offer their employees the opportunity to do corporate volunteering in your organisation is often a lot of organisational work, but if this leads to a good relationship and other kinds of support for your cause and projects, it could be a good starting point.

3. Foundations

The financing mechanisms of foundations have evolved rapidly over the last decade. During that time, they learnt that it is easier to handle the enormous number of enquiries coming from individuals and organisations by establishing an application procedure very similar to the ones that public institutions use. They send a call for applications explaining their foundation's vision, mission and targeted activities where they are looking for organisations already working on similar topics in order to increase their overall impact. At the end they can accomplish their own mission much more efficiently if they call for allies, support them and communicate the joint results as united.

If you aim to harvest financial income from foundations, the most important step is donor mapping. There are thousands of foundations out there with tens of thousands of causes they are working on and willing to support. Your first step is to find out which ones are closest to you in terms of their values, strategy, location/area of activities, etc. Once you have mapped your donors you can then check whether or not they have a pre-set application system for applying for financial support. Most of the foundations that offer financial support will have their own form, questionnaire or description of how to approach them with your idea. Mostly, they will first require a short concept note and once they have shortlisted your idea you can enter the competition to gain their financial support by providing more details about your planned activities and detailed budget. If you cannot find any suitable donors, do not worry as we explain in detail in the appendix how you can still approach these foundations.

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

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

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

What is a foundation?

"Foundations:

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

Source: European Foundation Centre, Brussels (Belgium)

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

Types of foundation in Europe

In addition to its conceptual definition of a foundation, the European Foundation Centre in Brussels produced a Typology of Foundations in Europe.[16] The typology is an attempt to provide a clearer picture of Europe's diverse foundation community. It identifies four groups of foundations. Each group has a number of subcategories.

There are four types of foundation in Europe:

- independent foundations;
- corporate foundations;
- governmentally supported foundations;
- fundraising foundations.

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

Where does the money come from?

Foundations' main sources of finance are:

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

Independent foundations

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

16. Published by the EFC in 1997.

▸ Example of an independent foundation: Open Society Foundation (International)

The Open Society Foundations, formerly the Open Society Institute, is a grant-making network founded and chaired by business magnate George Soros. The Open Society Foundations financially supports civil society groups around the world, with a stated aim of advancing justice, education, public health and independent media.[17]

Corporate foundations

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

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

▸ Example of a corporate foundation: Fundació La Caixa (Spain)

Fundació La Caixa came into being as a result of the merger of Fundación Caixa de Pensions and Fundació Caixa de Barcelona. It is a non-profit organisation dedicated to serving society. The foundation is funded by the Caixa d'Estalvis i Pensions de Barcelona which, as a savings bank under Spanish law, may devote approximately 50% of its profits to sociocultural activities. One of the important programmes they run in several European countries is called Incorpora. Through the Incorpora programme, they connect companies with people with fewer opportunities with the support of organisations directly connected to specific target groups. In this way they are creating employment for those who are struggling to find jobs because of their situation.

Governmentally supported foundations

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

▸ Example of a governmentally supported foundation: Westminster Foundation for Democracy (United Kingdom)

The Westminster Foundation for Democracy was established by royal prerogative. The three main political parties in the United Kingdom are represented on the board of governors, and appointed by the Secretary of State for Foreign, Commonwealth and Development Affairs after consulting the parties. There is also a representative from the smaller political parties, and non-party figures drawn from business, trade unions, the academic world and the non-governmental sector.

Fundraising foundations

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

▸ Example of a fundraising foundation: Fundacja Pomocy Wzajemnej "Barka" (Poland)

Fundacja Pomocy Wzajemnej "Barka" was set up to help marginalised groups such as former psychiatric patients, the homeless, former prisoners and vulnerable children or women. The first Barka community was

17. See www.opensocietyfoundations.org/who-we-are.

established at Władysławowo. The following year, the group merged with the Foundation in Aid of Persons in Deep Crisis and went on to create two further communities. Since then, some 1 500 people each month have been helped by the foundation's community through educational and temporary services such as food supply, banking, meal services, shower facilities, medical and dental care and after-/pre-school programmes for children. This led to setting up the Regional Centre for Non-Profit NGOs in Poznań, a group that encourages activities and represents the interests of the third sector.

Foundations in Europe today – Common characteristics

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

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

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

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

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

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

▸ Major areas of interest

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

▸ Community foundations

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

#Real-life experience

Localgiving is a website for local charities and community groups which helps them to raise money and awareness, and provides support. It allows registered and unregistered charities in the United Kingdom to claim Gift Aid. Gift Aid is a tax relief for charities. They can claim about 20% of taxes of the donation back as an extra contribution. The support works as all donations are processed through their local community foundation which vets each group. The website allows supporters and donors to search for and find small charities and voluntary organisations in their community: https://localgiving.org/.

▶ International co-operation

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

#Real-life experience

The Philanthropy Europe Association (Philea) nurtures a diverse and inclusive ecosystem of foundations, philanthropic organisations and networks working for the common good. They help their members to get inspired, act together and achieve greater impact by sharing data and knowledge, exchanging best practices, connecting around common themes, engaging in policy work, and more: https://philea.eu/.

4. Individual philanthropists

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

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

Why do people give?

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

- the satisfaction of helping people;
- the desire to leave a lasting imprint on society while making a significant difference;
- the desire to promote a set of views or a philosophy;
- setting up a memorial to a friend or loved one;

- giving back to a supportive community;
- tax benefits.

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

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

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

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

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

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

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

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

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

Appendix

How to get funding – Further tips

Appendix

How to get funding – Further tips

This section goes into further detail and tips on how to go about preparing application forms and fundraising from public or private sources.

PUBLIC FUNDING

Application forms

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

An application form ensures that the formal requirements and rules are the same for all applicants, which goes some way to guaranteeing equal and transparent treatment. From the funder's point of view, having the same form for all applicants regardless of the language version makes administration easier and ensures fairness. It assists data collection and recording of the key information that the funder needs on the applicant, the partners and other parameters. Each application form presents the same budget or grant items, making it easier to decide eligibility under the funding rules. Using the same budget model also facilitates cost comparison of projects of the same type.

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

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

At this stage you should also find out about the format for submitting your application (electronic or paper copy).

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

Tips for completing online application forms

- Check if there is an example of an application form available so that you can see the complete list of questions, as sometimes these only come up while filling in the form.
- Create a file offline or online, so that you can fill it in on your own and in co-operation with your colleagues over all the questions included. This can avoid any data loss that might happen.
- Always check the maximum number of characters.
- Work in your own file and paste the answers into the application form once you are ready.
- Set your internal deadline a few days before the real deadline.
- Be patient, especially close to major deadlines, as the servers and online application forms tend to be slow and bugs are still being fixed.
- If you have a problem with the online form, always contact the donor so that they can support you on time and report it in case this difficulty occurs for other applicants.
- As in all applications: do not leave the budget to the very end.
- Make a backup of your application before submission and download the application form afterwards. Check if all the information is still the same.
- Depending on your archive system, save the application form in the right place and/or print it and file it in the assigned place.

Why are they asking for this?

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

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

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

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

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

The financial information, depending on the financial rules, takes the form either of grant-request items or a complete budget with costs and income. Regardless of the format, detailed explanations are needed on the items and calculation methods. If these are not given, the grant request/budget is not complete.

Finishing touches

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

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

A properly completed application form is sufficient if no other supporting documents are specifically requested. Always make sure that you have added/uploaded all necessary supporting documents to your application. Also check where you need originals, and where a copy is sufficient.

However, some larger projects might require that you provide annual reports, accounts or proof of your capacity to run bigger projects. These should be provided, otherwise your application will be considered incomplete and thus ineligible for funding. Always check how you need to provide this information. Should it be sent with the application form, or uploaded to a different database?

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

How to get it to the funder

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

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

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

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

PRIVATE FUNDING

Understand your (independent) funder

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

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

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

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

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

Approaching (independent) funders

Many of the following suggestions apply equally to approaching foundations, corporate donors, individual philanthropists and even public funders. Most of the time it is a question of common sense and courtesy.

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

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

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

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

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

With an average of around 90% of proposals failing across the independent funding community, the effort behind a successful proposal is never wasted. Do not be put off by the high failure rate among grant applications. With careful research leading to a well-targeted group of potential funders, the success rate is far higher. And those organisations that are successful and establish a strong relationship with their donors can then concentrate on their core mission. With the help of these tips and guidelines you can tap into this rapidly growing source of support for your organisation.

First step: fundraising begins at home

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

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

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

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

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

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

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

Second step: prepare your project proposal

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

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

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

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

- covering letter/executive summary;
- introduction;
- needs statement;
- goals and activities;
- methodology and timetable;
- evaluation;
- budget summary;
- future funding plans;
- detailed budget;
- appendices.

We will now look at them in more detail.

Covering letter/executive summary

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

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

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

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

Introduction

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

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

Needs statement

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

Goals and activities

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

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

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

Methodology and timetable

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

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

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

Evaluation

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

Budget summary

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

Future funding plans

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

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

Detailed budget

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

- personnel;
- travel/meeting costs;
- equipment;
- office-running costs;
- publications;
- computerisation.

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

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

▸ Appendices

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

Proposal writing tips

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

▸ Keep it clear and easy to read

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

▸ Avoid jargon

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

▸ Be enthusiastic and positive

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

▸ Do not send unnecessary documentation

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

▸ Never assume

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

▸ Never beg

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

- **Allow plenty of time**

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

Third step: how to approach private donors

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

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

Personal contacts are no guarantee of funding. However, they should ensure that your enquiry is given a fair response to whether there is any point in sending in a project proposal.

If there is no such contact, an e-mail from your funding officer to the funder's programme office should be sufficient. If the funder makes a positive response, send in your proposal – and ensure that it has all the documentation the funder lists in their application guidelines.

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

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

Getting outside help with application

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

Questions you might want to ask when thinking about employing external fundraisers include the following.

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

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

Compare the different FUNDRAISING SOURCES

Own resources

	Membership fees	Participation fees	Services	Events	Payroll giving	Passive income
How to get the money	Each member pays membership fee	Fee from participants	Being able to sell existing knowledge	Organising events, auctions	Employee decides to contribute from their taxes	Setting up structure to sell automatically
Implementation	Keeping members active	You need to implement the project in order to get funding	Needs constant attention	Huge effort and costs to invest	Constant promotion and awareness raising	Should run automatically
Is co-financing needed?	No	No	Yes	Yes	No	Yes
What are the rules for spending money?	No restrictions	No restrictions, unless you collect for a specific goal	No restrictions	No restrictions, unless you collect for a specific goal	National restrictions might apply	No restrictions
Sustainability	More members need more attention	Easy to connect to a project that will be implemented anyway	Important pillar of income and therefore worth the effort	Low, unless you have free resources, e.g. volunteers organising it, own rooms, high-level connections	Easy, very low fluctuation usually, with constant promotion it grows gradually	Easy to sustain, important income stream
Risks	Members leaving or misrepresent the organisation	No project, no income	It is influenced by the for-profit market events	Low participation on the events or no donation reached	Too much attention for low turnover	Too much effort for low income, usually it pays off long term

Public funding

	Local, regional, national funds	Erasmus+ and European Solidarity Corps	Other EU grants
How to get the money	If it exists, standard application	Accreditation and standard application forms	Standard application forms
Implementation	Specific actions delivered as promised in the application	Specific actions delivered as promised in the application	Specific actions delivered as promised in the application
Is co-financing needed?	In some cases	Yes	Yes
What are the rules for spending money?	Strict rules on cost eligibility	Diverse/more flexible rules on what is eligible and what is not	Diverse/more flexible rules on what is eligible and what is not
Sustainability	It varies on local, regional and national schemes. All of these grants are time limited	Easy to access these grants, however high-quality implementation is very demanding, it requires significant human resources and expertise, or coaching	It varies, in some cases it can finance long-term activities, in some cases to start a service. Huge variety of possibilities
Risks	Change of political climate may influence continuation of these grants or shift topics	Dependency on only E+ and ESC projects may drive the organisation to crisis	Extreme administrative workload. Organisations might "drown" into only one big project

Private donors

	Crowdfunding	CSR	Foundations	Philanthropists
How to get the money	Intense promotion of a specific well-outlined cause	Building professional connection so they support financially	Contributing to the foundation activity with matching vision and mission	Building connection with people willing to give financial support for your cause/project
Implementation	Each cause needs a full cycle of implementation	Constant communication and relationship building	Constant communication and relationship building. In some cases recurring applications	Constant communication and relationship building. In some cases recurring applications
Is co-financing needed?	Yes	Yes	Depends on the fund	Depends on the conditions
What are the rules for spending money?	Only what you asked for	Only what you asked for, might be even regulated by the company	Based on the foundations' specific rules, usually quite restrictive	Based on the philanthropists' specific rules, usually quite restrictive
Sustainability	Recurring crowdfunding also increases social base	In case there is an allocated workforce	In case long-term relationship/contract is achieved	Usually once a project is accepted it is easy to remain in partnership
Risks	Not reaching the income goal therefore cancel the project	Changes in management or CSR policy might stop existing co-operation	Recurring support will not be made. Changes in the foundation's board and/or financial situation	Changes in the philanthropist directions of financial support/financial resources

Part II

It's time for practice!

Educational activities

Chapter 4

Educational activities

The design of this T-Kit follows a logical learning progression, moving from core concepts of financial management to strategic fundraising and resource mobilisation, and finally to practical application. It introduces key principles, values and skills related to transparency, ethics, budgeting, financial risk management and fundraising within youth organisations. While the theoretical part of the T-Kit is intended both as an entry point for newcomers to the topics and as a comprehensive manual for those with more knowledge and experience who wish to dive deeper, this part presents a series of educational activities built around the topics of funding, fundraising and financial management, which complement the theoretical overview in the first part of the T-Kit.

The activities are based on the principles of non-formal education and are designed using a variety of methodologies such as debate, role-play, games, simulations, answer sheets and hands-on practical tasks. They are adaptable to various settings, group sizes and contexts.

Although some of the activities build on each other and can be grouped or used as a follow-up for more in-depth exploration in a training course setting, for example, each activity can also be used independently, as they work equally well as stand-alone exercises. This means that the facilitator can select and tailor the activities to meet the learners' needs and align with the objectives of the educational process they are conducting.

There are many potential users of this part of the T-Kit: youth workers, peer educators, youth organisations. The activities are designed in a way that they can be led by people with various levels of experience in delivering non-formal educational activities. The step-by-step instructions and handouts serve to guide and support the facilitators in the preparation and implementation of the activities.

The activities are also adaptable in the sense that they offer flexibility to the facilitator to adjust to the profile, level of knowledge and the size of the group they are working with, while maintaining the objectives of the activity. They were created with the intent to work well in a local, national, European or international context.

The educational part and the theoretical part of the T-Kit are intertwined and can be used in both directions: one can read the first part of the T-Kit and then search for a supplementary educational activity in the second part to explore the topic in a non-formal education setting; or one can start by choosing an activity in the second part of the T-Kit and then refer to the first part as a resource for more information in the preparation phase or in the follow-up of the activity.

The activities in this part are organised in two main "blocks":

- foundations of financial management covering budgeting basics and financial management fundamentals (financial aspect of project management);
- fundraising fundamentals, exploring the funding landscape, project design for funding, public/institutional funding and other funding possibilities.

They are open to the input of learners in the learning process and encourage making links to real life. The examples of projects, activities and budgets presented in the T-Kit can be replaced by other real-life or fictitious examples according to the facilitator's judgment or in the context of their own youth organisation.

STRUCTURE OF THE ACTIVITIES

Title of the activity

Name of the activity, accompanied by a short explanation to help navigate the T-Kit more easily. For example, "The budget doctor" (Budgeting skills), meaning that this activity is dedicated to developing budgeting skills.

Objectives

This part presents goals and key learning outcomes for the specific activity. It helps the facilitator choose the activity according to the objectives of the educational process they are conducting or the learning needs of the group. The facilitator can refer to these objectives when introducing the activity to the participants.

Duration

The estimated total duration of the activity, which can be adapted by the facilitator in some cases. In the step-by-step description, there is also the estimated time for each step of the activity, which together add up to this total.

Group size

Suggested number of participants for the activity. In most cases, this number is adaptable, and in some cases it is indicated that the activity can work for any group size.

Space requirements/set-up

Explanation of the required space and set-up for the activity, which needs to be prepared before the start of the activity. If space is limited, this set-up can be adjusted as long as it ensures quality participation, for example, if participants are working in small groups, the level of noise in the room should not negatively impact the flow of the activity.

Materials

This is a list of materials needed for the activity (excluding handouts that are described separately). The standard facilitation material box includes flip charts, markers, pens, Post-it notes, white and coloured A4 paper, scissors and tape.

Step-by-step description and debriefing

This is the central part, providing a detailed run-through of the activity that explains the content and methodology and offers step-by-step instructions and timing that help the facilitator plan and conduct the activity. The facilitator is advised to read throug h the description carefully and make sure that everything is clear to them before the start of the activity. This can also serve as support material that the facilitator can have open on their computer or printed out and have with them during the activity. The debriefing is an essential part of all non-formal education activities, as it provides space for participants to reflect on and share what they have learned and should not be rushed.

Tips for the facilitator

In this section, the facilitator will find suggestions and advice that are meant to serve as support for the successful implementation of the activity. These tips can refer to a variety of aspects, such as the facilitator's preparation, ways to adapt the activity for different levels or potential issues to be aware of.

Handouts

These are accompanying materials for the activity. In most cases, they are meant to serve as prints/cut-outs that the facilitator needs to prepare beforehand. In some activities, they can be projected or handwritten/drawn by the facilitator on the flip chart.

So, let's choose an activity and start practising!

Activities

A. FOUNDATIONS OF FINANCIAL MANAGEMENT

1. Budget ABC (Basic terms and jargon of budgeting)
2. The budget doctor (Budgeting skills)
3. What's on the menu? – Budgeting negotiation simulation (Budgeting skills)
4. Financial compass (Developing financial management procedures in the organisation)
5. Inside the project wallet (Developing financial management procedures in relation to projects)
6. Reporting carousel (Financial reporting (including evaluation, follow-up, impact measurement))
7. Financial Formula 1 – Audit pit stop (Financial audits)
8. Bigger fish to fry – Financial risk fishing (Financial risk management)
9. Balancing the scale – Financial risks and ethics (Financial risk management)
10. The grant application game (Transparency, ethics and non-corruption)
11. The grey zone – Exploring ethical dilemmas (Transparency, ethics and non-corruption)
12. Cutting corners (Transparency, ethics and non-corruption)

B. FUNDRAISING FUNDAMENTALS

13. The funding ecosystem (Fundraising awareness and mapping)
14. What should I get from the market? (Fundraising awareness and mapping)
15. Fundraising – Part 1: reality check (Developing a fundraising strategy)
16. Fundraising – Part 2: from vision to funding (Developing a fundraising strategy)
17. The perfect recipe for a project cake (Writing and applying for funds: turning your idea into a funding proposal)
18. Mastering the art of cake making (Writing and applying for funds: turning your idea into a funding proposal)
19. You can have your cake and eat it too! (Writing and applying for funds: turning your idea into a funding proposal)
20. Finish the sentence – Budget challenge (Public and institutional funding: how to develop and manage an EU-funded grant budget)
21. Youth Fundathon – Non-EU funding (Public and institutional funding: how to develop and manage a non-EU-funded grant budget)
22. Money grows like trees – From challenges to advocacy goals (Public and institutional funding: advocacy for financial management support)
23. The funders' den (Other fundraising possibilities: foundations and building relations with donors)
24. Proud crowdfunding (Other fundraising possibilities: crowdfunding)

1. BUDGET ABC

Basic terms and jargon of budgeting

Objectives

- Self-assessment of the level of knowledge of budget jargon and identifying points for improvement
- Understanding key budget components
- Building basics for financial management

Duration: 90 min

Group size: ideally 16 (adaptable to smaller or larger groups)

Space requirements/set-up

- Four room corners with a table with the jigsaw puzzle pieces on it and four chairs around each (number of corners and chairs can be adapted according to group size)
- Printouts of the puzzle pieces (one full puzzle per table)

Materials

- Jigsaw puzzle pieces cutouts x 4 (one full puzzle for each table)
- Wall with the budget jargon pieces displayed in alphabetical order with the space for participants to add the definition puzzle pieces next to each one
- Paper tape
- Markers

Step-by-step description and debriefing

Step 1 – Introduction – 10 min

Step 2 – Assembling the puzzle – 20 min

The facilitator splits the participants into groups of four.

Each group sits around a table on which the jigsaw pieces are spread around. The jigsaw contains two types of puzzle pieces:

1. Term piece – budget jargon
2. Definition piece – short explanation of the meaning of the word

The groups are asked to put the jigsaw puzzle together by connecting the term puzzle piece with its respective definition puzzle piece. They must discuss in their group and reach a consensus on the correct answer. There are a few extra empty pieces so that participants can add any extra budget terms they feel are missing from the puzzle. Also, they can add any extra information to the definition puzzle piece if they feel that it is not complete. The use of the internet is discouraged at this time because the purpose is for the participants to understand their level of knowledge of the budget basics. The facilitator gives the group 20 minutes to assemble the puzzle.

Step 3 – Creating the jigsaw puzzle – 40 min

In the next step the facilitator invites the groups to join together in plenary and to create one joint jigsaw puzzle on the wall. The facilitator starts reading out the first term piece and invites the first group to complete it with the definition. If the definition is the correct one, the facilitator invites that same group to elaborate on this definition and then gives the floor to others to complement this definition by raising their hand to speak or to add their definition piece to the puzzle. If the definition is the wrong one, the facilitator invites the other groups one by one until the correct definition puzzle piece is found.

Then the facilitator moves on to the second term and invites group number two to complete it with the correct definition. The same process continues for the rest of the pieces until the puzzle is completed. At the end, the facilitator asks if any of the groups has any extra term puzzle pieces to add and their respective definition.

After each definition, the facilitator asks if there are any questions and if everyone is clear on the meaning of the term.

Step 4 – Debriefing – 20 min

When the Budget ABC puzzle is complete, the facilitator invites the participants for reflection and debriefing. Begin by asking the participants of their impression of the activity and then use some of the following questions (these should be adapted according to the level of knowledge and discussion demonstrated in the first part of the activity).

- How do you evaluate your level of knowledge of the budget jargon?
- Do you feel that your level of understanding of the budget basics has increased after this exercise?
- What are the points that you still feel you should improve on in terms of your understanding of budget and financial jargon?
- Who can support you in this, in your organisation?
- What are some of the most challenging parts for you of dealing with budgets?

Tips for the facilitator

It is important for the facilitator to be acquainted with all the terms in the ABC puzzle in order to feel comfortable when discussing it with the participants. An example of a real-case budget of an organisation or project can be used for showing/clarifying some points, if needed.

Handouts

Handout 1 — Budget ABC

Accounts payable	The amount owed to others for services or merchandise received by the organisation
Accounts receivable	The amount owed to the organisation for services or merchandise provided to others. Referred to as grants receivable when the amount is related to a grant agreement
Allocation	A method of accounting that divides expenses among different programme, administrative and fundraising categories based on a formula that recognises the use of the resources, such as the use of the facility or staff time
Assets	What is owned by the organisation, such as equipment, money/cash, goods
Audit	Official check of an organisation's or project's accounts, typically by an independent body, external or internal

Audited report	Financial report that has been tested and verified for accuracy
Balance sheet	The financial statement that summarises an organisation's financial position by showing what it owns (assets), what it owes (liabilities) and the residual value (equity or net assets) at a specific point in time. It is a key component of financial reporting and is often required as part of grant applications and reports
Building reserve	Funds set aside to pay for facility upkeep, upgrades and unexpected repairs that exceed money available through the regular budget
Cash flow	The timing of when money is received versus when it is spent
Cash flow statement	Financial document that tracks how cash enters and leaves your organisation over a specific period – typically monthly, quarterly or annually

Committed grant/pledge	A contribution for which the organisation has received a formal notification from the donor that an award will be made at a future date
Contribution	A donation, gift or transfer of cash or other assets
Debt	An amount owed to a person or organisation for money borrowed
Deficit	Expenses in excess of income; an operating loss or a negative change in net assets
Direct costs	Expenses clearly tied to a specific project or programme (e.g. salaries, rent, materials, supplies, equipment, travel, accommodation, meals)

Financial monitoring	Periodically comparing actuals to plan and adjust as needed
Financial planning	Estimating income and expenses to meet objectives
Fund accounting	System separating funds based on donor or regulatory restrictions to ensure proper use and tracking
In-kind contributions	Non-cash donations (e.g. volunteered time, goods) recorded as both revenue and expenses
Indirect/ overhead costs	Administrative expenses that support the overall operation of the NGO and cannot be directly attributed to a specific project or programme. They are essential for keeping the organisation running, but they are shared across multiple activities

Liabilities	What the organisation owes (e.g. loans, accounts payable)
Net assets	Difference between total assets and liabilities; reflects net worth. They can be unrestricted, temporarily restricted and permanently restricted based on donor conditions
Pass-through funds	Funds received by the NGO to be distributed to others or used for specific third-party purposes
Profit and loss statement	Financial report that provides a summary of an organisation's revenues, expenses and profits/losses over a given period of time
Reserve	Unrestricted net assets set aside as a financial cushion for unexpected shortfalls or delays

Restricted revenue	Must be spent as donors specify
Unrestricted revenue	Usable at the NGO's discretion

2. THE BUDGET DOCTOR

Budgeting skills

Objectives

- Developing critical skills in analysing and improving budgets
- Identifying common budgeting mistakes and risks
- Practising making conscious choices in financial decision making

Duration: 90 min

Group size: any

Space requirements/set-up

- A room with spaces for working in smaller groups or pairs

Materials

- Different budgets for participants to work on
- A flip chart, Post-its and markers for gathering any follow-up insights at the end

Step-by-step description and debriefing

Step 1 – Welcome, introduction and framing – 25 min

The facilitator welcomes the participants to the session, presenting an introduction to the topic and the aim of the session. The facilitator can also introduce an ice-breaking question to start the conversation: "What makes a budget good or bad?"

The facilitator introduces the model budget (or another budget they wish to show to the participants, depending on the context and the aims of the activity). It is good to go through the different sections of the budget, explain what can go under each section and analyse it so that participants gradually become familiar with it.

Step 2 – Planning a budget for a youth activity – 25 min

For the first part, the facilitator can choose, depending on the participants' group, whether to do that part individually or in pairs or in smaller groups. Each person or pair or smaller group is given an empty budget (you can again use the sample budget here) and ask them to fill it in. A task can be given, either common for the whole group or individual for each unit. Some examples of tasks are:

- a budget for a local 3-day activity of 20 participants with €3 000 budget;
- a budget for an awareness-raising campaign of 1 month with €2 000 budget;
- a budget for 10 brief follow-up activities at the local level with €4 000 budget;
- a budget for the development of educational materials with €2 000 budget;
- a budget for a 3-day international seminar of 20 participants with €5 000 budget.

The participants are given around 15-20 minutes to fill in this budget.

Alternatively, this activity can also be designed as an incremental learning exercise. Instead of choosing only one budget task, the facilitator may start with the simplest scenario (e.g. a local 3-day activity), letting participants prepare the budget, and then move on to more complex cases (e.g. a campaign, follow-up activities or an international seminar). In each round, the participants build on their budgeting skills by adding new types of costs and considering more variables. This step-by-step approach allows participants to see budgeting as a skill that develops gradually rather than a one-off task.

Step 3 – Diagnosis and treatment – 25 min

For the second part, the budgets and tasks are exchanged between different persons or pairs or groups, and they are asked to prepare a "diagnosis" and a "treatment": to analyse the received budget, identify mistakes, risks and propose corrections.

Afterwards, the persons, pairs or groups come together and they present to each other their findings. This can also be done in a plenary setting, if time allows and if it serves the methodology of the activity better. If done in a plenary setting, the facilitator can compare the different findings across groups.

Step 4 – Summarising, debriefing and closing – 15 min

The facilitator can summarise the key budgeting principles (e.g. realism, completeness, clarity, transparency, compliance with standards, just to mention a few).

Alternatively, the facilitator can do a debrief of the exercise. Some guiding questions can be:

- Were the errors innocent mistakes, bad planning or something else? How could they be interpreted by the funder or an external evaluator?
- What is the best approach: preparing a realistic budget based on costs or a budget based on the amounts for which you are able to apply?
- How can a youth organisation or a project team help to prevent errors and mistrust?

Tips for the facilitator

You can choose the right difficulty level for your group of participants: if participants are completely new to budgeting, it would be better to go for a simpler sample budget to avoid overloading them. The more entry-level mistakes (maths/calculation mistakes, unrealistic costs) are easier to start with, rather than more subtle ethical ones (inflated salaries, vague "miscellaneous" budget lines). Additionally, for participants who are newer to budgeting, it is better to let them work in group settings, in order to be able to discuss and learn from each other's observations.

If the group is more advanced and likes competition, you can turn this exercise into a race or a competition: for example, the team that finds the most errors wins or you can frame it as a collective "audit team" if they are more collaborative.

Handouts

Handout 1

Sample budget

Project:		
Duration:		
Cost	**Estimated cost (€)**	**Notes/breakdown**
Travel		
Accommodation		
Meals and coffee breaks		
Venue/space		
Trainers/experts/staff		
Materials		
Communication and visibility		
Equipment		
Administration/co-ordination/indirect costs		
Other costs:		
Total project costs (€):		
Grant requested (€):		
Own contribution, if relevant (€):		

3. WHAT'S ON THE MENU? – BUDGETING NEGOTIATION SIMULATION

Budgeting skills

Objectives

- Practising decision making with limited financial resources
- Exploring how different priorities, ethics and fairness influence budget allocations
- Experiencing negotiation dynamics within youth organisations

Duration: 60-90 min (can be extended to more or broken into two sessions)

Group size: any

Space requirements/set-up

A room with spaces for working in smaller groups, if chosen, or a bigger plenary room

Materials

- Project scenario
- Menu of prices
- Sample budget
- Different roles' briefs for each member of the group
- Markers/pens

All these materials can be the same whether for a big group or for each of the smaller groups; for smaller groups they can be used for the same project scenario or individual different project scenarios.

Step-by-step description and debriefing

Step 1 – Welcome, introduction and framing – 10 min

The facilitator welcomes the participants to the session, introducing the topic and the aim of the session. The facilitator can then explain that the participants will simulate a youth organisation allocating a limited budget and emphasises that not everything can be funded; people have to negotiate their priorities.

Step 2 – Budget negotiation simulation – 30-50 min

For this session, the facilitator can choose, depending on the participants' group, whether to do the simulation in the big group or in smaller groups. If done in smaller groups, ideally each group should be composed of at least 5-6 participants, but if they are larger than this it allows for more than one participant having the same role, and thus allowing for more collaborative work.

The facilitator distributes explanations of the role to the participants and gives them a few minutes to reflect on their priorities and strategy, before the whole group starts discussing and negotiating. If the facilitator decided on a larger group setting with more than one participant having the same role, some time can be given for people with the same role to think and strategise together. The facilitator also states the exact time frame and goal of the exercise: exploring with the group what consensus means for the final budget. The discussion is self-facilitated by the group (they can appoint a chair of the meeting or jointly facilitate as a group, the choice is up to them).

Step 3 – Debriefing and reflection in plenary setting (20-50 min)

This reflection can be done in a big circle, facilitated by the facilitator.

- How did your group prioritise its needs?
- What was easy or difficult in the negotiation?
- Who compromised the most? Who got what they wanted?
- Did anyone use non-ethical arguments to get what they wanted, like exaggerating or hiding costs or presenting things differently?
- How does this exercise reflect real-life budgeting in youth organisations?
- What lessons can we apply to ensure transparency and fairness in reality?

The facilitator can end the session by summarising the outcomes and asking the group or some participants to share some closing statements, if they wish.

Tips for the facilitator

At the beginning, you must make sure that everyone understands the total budget available and the competing priorities: "We only have X amount of money, how do we distribute it?"

Depending on your group's size, their level of budgeting skills and the flow of your activity, you can choose to do it in a big group setting or in smaller groups negotiating separately.

If you just have an observer role during the negotiation simulation, make sure to watch the time, as negotiations can easily overrun. You can give them strict time checkpoints and remind them every 10-20 minutes how they are doing timewise and how much time they still have left.

As an optional twist, you can introduce additional "donor conditions" midway, either yourself as a facilitator or in the role briefs: for example, "You must cut admin/indirect costs by x%, it is too high" or "At least x% of the money must go to the seminar and participants". This can raise the difficulty level and test the flexibility and realism of the group.

Handouts

Handout 1

Project scenario

International seminar on young people's role in climate action

Your organisation has received €15 000 to implement a 4-day international seminar (4 working days plus 2 travel days) with 30 participants from different European countries.

Now, you as a youth organisation must agree on how to allocate the budget across the different categories. Each stakeholder group has its own aims and priorities, but you must reach a consensus for a joint final budget for the seminar.

Note: You can adapt the amount of grant received, the number of days of the seminar or the number of participants, depending on the level of difficulty you want to have.

Handout 2

Budgeting skills
Budgeting negotiation simulation

What's on the menu?

Travel
€250 average per participant

Accommodation
€45 per person per night

Meals and coffee breaks
€25 average per person per day

Venue rental
€300 per day

Trainers/facilitators
€500 per trainer per day (ideally needing 1 trainer/facilitator for each 10 participants of the group)

Materials and supplies
€500

Excursion to a nearby city
€20 average per person

Dissemination/ visibility
€1 000

Administration/ co-ordination/indirect costs
€1 000 (cannot exceed 10% of the total grant requested)

Other costs
To be decided on a case-by-case basis

Add more here

- ....
- ....
- ....
- ....
- ....
- ....

Note: You don't need to use all lines and costs.

Handout 2

Sample budget

Project:		
Duration:		
Cost	**Estimated cost (€)**	**Notes/breakdown**
Travel		
Accommodation		
Meals and coffee breaks		
Venue/space		
Trainers/experts/staff		
Materials		
Communication and visibility		
Equipment		
Administration/co-ordination/indirect costs		
Other costs:		
Grant requested (€):		

Note: You don't need to use all project lines, but they must be kept within the €15 000 as the maximum total grant requested.

Handout 3

Explanation of the roles

Project co-ordinator/staff member

You want to ensure that admin and staff costs are budgeted as much as possible.

Trainers/facilitators/experts

You want to ensure that trainer fees are as high and relevant as possible.

Participants/members of the organisation

You want to ensure that enough travel costs are covered, that the food and accommodation are high quality, and that "fun" activities are also budgeted for.

Communications team

You want to ensure that enough funds are budgeted for communications, visibility and different materials.

Funder/donor/partner

You want to ensure that there is a good balance of funds and impact of the project, that its results are disseminated sufficiently to show that your funds go towards making a strong impact and that there is enough accountability.

4 . FINANCIAL COMPASS

Developing financial management procedures in the organisation

Objectives

- Strengthening the capacity of youth organisations in daily financial management by developing and testing practical tools that make financial tracking, decision making and transparency easier and more sustainable
- Equipping youth organisation representatives with practical financial management skills
- Developing financial management procedures and tools that can be used for the daily management of their organisation (budgets, expense trackers, cash flow logs)

Duration: 70 min

Group size: 20-25 (adaptable to smaller or larger groups)

Space requirements/set-up

Large tables for teamwork

Materials

- Flip charts
- Markers/pens
- Post-its
- Printed template sheets (one copy of each for each team)

Step-by-step description and debriefing

Step 1 – Introduction – 15 min

The facilitator introduces the exercise by explaining that the participants will design some financial management tools that they can use in their own organisation. The facilitator starts by asking the participants what kind of financial procedures they have in their organisation. Perhaps they have a standardised reimbursement system for participants' travel costs, or an expense list for their staff's costs. In this way, the facilitator can get a sense of the group and their level of experience with financial management procedures and ease them into the task.

Step 2 – Financial compass design – 20 min

After a round of sharing, the facilitator introduces the task of making the "Financial compass" – a starter toolbox with three templates: Budget sheet, Expense tracker and Cash flow log. The facilitator asks the group if they know what these are (in case they have not been mentioned in the introductory brainstorming). The facilitator then gives a short explanation using some relatable metaphors like:

- Budget sheet: Think of it as the "shopping list for your organisation". It shows what you expect to spend and what you actually spend. Without it, you can't compare plans with reality.

- Expense tracker: That could be your "receipt diary". Every small expense, from metro tickets to printing flyers, goes here. Without it, you'll struggle to justify costs during an audit or to know where you spent the money you had.
- Cash flow log: Even if your budget looks fine, cash flow tells you if you still have money to pay bills this month. An organisation can be "rich on paper" but broke in reality in terms of liquidity if money arrives late.

The facilitator then splits the participants into groups of four and hands them the unfinished templates and asks them to edit/complete them in a way that they would actually use them. Each team chooses a fictional identity for their youth organisation (e.g. local youth council, environmental youth group, Erasmus+ exchange organisers).

Then they adapt the templates to fit their reality: for example, on the Budget sheet, they might add categories relevant to their organisation (e.g. "Travel", "Food", "Trainer fees", "Materials", "Communication"). On the Expense tracker, they can add extra columns like "Approved by" or "Method of payment"). They can add rules like "Every expense above €100 must be approved by 2 people").

Step 3 – Tool swapping – 20 min

The facilitator introduces the idea of tool swapping. Teams place their three tools on the table. Each team rotates clockwise and "adopts" another organisation's set of tools to test them as if they were using them for their own organisation.

They should respond to the following:

- Are the categories clear and useful?
- Would I understand how to fill this out without explanation?
- Does it help decision making? (e.g. can I see quickly if I'm overspending or running out of cash?)
- What's missing? What's unnecessary? How could it be optimised?

The teams write comments on Post-its. After they have finished commenting on the tools, all the groups move counter-clockwise to get back to their tables, see the comments and make the final adjustments and corrections to their tools. Once they feel these have been finalised, they are invited to hang them on the designated "Toolbox" space on the wall.

Step 4 – Final reflection – 15 min

The facilitator invites all the groups to come back to the plenary for the final reflection. Some questions to start with are:

- What new financial skill/tool did you learn or become (more) familiar with?
- How will you use or adapt these templates in your own organisation?
- What additional training or support do you need?

Tips for the facilitator

Remind participants that a good tool is one that anyone in their organisation can use without having to be an accountant.

Stress the importance of everyone in the organisation following the same procedures to avoid chaos inside the organisation; at the same time, point out that each organisation is different, and it is OK to adapt such tools to each one's unique context in order to be able to respond to their individual needs and context.

Support groups that struggle with abstract feedback by asking: "If you had to use this Expense tracker tomorrow, what would confuse you?"

Handouts

Handout 1

For facilitator's reference – not to be given to participants

Budget template

Category	Planned income (€)	Actual income (€)	Planned expenses (€)	Actual expenses (€)	Balance (€)
Grants					
Donations					
Fundraising events					
Travel					
Accommodation/venue					
Food					
Materials					
Staff/trainers					
Communication					
Other					
TOTAL					

Expense tracker

Date	Expense item	Amount (€)	Paid by	Purpose	Income source (project/ grant)	Receipt (Y/N)	Notes

Cash flow log

Month	Opening balance (€)	Money in (€)	Money out (€)	Closing balance (€)	Notes (e.g. delays, emergencies)
January					
February					
March					
April					
May					
June					
July					
August					
September					
October					
November					
December					

Handouts – for participants

Handout 1

Budget template

Category	Planned income (€)	Actual income (€)			
Grants					
Donations					
Fundraising events					
TOTAL					

Handout 2

Expense tracker

Date	Expense item	Amount (€)					

Handout 3

Cash flow log

Month	Opening balance (€)	Money in (€)			
January					
February					
March					
April					
May					
June					
July					
August					
September					
October					
November					
December					

5. INSIDE THE PROJECT WALLET

Developing financial management procedures in relation to projects

Objectives

- Understanding the key components of project financial management
- Simulating building internal financial procedures from scratch
- Promoting collaboration, critical thinking and creativity

Duration: 90 min

Group size: 20 (adaptable to smaller or larger groups)

Space requirements/set-up

Corners of room with tables/chairs that allow the participants to work in groups of 4

Materials

- Project cards
- Role badges (1 set per group): Project manager, Financial officer, Activity co-ordinator, Logistics officer, etc.
- Worksheets:
  - What's missing?
  - We will manage it like this!
- Flip chart paper and markers

Step-by-step description and debriefing

Step 1 – Introduction – 10 min

The facilitator splits the group into teams of 4-6 (depending on the group size). Each team receives their project card containing:

Project summary

- Objectives
- Planned activities with dates and locations
- Project budget with partial entries (some filled, some left blank or vague)

Each team assigns roles

- Project manager (covers overall co-ordination, reporting)
- Financial officer (ensures budget tracking, payments, documents)
- Activity co-ordinator (implements activities, requests payments)
- Logistics officer (handles suppliers, venues, materials)

The facilitator instructs the teams to assign roles and encourage team members to complete the task from the perspective of the assigned role and to try to use their real-life experience in project management when doing that. If there are more than 4 people in the team, 2 people can share the same role. If there are more than 3 groups, several groups can receive the same project card. Before moving to Step 1 the facilitator should clarify what each role usually does in a youth NGO.

Step 2 – What's missing? – 25 min

After the roles have been assigned the facilitator invites the teams to analyse their project budget using the worksheet "What's missing?" with the aim to:

- spot incomplete or vague budget lines (e.g. "€500 for local transport – no details");
- identify missing cost categories;
- highlight unclear procedures (e.g. "Who will be reimbursed? Based on what?").

Facilitators can walk around and support teams by role-playing a donor, accountant or auditor who questions their current budget.

Step 3 – We will manage it like this! – 25 min

In the next step the teams receive a worksheet and flip chart titled "We will manage it like this!"

They are guided to co-create and write down procedures for five essential areas of project financial management.

Step 4 – Debriefing in groups – 15 min

At the end the facilitator invites the participants to do the debriefing in their groups and shares with them the guiding questions:

- Is this understandable to a new team member?
- Are responsibilities clear?
- How were the tasks and responsibilities allocated?
- Does this work under pressure?

Step 5 – Debriefing – 15 min

To finalise the workshop the facilitator gathers all teams in plenary and asks if anyone wants to share the experience of this exercise. Some questions to ask:

- How difficult or easy was this exercise for you?
- Would this work in your NGO?
- What is one thing/practice that your NGO does well?
- Choose one thing that your NGO could do better.

At the end all teams are invited to share their outputs in the shared digital folder or to hang it on the wall (depending on whether they worked in digital format or on paper).

Tips for the facilitator

Do not assume that the participants have a high level of knowledge of financial management issues; instead, make sure that they understand the assignment and get support throughout the session, if needed.

Use examples participants can relate to (e.g. pizza receipts from a youth exchange, travel reimbursements).

Remind participants that financial procedures do not have to be complex. The best ones are clear, useful and known by everyone in the team (e.g. a visual checklist, a simple rule for approving purchases).

Depending on the group knowledge/size, the activity can be reduced by removing Step 2 "We will manage it like this!", which can either be completely removed or done as a follow-up activity.

Handouts

Role badges

Project
manager

Financial
officer

Activity
co-ordinator

Logistics
officer

Handout 1

Project cards

Project 1: "EcoSwap" – Youth exchange on circular economy

CARD 1

Location: rural area in Portugal
Duration: 7 days (5 days + 2 days' travel)
Participants: 30 young people from 5 countries
Main activities: upcycling workshops, local clean-up action, intercultural evening
Funding: Erasmus+ KA1 (youth exchange) – €18 000 grant

BUDGET

Budget line	Amount (in €)	Notes
Travel costs	5 000	Partial information, some unclear
Food and accommodation	6 300	Estimated, no supplier yet
Materials for workshops	1 200	Not detailed
Insurance	0	Not included
Facilitator fees	1 000	Not confirmed
Dissemination	500	No plan for how to spend
Project management/support	4 000	Lump sum

CHALLENGES

A partner from one country refuses to pay the travel costs of participants from other countries

Some costs can be paid for in advance by bank transfer, while others have to be paid in cash on the spot

Project 2: "LevelUp!" – Training course for facilitators

CARD 2

Location: Budapest, Hungary
Duration: 7 days (5 days + 2 days' travel)
Participants: 24 youth workers
Main activities: simulation games, facilitation labs, practising facilitation
Funding: local grant + co-funding from organisation

BUDGET

Budget line	Amount (in €)	Notes
Trainer fees	2 500	2 trainers, no contract
Accommodation and food	4 500	Hotel invoice
Printing and materials	300	Estimated
Local transport	0	Not included
Evaluation and reporting	500	No method defined
Coffee breaks	250	Cash
Staff travel	1 000	No breakdown

CHALLENGES

The organisation needs to provide co-funding of 10%

The donor requires documentation to be submitted monthly

Project 3: "Mind matters" – Youth mental health awareness campaign

CARD 3

Location: online + local schools in Lithuania
Duration: 3 months
Participants: 6 young volunteers implementing the campaign
Funding: Ministry of health of Lithuania – €10 000

BUDGET

Budget line	Amount (in €)	Notes
Design and printing	1 800	Only quote, not confirmed
Volunteer stipends	2 400	No legal agreement yet
Online adverts and promotion	700	No criteria for spending
School materials	800	No estimate, unclear items
Staff costs	2 500	Shared with another project
Admin and co-ordination	1 800	No breakdown

CHALLENGES

Volunteers are unsure if they are entitled to reimbursement of costs they paid for themselves

Advertisements must be approved by the donor in advance

What's missing?

PROJECT NAME:

Budget gaps we found:

1. ....
2. ....
3. ....

What information is missing or unclear?

☐ Which expenses are paid upfront

☐ How reimbursement will be managed

☐ Who approves purchases

☐ How cash is handled

☐ Other:

....

Risks or confusing points:

- ....
- ....
- ....

Our 3 priority questions before implementation:

1. ....
2. ....
3. ....

We will manage it like this!

PROJECT NAME:

TEAM NAME:

1. Approval of expenses
Who approves? When? Based on what?

....

....

2. Money flow
How do we move and track money during the project?

....

....

3. Reimbursements of participants/staff
What documents are needed? Who signs off?

....

....

4. Handling receipts and invoices
Where do we store them? What if a receipt is missing?

....

....

5. Financial roles map
(Draw a mini chart below showing who is responsible for what)

6. REPORTING CAROUSEL

Financial reporting (including evaluation, follow-up, impact measurement)

Objectives

- Recognising what financial reporting consists of and why it matters
- Identifying what documents are needed for accurate reporting
- Understanding how to link financial reporting to project results and impact measurement

Duration: 120 min

Group size: 15-20 (adaptable to smaller or larger groups)

Space requirements/set-up

Three corners of a room with flip chart papers

Materials

- Markers
- Post-its
- Flip charts

Step-by-step description and debriefing

Step 1 – Brainstorming – 20 min

The facilitator asks the group: "Imagine you have finished a great project. You're proud, the activities were amazing, but now you must report on how you spent the money. What do you think the donor wants to see?"

Ask participants to share ideas. Write key words on a flip chart (e.g. "transparency", "receipts", "logic", "impact", "honesty", "matching the application").

Then the facilitator invites the participants to explore this deeper, and together figure out what a convincing, meaningful financial report actually looks like and how to prepare for it during the project.

Step 2 – Group work – 45 min

Form 3 small groups. Each group gets one guiding question and a large sheet of paper.

Guiding questions:

1. What makes a financial report convincing?
2. What should be documented during a project to make reporting easier?
3. How does financial reporting help tell the story of impact?

Each group discusses their question and notes down ideas using keywords or bullet points.

Encourage them to:

- use examples (even imaginary ones);
- think of what would help them understand a report if they were the donor.

After 10-12 minutes, groups rotate to the next sheet. They read the previous group's ideas, add more or challenge what's written. Continue until all groups have visited all three sheets.

Step 3 – Debriefing – 20 min

The facilitator invites the participants to join in plenary and share:

- What were the most commonly agreed points?
- Which ideas generated the most debate?
- Are there any "basic rules" that seem to be shared across all groups?
- Is there a tension between being detailed v. keeping it simple?
- Does everyone agree on what "impact" looks like in a financial report?

Step 4 – Creating the guide – 35 min

Divide the group into pairs or threes. Ask them: "Based on everything we've seen and discussed, what are 3 concrete practices you would recommend to a youth organisation to improve their financial reporting?"

Give them 5 minutes to talk and then gather examples in plenary. Write these on a clean flip chart entitled: *Guide for meaningful financial reporting*.

Examples might include:

- Keep a shared folder for scanned receipts updated weekly
- Agree on one person responsible for linking budget lines to outcomes
- Create a 1-page narrative summary alongside every final budget
- Use simple visuals to show how savings or changes supported impact

Tips for the facilitator

Know the group: Are they already involved in projects? Have they seen a budget or report before? Adjust language and examples accordingly.

Use examples familiar to the group's funding context (Erasmus+ if you are working with an international group; national/local youth grants if you are working with a group at the national/local level).

7. FINANCIAL FORMULA 1 – AUDIT PIT STOP

Financial audits

Objectives

- Understanding why internal financial rules are essential for audit-readiness
- Practising formulating simple, practical financial procedures
- Using creativity (metaphors, visuals) to make rules easy to remember and communicate
- Reflecting on how these rules apply in participants' own organisations

Duration: 60 min

Group size: 20-25 (adaptable to smaller or larger groups)

Space requirements/set-up

- Pit stop "garages": 5 tables spread out, one per team, each with flip chart paper taped to the wall or table (their "garage wall")
- Space to gather everyone in plenary
- Wall projection

Materials

- Flip charts (1 per team)
- Flip chart stand
- Markers, Post-its, tape
- Projector
- Optional props: toy cars, chequered flag
- Racing sound effects for transition

Step-by-step description and debriefing

Step 1 – Introduction to Formula 1 – 10 min

The facilitator introduces the metaphor: "Your organisation is a racing car. The project is the race. Without pit stops, you run out of fuel, lose tyres and crash. Internal financial rules are your pit crew: fast, efficient and keeping you safe until the finish line."

Show a picture/video of a Formula 1 pit stop that shows the energy and explain the term. A pit stop is an occasion when a driver in a Formula 1 race stops in the pits (area/"garage" where cars get repaired and refuelled during the race in a fast-paced environment).

The facilitator gives a short input on why financial rules matter, like reimbursements, payment approvals and keeping evidence for audits. The following are some examples of financial rules.

- Payments under €100 may be approved by the project co-ordinator, but larger expenses need the director's signature.
- Some organisations use the "two signatures rule": no expense is approved without at least two people signing.
- Donors and auditors don't just want to see that you spent the money, they want proof – invoices, receipts, contracts, timesheets, boarding passes, a signed list of participants, etc.

The facilitator can use any other example from their experience.

Step 2 – Pit stop rules – 15 min

The facilitator introduces the following terms for the activity (projected or written on flip chart).

- Race = project lifecycle
- Pit stops = internal financial rules
- Crew = staff, volunteers, partners
- Car = project budget
- Auditor = race inspector

The facilitator then divides participants into pit stop crews (teams of 4-5 participants). Each team decides the name of their Formula 1 car (real or fictional). Each crew must design 3 pit stop procedures (financial rules) for their organisation's car.

- Refuelling rule (Reimbursements): how to reimburse staff/participants
  - Tyre change rule (Approvals): how to authorise spending
  - Telemetry rule (Audit evidence): what proof to keep for audit

Rules must be:

- short and clear (1 sentence);
- represented with a visual metaphor/drawing (e.g. fuel pump for reimbursements);
  - flip charts = pit stop garage walls;
  - markers = pit crew tools.

Step 3 – Test run – 10 min

- Teams swap garages (flip charts) and check another crew's pit stop rules
- Guiding questions:
  - Is this race-ready (clear and simple)?
  - Could it pass inspection (convince an auditor)?
  - Is the metaphor/drawing memorable enough for the whole crew to follow?

The teams leave Post-it notes with feedback in the "garage".

Step 4 – Showroom – 10 min

The facilitator invites the participants to come back to the plenary. Each crew gets 2 minutes to brief their racing driver (the group) on their 3 rules. The rest of the participants can ask for clarification or make comments. At the end of all presentations, the group decides on:

- Fastest pit stop rule (clear and simple)
- Most creative pit crew (fun metaphor)
- Audit-proof champion (most convincing to a donor)

Step 5 – Post-race debrief – 10 min

Debrief questions:

- Which rules are most useful to take home to your organisation?
- How can we make financial policies actual rules that everyone in the organisation follows?
- What risks do we avoid by having clear procedures?

The facilitator ends the activity with the message that, much like the pit stops make Formula 1 safe, strong financial rules in organisations keep the projects in check.

Tips for the facilitator

Don't let the participants get too lost in the Formula 1 metaphor; always bring it back to the real organisation context by asking:

- How does this rule prevent problems with audits?
- Would this really work in your organisation?

Use the peer review/test run to push participants to think critically, not just creatively. If you feel that the Formula 1 metaphor does not work for your particular groups of participants, you can do the activity following the same logic and steps, with the omission of the metaphor.

8. BIGGER FISH TO FRY – FINANCIAL RISK FISHING

Financial risk management

Objectives

- Familiarising participants with common financial risks in youth projects
- Practising identifying risks and discussing prevention and mitigation strategies
- Reflecting on the role of ethics and transparency in reducing risks

Duration: 60-90 min

Group size: any

Space requirements/set-up

A circle with chairs in a large, open space

Materials

- Paper tape (for the fishpond scenario, to form the fishpond on the floor)
- A large stick with some paper tape on its edge to use it as fishing rod (for the fishpond scenario)
- Papers where participants can write down their financial risks (they can be in the shape of a fish for the fishpond scenario)
- Markers/pens

Step-by-step description and debriefing

Step 1 – Welcome, introduction and framing – 10 min

The facilitator welcomes the participants to the session, presenting the topic and the aim of the session. The facilitator introduces the concept of financial risks: unexpected situations that can threaten the proper use of funds, compliance or even the project's success. The facilitator can emphasise that risks are natural, but we need strategies to manage them.

Step 2 – Brainstorming on financial risks and fishing them – 30-50 min

The facilitator invites the participants to reflect on the potential financial risks a youth organisation or youth activity can face. This can be adapted to the unique setting and the target group of participants: from youth organisation board level and active members thinking of the financial risks of their organisation as a whole, to the organising team of a big event thinking about the financial risks for their event, etc. The types of financial risks can be organisation-based, project-based or event-based and they can be put in a realistic frame based on the participants' group and the context.

During this reflection, participants are invited to individually write down on paper in a few words, or 1-2 lines maximum, the potential financial risks, then fold the papers and throw them in the fishpond.

The facilitator can also throw in some scenarios, just to fuel the discussion, including examples. Some examples are provided in the handouts section.

After the papers are thrown into the fishpond, the group, in a circle setting, can fish for papers, one paper per person at a time. The person fishes a paper, opens it and reads it to the whole group. The person who fished it has a few seconds to think how they would face or mitigate this risk. Then other participants from the circle can also complement by adding more inputs and solutions, if they wish. The facilitator can also provide some guiding questions as a direction for each person to tackle after they fish each risk:

- What is the risk/problem here?
- What could be the consequences if it is not addressed?
- What could we do to prevent or mitigate it?

If, for some reason, you do not choose the fishpond scenario, it can be also done as a box or hat of financial risks to dip into, where participants can draw up scenarios in a similar way.

The process continues until all papers are drawn and all brainstormed risks are discussed.

Step 3 – Debriefing and reflection – 20-30 min

This reflection can be done in a big circle, led by the facilitator.

After the ethical dilemmas and the debate, the participants can debrief and reflect on the activity:

- Which risks felt most realistic?
- Were there disagreements on how to handle them?
- How would you deal with such differences in real life?
- What role can ethics and transparency have in reducing financial risks?
- What systems can the team/organisation put in place to avoid these risks?

The facilitator can end the session by summarising the outcomes and asking the group or some participants to share some closing statements, if they wish.

Tips for the facilitator

You can keep the scenarios/risks short and concrete, to avoid overcomplicating as much as possible.

It is also important to encourage your group to think about both the prevention and the response.

In the debrief highlight that risks are not always intentional, they often just lack planning or the necessary systems.

Handouts

Handout 1

Example risks

A staff member forgot to keep receipts for several expenses.

One partner sent their report and documents very late, and the overall reporting deadline is close.

A participant dropped out at the last minute after their air flight was purchased by the organisation.

A trainer's fee turned out to be higher than what was budgeted for, due to more work being needed from their side.

The hotel informed us of increased costs after the activity, due to participants using products from their room's mini bar and not paying for them when they checked out.

The exchange rate changed significantly between grant approval and spending.

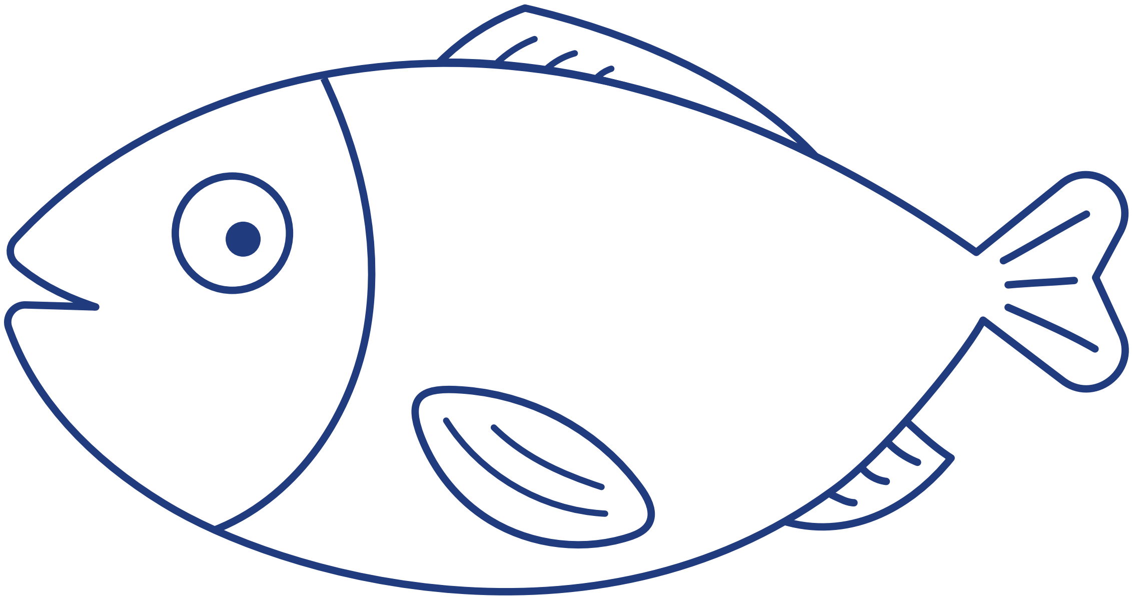
The accommodation provider asked for cash payment; no invoice was available.

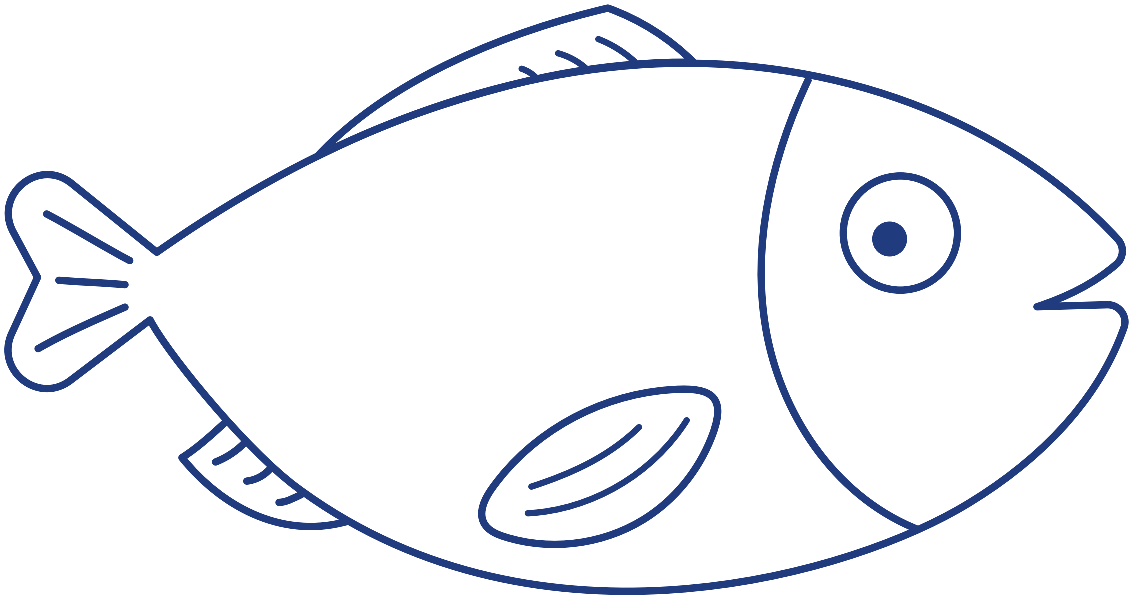
A staff member resigned with immediate effect, and we now risk having unspent staff funds for the next couple of months until a new staff member is recruited.

A partner organisation spent project funds on unrelated activities.

The catering company cancelled one day before the event.

The project budget showed underspending in one category and overspending in another.





9. BALANCING THE SCALE – FINANCIAL RISKS AND ETHICS

Financial risk management

Objectives

- Exploring financial risks linked to possible ethical dilemmas
- Practising critical thinking and respectful debate
- Reflecting on the grey areas between rules, survival and transparency

Duration: 60-90 min

Group size: any number of participants, but it works best with 10-25 participants

Space requirements/set-up

Large, open space where participants can move freely and chairs will fit in, depending on the format of the debate chosen

Materials

- Statement cards
- Bell or timer

Step-by-step description and debriefing

Step 1 – Welcome, introduction and framing – 10 min

The facilitator welcomes the participants to the session, introducing the topic and the aim of the session. The narrative for this session can be built around the principle that financial risks and ethics can sometimes collide and challenge a youth activity or youth organisation.

Step 2 – Warming up and debating – 30-50 min

Possible debate formats:

- Fishbowl debate: inner circle of 3-6 chairs for debaters, outer circle of remaining chairs for observers. It is also good to have enough space for participants to rotate between inner and outer circles.
- Walking debate: opposite sides of the space have an “Agree” sign on one side and a “Disagree” sign on the other. Participants have to walk towards them and place themselves in the space, depending how they view themselves on the spectrum.
- Four corners debate: four signs in the space (“Strongly agree”, “Agree”, “Disagree”, “Strongly disagree”). Participants move to the corner matching their opinion. Optionally, before sharing in the big group, each corner can discuss internally and then share arguments.

- Devil's advocate debate: participants are randomly assigned a stance (pro or con), regardless of their personal views, to push them to see the other side of the argument.
- Role-based debate: instead of personal opinions, the participants can debate in roles given out randomly to them: funder, NGO staff, NGO board, youth activist, auditor, partner organisation, etc.

The facilitator explains the debate format and how participants express their opinion for each round and statement. Each statement is read out by the facilitator. A warming-up statement can be given to break the ice and test out the method: "It is OK to exaggerate on your CV if it helps you get a job" or another divisive statement.

Some statements to choose from:

- If a project underspends its budget, the funder should not complain; at least no money was misused.
- A good project outcome justifies "bending" financial rules.
- It is acceptable to move money between budget lines without informing the funder, if the total amount is the same.
- Partners who submit their reports late or do not fulfil their responsibilities should face financial penalties.
- Sometimes "blurred lines" and bending the rules are unavoidable in youth work if you want to get things done.
- It's better to hide small mistakes than to risk losing the funder's trust by admitting them.
- For all projects it is important to have some co-financing and contributions by participants/partners, in order to boost the commitment to the project.
- If a partner misuses money, the co-ordinating organisation is also responsible.
- Volunteers should never be given budgets and money to manage.
- Hiring friends and family members as external experts and service providers is fine.
- Youth organisations should publish their complete financial reports publicly.
- Overspending in one category is worse than underspending in another.
- Sometimes funders' rules are unrealistic or overcomplicated, so NGOs must "be creative" with finances.
- Requiring partners to pre-finance and wait for reimbursement is unfair and risky.

At each round one statement is read, with the participants having some time to reflect on that statement and position themselves. The facilitator then invites 2-3 volunteers, ideally from different sides of the spectrum, to explain why they chose their spot. Others are also allowed to shift their positions while listening to the arguments of others, if they feel like it.

Step 3 – Debriefing and reflection – 20-30 min

This reflection can be done in a big circle, led by the facilitator.

After the debate, the participants can debrief and reflect on the activity:

- How did it feel to argue in front of the group?
- Which statements divided opinions the most? Why?
- What did you learn about the balance between financial rules, ethics and survival?
- What behaviours or values protect an organisation from risky decisions?

The facilitator can end the session by summarising the outcomes and asking the group or some participants to share some closing statements, if they wish.

Tips for the facilitator

You can choose statements that are provocative and divisive, and most importantly, relevant to the participants.

During the debate, it is also important to encourage quieter voices to share and to prevent debates being dominated by one person. You can always encourage some kind of rotation or twist so that more people speak, while also respecting that some people might not be willing or feel ready to speak – that is also fine.

If debate gets stuck or does not roll, you can more actively play "devil's advocate" to spark more debate and show new perspectives and angles.

If participants ask for more details about a statement, let them interpret it as they wish. The statements are sometimes generic and leave space for interpretation purposefully.

Throughout the activity, you can stress that there are no right answers: the dilemmas are meant to be grey zones to explore values, they are not tests.

You can add more dilemmas or real-life-inspired examples as you wish. You can also adapt them to the exact audience you will have.

In case the debate gets heated, you can remind everyone that this exercise is meant for exploring diverse perspectives in a safe learning environment, and not for attacking others.

10. THE GRANT APPLICATION GAME

Transparency, ethics and non-corruption

Objectives

- Exploring fairness and transparency when others may use artificial intelligence (AI) in competitive processes, such as grant writing
- Examining accountability, authorship and responsibility for AI-assisted content
- Reflection on ethical and transparent AI use in youth organisations' financial and project work

Duration: 90 min

Group size: 12-30 participants in 3-5 teams of 3-6 people each

At least one team will be an "AI-assisted" team, others not; you may have two AI-assisted teams if you have 5 or more teams overall

Space requirements/set-up

- A large room with movable chairs and tables
- One "Donor panel" area (three chairs and a table facing the room)
- Wall and flip chart space for posting evaluation criteria and the session "reveal"

Materials

Handouts for teams (can be given printed or digitally)

A. Call for proposals (1 page per team + 1 for the Donor panel)

B. Concept note (1 page per team + 1 for the Donor panel)

C. Budget table (1 page per team + 1 for the Donor panel)

Role briefs for teams (can be given printed or digitally or even handwritten)

D. Team briefs (at least one AI-assisted team; the rest are standard teams; 1 small piece of paper per team)

Handout for the Donor panel

E. Donor panel scoring sheet (1 page per member of the panel)

Pens, tape/Blu-Tack, flip charts/markers, depending on the format of work the teams will have.

Devices and AI access: at least 1 device with internet per team, especially for the AI-assisted one(s) (or you can allow the use of phones).

Step-by-step description and debriefing

Before the session

The facilitator prints the necessary materials and prepares an envelope for each team, containing the three handouts per team (Call for proposals, Concept note, Budget table) and one role brief for each team.

The facilitator prints the Donor panel scoring sheet, one for each member of the panel and one copy for the whole panel of the three handouts (Call for proposals, Concept note, Budget table) that the teams will have. They also set out the Donor panel table and chairs in a specific part of the room.

On a flip chart, the facilitator writes the 5 evaluation criteria.

1. Relevance and impact
2. Feasibility
3. Budget realism
4. Ethics and safeguards
5. Clarity

Session

Step 1 – Welcome and framing – 5 min

The facilitator explains the activity: "You are youth NGOs competing for a small grant. You'll submit a 1-page concept note and a simple budget. A Donor panel will score your proposals."

The facilitator does not mention anything about AI and its use, or the AI privilege yet.

Step 2 – Forming teams, assigning roles and work phase – 35 min

The facilitator divides the participants and creates 3-5 teams.

In parallel, the facilitator also selects ideally 3 people as the Donor panel; if the group is small, facilitators can sit on the panel.

Each team is given their envelope with documents, with at least one team getting the AI-assisted team(s) envelope. The facilitator invites the teams to find a private space in the room or outside to work for the next part of the session. There, they open their envelopes and go through their documents privately.

For the next 20-30 minutes, they work on their documents. They can use either their laptops or papers, or flip charts. It is encouraged to give them the option to use laptops, so that the AI-assisted team(s) can work without the other teams noticing.

Remind them that they should have ready by the end of that time the concept note and the budget table.

The Donor panel also uses this time to familiarise themselves with the documents and the criteria in their scoring sheet, and also to jointly agree as a panel how they will work and score. The facilitator briefs the panel to score strictly by criteria, and not by presentation charisma alone.

The facilitator walks around and answers procedural questions only (not giving content-related advice or answering questions of that nature).

Step 3 – Submissions to the Donor panel and projects' pitch – 20 min

Each team has 2 minutes maximum to pitch and to then hand in their proposal to the Donor panel.

The panel can ask one clarifying question per team, if necessary. Then the panel scores individually with each team using their scoring sheets.

Step 4 – Results and reveal – 5 min

The panel announces the preliminary winner(s) based on their collective scores (the scores are arrived at by adding the individual scores of all panel members into a total sum).

Then the facilitator reveals that the game was rigged, as team(s) X had explicit AI access.

Step 5 – Debriefing and closing – 20-25 min

The facilitator can start a facilitated discussion with the following questions.

- How did AI access affect the games' outcomes and participants' feelings?
- For the AI-assisted team(s), if this were a real donor, would you disclose AI assistance and assumptions? Where and how?
- Should AI use be disclosed to donors/partners? At what stage (application, contract, reporting)?
- Who owns and is responsible for the facts, claims and numbers, if AI helped? What due diligence is needed?
- Did the most polished application also show the strongest ethics/budget realism?
- What policies would you want your organisation, or even the donors, to have (e.g. mandatory AI declaration; verification steps; version control; keeping source notes)?

If the majority or all the groups used AI, even when they were not explicitly supposed to, the facilitator can focus on approaches and ethics during the debriefing. The facilitator can invite all groups to share briefly how they approached the task (e.g. structure, writing style, division of labour, use of AI or not), and then to compare similarities and differences.

- Did AI speed up the process? Did it change the style or quality of the proposal? What did human-only groups do differently?
- In which parts of the project design or budget creation did AI fall short? Where did human judgment, experience or creativity become essential?
- How can relying too heavily on AI risk weakening the quality, accuracy or authenticity of a funding proposal?
- How can organisations ensure due diligence and accuracy in proposals, regardless of drafting tools?
- What ethical issues arise when using AI in drafting funding applications (e.g. originality, fairness, accuracy of data, authenticity of the organisation's inputs)?
- What if funders were to include guidelines on AI use in applications – what should those look like? A total ban of AI or allowed only by declaring the exact method and specific parts where it was used, or allowed only for formatting/language polishing?

The facilitator can end the session by summarising and ending with 2-3 practical takeaways relevant to participants' real funding contexts. It can also be emphasised that AI is one of many tools, but responsibility for ethical, transparent and truthful applications always rests with the organisation and/or the individuals.

Tips for the facilitator

It is vital that at the beginning of the session the facilitator does not mention anything at all about AI and its use, or the rigging/AI privilege yet, in order not to make the participants suspect the purpose of the game.

The emotional contrast is the learning process: keep the secret, then debrief ethically (avoid shaming anyone).

If one or more teams, even though they have not been given the AI-assisted role, still use their own AI, you can integrate it into the session. You can differentiate the teams who were given the role brief to explicitly use AI, and the one(s) that were not given any such instruction, but still used it.

It is recommended that the facilitator briefs the panel to score strictly by criteria, not by presentation charisma alone.

After the session reveal, it is important for the facilitator to remind everyone that the rigging is central to the educational process, and to praise the effort of the teams, not the outcomes of the scores and the game.

Handout 1

Call for proposals

Title: Youth participation micro-grants (up to €10 000)

Aim: Support youth-led initiatives that strengthen youth participation in local communities

What activities can be funded:

1. Awareness-raising campaigns
2. Workshops and capacity-building activities for young people
3. Development of educational materials

What the concept note of each project must include:

- Clear aims
- Target group
- The activities of the project
- Basic timeline
- Budget

Selection criteria (each to receive 0-5 points from each member of the Donor panel):

1. Relevance and impact
2. Feasibility
3. Budget realism
4. Ethics and safeguards
5. Clarity

Word/space limit: 1-page concept note and budget table

A. Concept note

Project title:

Lead organisation and partners (if any):

Problem/need:

....

Aim(s):

....

Target group and reach:

....

Key activities (3-5 bullet points with brief timing):

....

Transparency and ethics measures (3-5 bullet points):

....

Expected results/impact (2-3 bullet points):

....

Monitoring and reporting approach (2-3 bullet points):

....

Cost category	Unit description	Quantity	Unit cost (€)	Total (€)	Notes
Personnel					
Travel					
Venue					
Food					
Materials					
Communication					
Administrative/indirect costs					
Other costs					
Total grant requested (€)					

Notes: You may add extra lines or leave some lines blank to fit your idea. Keep it simple, approximate numbers are fine.

B. Team briefs (at least one AI-assisted team; the rest are standard teams; 1 small piece of paper per team)

Team brief:

- You may use AI tools (e.g. ChatGPT) to draft text, structure ideas and check budget logic.
- Please keep this privilege confidential until the reveal by the facilitator.

Team brief:

- Work with your team's knowledge and the provided documents and templates.
- Keep it simple and clear. You are judged on the same criteria as others.

Team brief:

- Work with your team's knowledge and the provided documents and templates.
- Keep it simple and clear. You are judged on the same criteria as others.

Team brief:

- Work with your team's knowledge and the provided documents and templates.
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Team brief:

- Work with your team's knowledge and the provided documents and templates.
- Keep it simple and clear. You are judged on the same criteria as others.

Handout 3

Donor panel scoring sheet

	Team:	Team:	Team:	Team:	Team:
1. Relevance and impact	/ 5	/ 5	/ 5	/ 5	/ 5
2. Feasibility	/ 5	/ 5	/ 5	/ 5	/ 5
3. Budget realism	/ 5	/ 5	/ 5	/ 5	/ 5
4. Ethics and safeguards	/ 5	/ 5	/ 5	/ 5	/ 5
5. Clarity	/ 5	/ 5	/ 5	/ 5	/ 5
Comments/conditions for funding					
Total (out of 25)	/ 25	/ 25	/ 25	/ 25	/ 25

Note: Each field/criterion can score a maximum of 5 points.

11. THE GREY ZONE – EXPLORING ETHICAL DILEMMAS

Transparency, ethics and non-corruption

Objectives

- Developing critical thinking on ethical dilemmas
- Exploring how values like transparency, fairness and integrity guide decision making
- Reflecting on what principles youth organisations can use when facing grey-zone decisions

Duration: 90 min

Group size: any

Space requirements/set-up

- Large, open space where participants can walk and move freely
- One wall/side marked as "Agree" and the opposite as "Disagree" (tape, paper or any other sign, or just a verbal instruction)

Materials

- Something to mark the "Agree" and "Disagree" sides
- A flip chart, Post-its and markers to gather any follow-up insights at the end

Step-by-step description and debriefing

Step 1 – Welcome, introduction and framing – 10 min

The facilitator welcomes the participants to the session, introducing the topic and the aim of the session. The narrative for this session can be built around the principle that not all ethical questions are black and white. During this session, the participants will walk through ethical dilemmas and decide where they stand in relation to them.

Step 2 – Warming up and ethical dilemmas' walking debate – 35 min

The facilitator explains the walking debate format and how participants can position themselves in the space, depending on how much they agree or disagree with each statement read out by the facilitator. A warming-up statement can be given to break the ice and test out the method: "Pineapple on pizza should be banned" or something else divisive and funny.

Statements of ethical dilemmas for participants for the Agree/Disagree spectrum:

- It is fine to use unspent donor funds for other purposes outside the project, even if not in the budget or the projects' activities.
- If receipts are lost but the money was spent as planned, reporting approximate figures is acceptable.
- It is fine to hire a board member's company if they give a good offer.

- Volunteers do not need to know the details of the organisation's or project's budget.
- It is fine to exaggerate numbers of beneficiaries or of outreach to get more funding, if possible.
- A funder does not need to know about every small financial mistake, if the project still achieved its projected results.
- If the project's budget allows for some flexibility, it is fine to get creative with the spending of funds, even if in theory it deviates a little from the strict funding rules.
- Accepting a donation from a company with a questionable reputation is OK if it helps to fund youth work.

At each round one statement is read, with the participants having some time to reflect on that statement and position themselves. The facilitator then invites 2-3 volunteers, ideally from different sides of the spectrum, to explain why they chose their spot. Others are also allowed to shift their positions while listening to the arguments of others, if they feel like it.

Step 3 – Debriefing and reflection – 20 min

This reflection can be done either in a big circle, led by the facilitator, or in smaller groups, self-facilitated by the participants.

After the ethical dilemmas and the debate, the participants can debrief and reflect on the activity:

- Which dilemma created the most disagreement? Why?
- Did anyone change their mind during any of the rounds? What convinced them?
- What values helped you decide on the different cases?
- Is it ethical for a non-profit or youth organisation to apply corporate-style budgeting logic, when the goal is social impact rather than profit?
- When adopting corporate budgeting practices such as efficiency, cost-cutting or profit-oriented thinking, how can youth organisations ensure they don't compromise their ethical values or social mission?
- How can organisations avoid falling into the "grey zone" of corruption?

Step 4 – Harvesting of ideas and closing – 20-25 min

In a plenary setting, each group shares some insights from their debriefing and reflection discussion. The facilitator collects these insights on a flip chart under 3 headings:

- Ethical principles and values
- Individual transparency practices
- Structural organisational safeguards

The facilitator can end the session by summarising the outcomes and asking the group or some participants to share some closing statements, if they wish.

Tips for the facilitator

For the walking debate, it would be best if you do not over-explain; let participants move quickly and speak briefly. If participants ask for more details about a statement, let them interpret it as they wish. The statements are sometimes generic and leave space for interpretation purposefully.

During the debate, it is also good to encourage quieter voices to share and prevent debates being dominated by one person.

Throughout the activity, you can stress that there are no right answers: the dilemmas are meant to be grey zones in which to explore values; they are not tests.

You can add more dilemmas or real-life-inspired examples as you wish. You can also adapt them to the exact audience you will have.

In case the debate gets heated, you can remind everyone that this exercise is meant for exploring diverse perspectives in a safe learning environment, and not for attacking others.

12. CUTTING CORNERS

Transparency, ethics and non-corruption

Objectives

- Increasing participants' ability to recognise and analyse corruption and ethics dilemmas in youth organisations
- Practising decision making under pressure when facing misuse of project funds
- Reflecting on preventive systems and transparent practices that could reduce the risk of such crises

Duration: 90 min

Group size: 12-30 (adaptable to smaller or larger groups)

Space requirements/set-up

- Large room with space for small-group discussions
- Tables or breakout corners for teams
- Central space for plenary debrief
- Wall, (white)board or flip chart space to collect the "lessons learnt"

Materials

- Printed scenario cards (each group gets one)
- Follow-up analysis sheet (each group gets one)
- Flip charts/markers, pens, sticky notes

Step-by-step description and debriefing

Before the session

The facilitator prints and cuts up the scenario cards and the follow-up analysis sheet. Alternatively, they can be handwritten or given digitally to each group.

The facilitator can then prepare a flip chart with the 3 guiding questions, which are later reflected in the follow-up analysis sheet:

1. What happened?
2. What are the risks?
3. What would you do?

This flip chart can be put in a central part of the room and revealed when the scenario cards are handed out to the groups. It can also be done on a whiteboard or shown as a slide on a projector screen.

The facilitator also prepares a flip chart (or a whiteboard or slide) for the last part of the session, labelled "Prevention strategies".

Session

Step 1 – Welcome, introduction and framing – 10 min

The facilitator welcomes the participants to the session, presenting an introduction with the topic and the aim of the session. An icebreaker question can be given: "What is one word you associate with corruption in youth organisations?"

The facilitator then introduces the session further by explaining that during the session the group will be exploring crisis scenarios where corruption or misuse of funds occurs, with the group acting as youth organisation leaders and deciding how to respond.

It would be helpful for the facilitator to emphasise that this process is a safe simulation, not real-life blaming, even though the scenarios are inspired from real-life examples.

Step 2 – Group work – 25 min

The facilitator splits the group into smaller groups of 3 to 6 people ideally. It is good to have at least 5-6 groups if possible, so if your group is a smaller one, you can go for more groups of fewer people. Each group receives a sealed envelope with a scenario card.

The facilitator then explains that each group is the management board of an organisation. The group has 20 minutes to read the scenario carefully and to prepare a response strategy. They may take notes and they will have to present the outcome afterwards to the whole group.

Each group discusses:

- What happened?
- What are the risks?
- What would you do?

These fields are already reflected in their follow-up analysis sheet, in a more elaborate way. They are invited to record their decisions in that follow-up analysis sheet.

During the 20 minutes of group work, the facilitator circulates around the room, nudging the groups to consider for example transparency v. protecting reputation, or their staff and their partners' accountability, and most importantly future prevention systems.

Step 3 – Presentations – 20 min

Each group briefly presents their scenario and the follow-up they have decided on in 3 minutes in total.

Other participants can act as a "watchdog panel" and can ask critical questions: "What if the donor finds out?" or "What about your staff morale and the future of the organisation?"

Step 4 – Debriefing – 35 min

The facilitator guides the reflection in a whole group setting:

- How did it feel to make these choices? Stressful? Unfair?
- Did you lean towards disclosure or cover-up? Why?
- Who is accountable? Is it the staff, or the partner, or the organisation's leadership?
- How does one incident affect trust with donors, partners and beneficiaries?
- What systems, policies or practices could have stopped this happening?

Based on the last question especially, you can start listing on the flip chart "Prevention strategies" the measures to take in the future to safeguard against corruption (for example clear financial and operational policies, regular reporting, dual approval/four-eyes systems and signatures, staff training).

As an extra step, if there is time left, each group can re-read their follow-up analysis sheet and add one prevention measure for their scenario.

Another extra step that can be done as a closing step is a round of reflections: "One insight I'll take home about corruption prevention is …"

Tips for the facilitator

You can use the scenario cards provided in the handouts section or make your own, if you prefer. If you end up making your own partially or completely, make sure they are realistic, but not overwhelming, and keep them within the NGO and/or the youth sector context.

You can also use softer wording if participants are younger/less experienced, or some sharper realism if they are experienced NGO workers.

It is important that the facilitator frames it as a learning exercise, not as a blaming one. Corruption can be framed as a systemic risk, not just as the activities of "bad people".

Lastly, if participants end up sharing real-life experiences, remind them not to name people/organisations.

Handouts

Handout 1

Cutting corners – Transparency, ethics and non-corruption

Scenario cards

Scenario 1 – Partner misuse
Your partner organisation was responsible for around €10 000 of follow-up activities at the local level. However, you discover that they reported wrongly, increased numbers and that €1 000 was used for the rent of their office. The funder is now asking you as the project's co-ordinator for receipts of those costs.

Scenario 2 – Cash management by volunteers
Your organisation gave a volunteer €500 in cash to organise an activity in their town. They only sent back to your organisation receipts worth €200, and they are now not responding to e-mails or messages.

Scenario 3 – Fake declaration of personal information
A young person participated in an international seminar arranged by your organisation, which was targeted at young people aged 18-25 from specific European countries. They wrongly declared their age to fit this criterion, even though in reality they were slightly older, and they also provided a fake residential address in order to fit the eligible countries. One of the other participants of the seminar contacted you about this.

Scenario 4 – Operational costs v. project-related costs
One of your member organisations that you were working with in the project consortium you co-ordinate, declared an activity as a capacity-building activity, but in reality it was a board meeting. The grant for that project allowed only project-related costs, not operational or statutory costs (like board meetings). The funder is now asking for more details about the activity.

Scenario 5 – Staff misuse
One of your project co-ordinators used the organisation's credit card to pay for their personal travel costs. They afterwards claimed it was "a mistake" and promised to repay the cost. Now the word about this starts spreading among the staff and volunteers of your organisation.

Scenario 6 – Donor relations
An insider from the funder you are working with suggests informally that if you "adjust" the report and the key performance indicators to show more youth participants and outreach, your chances for funding renewal might increase. Your other team members are hesitant about this step.

Scenario 7 – Reputation risk
A local journalist contacts you with claims that your organisation has misused public money as project funds. You don't yet know if this is true, but they claim to have proof that backs up their case.

Scenario 8 – Conflict of interest
A board member of your organisation agrees and signs a contract worth €8 000 with their cousin's hotel for an international event organised by your organisation. The price is slightly above the average market price, but the service is good. However, another supplier whom you know personally and have worked with in the past complains about this practice, since your organisation is publicly funded.

Scenario 9 – Equipment purchase
The project budget allows €2 000 for equipment. Your organisation's staff bought €1 500 worth of new laptops for themselves, saying they will also use them for project tasks. Your accountant is worried that it may raise questions during the project's reporting.

Scenario 10 – Covering up irregularities
A junior volunteer points out a financial irregularity but is told by their team leader not to make any fuss about it, and: "if we admit mistakes, we'll lose funding". The volunteer is concerned about this and reports it to a board member of the organisation.

Handout 2

Cutting corners – Transparency, ethics and non-corruption

Follow-up analysis sheet

What happened? (facts v. assumptions)	
Risks (legal, reputational, financial, ethical, personal)	
Immediate action (within 1 week)	
Short-term action (1-3 months)	
Long-term action (systemic/preventive)	
Who do you inform? When/how?	
Prevention measures for the future	
Other notes or actions	

13. THE FUNDING ECOSYSTEM

Fundraising awareness and mapping

Objectives

- Supporting participants to visualise and understand the different funding sources available to youth organisations in Europe
- Exploring the relationships, overlaps and challenges within the funding "ecosystem"
- Familiarising participants with key fundraising and financial terms through an applied exercise

Duration: 60-90 min

Group size: any

Space requirements/set-up

- Large room with space on the floor or on the wall
- If on the floor, space for participants to move around and place cards and other labels

Materials

- Large sheets of paper or flip charts and some paper tape
- Pre-prepared cards for funders
- String, rope, markers, sticky notes in different colours
- Glossary flashcards with one fundraising/financial term per card

Step-by-step description and debriefing

Step 1 – Introduction – 10 min

The facilitator briefly introduces the idea of the "funding ecosystem" as a complex web of actors, rules and resources. Then they invite the participants to think beyond "where to get the money" and to see the bigger picture, especially in relation to the potential strings uniting each part of this web and the relationships formed between them.

Step 2 – Ecosystem mapping – 25 min

This part can either be done in a big group setting or in subgroups, depending on the size of the group and the context.

Each group is given a set of cards with different funders labelled on them and asked to place them on the wall/floor, clustering and connecting them as they see fit (for example public v. private, national v. international, accessible to them v. unfamiliar to them).

At this step or the next step, it can include cards of non-funding actors, which are relevant for the ecosystem: local/regional/national/European authorities and institutions, other organisations, civil society, academia, journalists, corporate professionals, citizens and especially the background youth organisation(s) of the participants.

They can use lengths of string, pieces of rope, lines or arrows to show the relationships between them: the overlaps, the dependencies or the barriers.

Step 3 – Fundraising glossary bridge – 20 min

For the next part, the facilitator can distribute the fundraising terms flashcards. Each group opens the cards one by one, explaining the content of each term to that group and comparing them to previous ones, if relevant.

During that process, the group can also "attach" the cards to the funders they think they are most connected with (for example unit costs to Erasmus+).

In general, throughout that process, it would be useful for the facilitator to encourage the group to explain briefly why they made those matches and the links with each term.

As an additional step, the facilitator can ask participants some reflection questions:

- Which funders feel most accessible to youth organisations?
- Which terms were easy/hard to place?
- Which barriers and opportunities do you see for your organisation in accessing and maintaining relationships with funders or donors?

Step 4 – Summarising and closing – 5 min

For the closing part, the facilitator can summarise around the message that funding is not just about one grant, but about navigating an ecosystem with different rules and opportunities. They can encourage participants to always reflect and think about where their own organisations sit within this map and how they can use it to increase their impact.

Tips for the facilitator

It would be ideal to make the mapping visual and dynamic, and encourage creativity. You can also encourage the participants to add more ecosystem cards or terms flashcards to the exercise, especially if they are raised by the group as points or through a question.

If the group is larger or if there are different sub-groups, you can also think of assigning different parts of the ecosystem to each group (for example EU and non-EU, or public and private).

Lastly, it is important to pass on the message that the map cannot be 100% correct or all-encompassing; things change and the map is more of an interpretation of the reality rather than a bulletproof study.

Handouts

Handout 1

Fundraising awareness/mapping
The funding ecosystem

Call for proposals	Official invitation or call to apply for funding
Grant agreement	The legal contract between a funder and a grantee
In-kind contribution	Non-cash support (for example volunteer hours, donated spaces, equipment, materials)
Unit-cost-based funding	Reimbursement based on predefined units (for example X amount of euros per participant per day depending on the country)
Overheads/indirect costs	General organisational costs not linked to one project (for example rent of office) and not usually needing receipts in the project reporting
Final report	Closing report of the project, usually comprising at least narrative and financial reporting
Financial audit	External check of accounts and spending, usually performed by an external certified auditor
Double funding	A prohibited practice of financing the same activity's costs by two funding sources

Handout 1

Fundraising awareness/mapping

The funding ecosystem

Sustainability of the project	How the project's results continue after funding ends
Eligibility criteria	Requirements that an organisation and/or a project must meet in order to apply
Co-financing/co-funding	The share of project costs covered by the organisation (not by the grant), through alternative means and sources
Real-cost-based funding	Reimbursement based on actual, proven costs, usually based on receipts
Lump sum	Fixed amount granted regardless of real expenses, if activities are delivered (for example X amount of euros for an event involving X number of participants)
Pre-financing	Initial payment from the funder to start the project
Audit certificate	Independent verification of financial statements, usually performed by an external certified auditor
Eligible costs	Costs which are allowed to occur under the funding rules

14. WHAT SHOULD I GET FROM THE MARKET?

Fundraising awareness and mapping

Objectives

- Understanding the diversity of public, institutional and private funding opportunities relevant for youth organisations in Europe
- Comparing key principles, advantages and challenges of different funding sources
- Identifying at least 2-3 funding opportunities that might suit their organisation's context and needs

Duration: 90 min

Group size: any

Space requirements/set-up

- A large open space with separate "market stands" (tables, flip charts or posters) around the room – each stand represents a funder or funding type
- A "shopping basket" (envelope or small paper bag or a tote bag) per participant/group to collect their chosen funding opportunities

Materials

- Pre-prepared market stand cards with short descriptions of each funder
- "Shopping baskets" (envelopes, paper bags, tote bags or anything that could work)
- Flip chart paper
- Markers
- Sticky notes
- Optional: fake money or "funding tokens" to make the shopping metaphor more realistic

Step-by-step description and debriefing

Step 1 – Introduction – 10 min

The facilitator briefly introduces the idea that funding is like a marketplace: many options, each with different rules and requirements. The participants will have the chance to explore these options and "shop" for the ones that could fit their organisation(s).

The facilitator can also run a linked optional activity, if there is enough time, by asking the participants to mention funders they've heard of, write them on a flip chart, then explain that some will appear in the marketplace.

Step 2 – Marketplace – 30 min

The participants move freely between the market stands. Each stand has a poster/flip chart with key points about that funder and possibly some supporting materials, if there are any available (brochures, publications, guides, etc.).

The facilitator(s), or alternatively, assigned volunteers/participants can act as standholders at each stand, explaining in 2-3 minutes what their funding source is about. Then participants ask questions, note ideas and collect "funding cards" from stands they are interested in.

The facilitator can also choose, depending on the number of showcased funders in the whole marketplace, to do short rounds of rotation (e.g. 5 minutes each) and have the participants in smaller groups visit each stand.

Step 3 – Shopping time! – 20 min

This part can also be done either individually, in pairs or in smaller groups: each of them can choose 2-3 funding opportunities they want to "buy" by placing them in their "basket".

They note down why they chose them, and which opportunities and challenges they anticipate.

The facilitator can encourage them to think both of familiar funders and new/unexpected ones, in order to have a balance in their shopping basket.

Step 4 – Sharing time – 15 min

In pairs or in small groups, the participants share what they "bought" and why.

Step 5 – Debriefing – 15 min

The facilitator can guide the discussion with the following questions:

- Which funders seemed most attractive to you and why?
- Which were least attractive or most difficult to you and why?
- What surprised you?
- How does diversifying funding sources strengthen an organisation?

Tips for the facilitator

You can play with the marketplace atmosphere by using tablecloths, price tags, baskets, even music for fun.

For more advanced groups, you can make some of the funder descriptions deliberately incomplete or vague, forcing them to ask (critical) questions or even asking them to complement the descriptions by adding their own ideas.

If participants are beginners, keep explanations simple and avoid jargon.

It is ideal to keep the funding sources diverse and balanced by presenting both EU-level funding and non-EU-level sources, both public and private sources.

You can also integrate a transparency/ethics dimension: "How do values influence which funders we work with and accept money from?"

Handouts

Handout 1

Market stand cards

Erasmus+

- EU flagship programme for youth, education, training and sport
- Eligible: e.g. NGOs, youth groups, schools and municipalities
- Funding type: mostly unit costs and lump sums
- Specific countries covered; usually they need to be represented in the project's consortium

European Solidarity Corps (ESC)

- EU programme for volunteering and solidarity projects
- Eligible: e.g. accredited organisations and youth groups
- Funding type: unit costs
- Beginner-friendly, clear and less bureaucratic processes
- Limited scope: must fit solidarity/volunteering

CERV (Citizens, Equality, Rights and Values)

- EU programme for rights, equality and civic engagement
- Eligible: e.g. NGOs, networks, local authorities
- Pros: supports advocacy, larger-scale projects
- Cons: more complex financial rules, more competitive

European Youth Foundation (EYF) of the Council of Europe

- Supports youth NGOs and international youth platforms
- Eligible: e.g. youth NGOs in Council of Europe countries
- Funding type: mix of real costs and lump sums
- Smaller budget, high competition

You can add more, such as national/regional/local governments and authorities, private foundations, corporate sponsors, other public institutions and programmes.

Note: These are sample cards created at the time of writing this T-Kit; however, as funding programmes change rapidly over the years, they are only examples and the facilitator should adapt them according to the groups they are working with and make sure that the information is up to date.

15. FUNDRAISING – PART 1: REALITY CHECK

Developing a fundraising strategy

Objectives

- Encouraging participants to critically reflect on their organisation's current fundraising practices and identify strengths and gaps
- Examining the financial sustainability of their current programmes, projects and activities
- Supporting the development of more strategic and effective fundraising approaches

Duration: 120 min

Group size: 20-25 (adaptable to smaller or larger groups)

Space requirements/set-up

- Room with movable chairs and tables so that participants can work both individually and in small groups
- Quiet areas for completing the self-assessment

Materials

- Printed or digital copies of Handout 1 (one per participant)
- Printed or digital copies of Handout 2 (number of copies = number of organisations)
- One copy of Handout 3 (one question per A4 page) to be printed or handwritten by the facilitator)
- Flip charts and markers for group work on financial sustainability
- Post-its
- Pens/markers for each participant

Step-by-step description and debriefing

Step 1 – Introduction – 5 min

The facilitator introduces the activity by explaining that it is composed of two parts. In the first part the participants will be invited to make an assessment of their own organisation in terms of effective fundraising. In the second part they will explore the financial sustainability of their current programmes, projects and activities. This will help them get to know their organisation better and bring insight into their current situation before they start thinking about ways in which they can further develop their fundraising strategy.

Step 2 – Questionnaire – 40 min

Invite the participants to complete the questionnaire (Handout 1) which should help them gain a better insight into the effectiveness of their organisation's fundraising. Hand out copies of the questionnaire to each participant or alternatively share it in digital format. Play some soft music in the background and invite participants to find a comfortable spot in the room and do this exercise individually over 40 minutes. If there are representatives of the same organisation, they can choose to do the exercise together or individually.

Step 3 – Debriefing – 30 min

After everyone has finished, invite the participants back to the plenary for debriefing. Start by asking:

- What was your first reaction while completing the questionnaire?
- Did any of your answers surprise you?

More questions for debriefing:

- Based on your results, what would you say is your organisation's current fundraising "health"?
- If more than one person from your organisation did the exercise, were your answers similar or different? What does that tell you?
- Which fundraising practices are already working well and worth strengthening?
- How might your fundraising effectiveness influence the financial sustainability of your activities?
- What are the challenges that your organisation faces when it comes to finding sufficient funding opportunities?

The debriefing should end with this question:

- Which programmes, projects or activities might be most affected by your current fundraising strengths and weaknesses?

The facilitator should explain that this will be developed further in Part 2 of the exercise.

Step 4 – Reflection – 45 min

Start the activity with an icebreaker: ask participants to think of an activity they love doing in their NGO but suspect might not be sustainable. Then ask them to share in pairs.

After that, split participants into small groups (same organisation if possible). Each group lists all their current services, projects and activities on separate Post-its (e.g. workshops, publications, events, consultancy, youth exchanges). Encourage them to include both funded and unfunded activities.

Each group places their Post-its on the board according to need/demand and financial sustainability. This can also be done on the floor where participants physically place activity cards on large, taped squares on the floor.

After they have finished placing their Post-its, invite the participants to discuss within their group using some guiding questions. The facilitator places questions on the floor next to the board and lets participants pick which ones to answer. This allows for the reflection to be more self-directed and interactive.

At the end, the facilitator invites each group to share three highlights in plenary.

Note: This activity is adapted from:

Prikupljanje sredstava i pristup EU fondovima (Fundraising and access to EU funds), TACSO, Bosnia and Herzegovina, 2011.

Tips for the facilitator

Emphasise that the exercise is not an exam but a tool for reflection. The aim is to gain insights, not to look "perfect".

If multiple people from the same organisation are present, invite them to compare their answers. Differences in perception can be very insightful.

Offer clarifications if participants struggle with the questions but avoid suggesting "right" answers. The purpose is for them to explore their own reality.

Allow quiet time for individual completion of the assessment of their organisation, followed by small group or plenary sharing to generate collective insights.

Read more in the "Approaching (independent) funders" section in the appendix of the T-Kit.

Handouts

Handout 1

Developing a fundraising strategy
Fundraising – Part 1: reality check

Questions	Points YES	Points NO
1. Does your organisation have a clearly defined mission statement fully understood and accepted by all your members?		
2. Are you sure that your organisation's programmes/services/products correspond to key needs of your target group(s)?		
3. Are your organisation's main programmes/services/products built around the strongest aspect(s) of your organisation?		
4. Does your organisation have a strategic plan developed for a period of (at least) 2-3 years?		
5. Does your organisation have a 1-2 year fundraising plan?		
6. Does your organisation have an annual budget (with income and expenditure)?		
7. Has your organisation been financially stable over the past 3 years, covering all your expenses or achieving a positive financial balance?		
8. Do you know how much the annual budget of your organisation is?		
9. Does your organisation have a multiyear budget?		
10. Does your organisation have (or plan to have) an experienced staff member who is (or will be) in charge of co-ordinating fundraising activities in your organisation?		
11. Do you have full access to information about what your organisation is, what it does, and why you need money to further achieve certain goals?		
12. Do you know managers and programme co-ordinators of foundations and/or corporations that support the programmes you are responsible for?		
13. Are your board members actively involved in some form of fundraising?		
14. Does your organisation receive support from sufficiently diverse funding sources?		

Handout 1

Developing a fundraising strategy

Fundraising – Part 1: reality check

Questions	Points	
	YES	NO
15. Do you have enough (up-to-date) information about your current sources of finance – for example, the history of their companies or foundations, their missions, their priorities for this year and other specific information about them?		
16. Does your organisation have an archive of previous annual reports, applications for grants or a database of contributions from your donors?		
17. Do you submit your grant applications on time and in accordance with all donor requirements?		
18. Are your grant applications easy to read, carefully composed and well formatted?		
19. Do you submit reports to your donors regarding the projects they support on time and fully in accordance with their requirements?		
20. Do you always present your requests for financial support convincingly, stating not only the amount of funds you need, but also the reasons why your organisation deserve to be supported?		
21. Do you have information regarding corporations that support non-profit activities in your country or region?		
22. Do you know any key donors who might be able to provide the planned, regular contributions to organisations like yours in the future?		
23. Do you announce the results, give public recognition to the participants and thank them, the donors and the volunteers, after a successful fundraising campaign?		
24. Do you nurture relationships with donors by inviting them to events, annual meetings, and field visits, publishing newsletters and other communications, and ensuring that you have contact with them?		

	High need	Low need
Financially sustainable		
Financially unsustainable		

Questions for reflection

1. Do you have evidence (data, feedback, attendance numbers) to support your perception of "high demand"?

2. Are there any activities you keep doing mostly out of tradition or habit rather than clear need?

3. How do you measure financial sustainability?

4. Which activities generate income or attract funding easily? Why do you think that is?

5. Do any activities drain resources without bringing significant value?

6. Have you explored alternative funding sources for your most important but currently unsustainable activities?

16. FUNDRAISING – PART 2: FROM VISION TO FUNDING

Developing a fundraising strategy

Objectives

- Enabling participants to review or create the mission and vision of their organisation
- Providing the participants with the tools to develop a mission and vision
- Supporting participants in analysing their current programmes/activities/services and reflecting on how these contribute to their mission and vision
- Building capacity of participants to create their fundraising strategy considering the need, costs and potential funding sources for their programmes/activities/services

Duration: 120 min

Group size: 20-25

Space requirements/set-up

4-5 corners of a room each with 1 table and 4-5 chairs around it

Materials

- Flip chart paper
- Markers
- Tape
- Printed handouts

Step-by-step description and debriefing

Step 1 – Introduction – 5 min

The facilitator explains that the activity will include three parts: in the first part the participants will define the mission and vision of their organisation; in the second they will identify priority programmes and activities of their organisation in line with their mission and vision; and in the third they will build their fundraising plan based on the findings in the first two steps. The facilitator explains that a strong fundraising strategy starts with a clear organisational direction which is why the first two steps need to precede the strategy.

The facilitator invites participants to form smaller groups (1 group per organisation). If all the participants are from the same organisation, then the facilitator divides them into groups of 4-5. If they are all from different organisations they can work in pairs where each person works individually and serves as peer support for the other. Alternatively, participants can form groups of 4-5 and choose one of the represented organisations to use as a case study for this activity.

Step 2 – Mission and vision – 30 min

The facilitator gives out Handouts 1 and 2 to the groups and invites the participants to discuss them and fill them out.

Handout 1:

Define the mission of your organisation. To help with that, the participants are presented with some guiding questions:

- Why does your organisation exist?
- What problems are you addressing/which societal changes do you want to promote?
- Who benefits from your work?
- How do you work (core values/principles)?
- Where do you aim to work and have an impact (local, regional, national, European, international level)?

Define the vision of the organisation. Groups imagine their organisation in two to three years at its best. Imagine yourself two to three years in the future, working for your organisation, which is successfully achieving its mission. Describe what you see for your organisation at that point: its size, location, staff, target groups, activities and which stakeholders it co-operates with.

The facilitator should encourage the participants to avoid writing vague things like "grow bigger", "do better projects" and be as concrete as possible, for example:

- A team of 4 staff and 5 volunteers
- Organising 3 youth exchanges per year
- Leading a large-scale Erasmus+ KA2 project

Step 3 – Programmes/activities/services – 40 min

When the groups are finished, the facilitator introduces the next step by giving the following instructions: In order to achieve your mission and vision, decide what should be the main programmes, activities or services your organisation wants to deliver over the next two to three years. Consider the following questions:

- What are the current activities and programmes of your organisation?
- What do you want to continue doing?
- What do you want to change in what you have been doing so far? What do you want to eliminate?
- What new programme, activity or service do you want to introduce?

The facilitator should instruct the participants to consider both the mission and the vision, while filling in the table. Also, that they can decide to keep a certain programme or the delivery of a certain activity, even if they create a deficit, if they believe there is a critical need for those programmes or services, and that other programmes or services may cover the resulting deficit. They may also consider removing some existing programmes, or creating new ones, which they consider long-term investments.

The facilitator gives Handout 3 to each group:

- List current programmes/services/products
- Assess each for user need (critical/moderate/low) and financial performance (profit/breakeven/partial cost recovery/deficit)
- Decides which to: continue/adjust/cancel/introduce as new

At the end of this part, each group shares one programme/activity/service they plan to keep despite low-cost recovery, and why; and one they will introduce or adjust.

Step 4 – What we need and who we can get it from – 40 min

The facilitator introduces the final step. Each group has the task to:

- Select 3 priority programmes/activities/services from Step 2
- Estimate their annual costs (including operational/organisational costs)
- List possible funding sources for each (e.g. EU grants, local government, corporate sponsorship, membership fees, crowdfunding)
- Set realistic income targets per source

At the end, the groups briefly present one example of a programme/activity/service, its cost, and how they will finance it. All the fundraising strategies are hung on the wall or uploaded to the shared digital folder so that others can see them and get inspired. The facilitator also encourages participants to take their handouts with them and integrate them into their organisational planning process.

Step 5 – Debriefing – 10 min

The facilitator invites the participants back in plenary for a final reflection, using these guiding questions:

- What surprised you in this exercise?
- Which part was easiest? Which was hardest?
- How will this help you refine your actual fundraising strategy?

Note: The activity is based on the tools presented in the publication:

Prikupljanje sredstava i pristup EU fondovima (Fundraising and access to EU funds), TACSO, Bosnia and Herzegovina, 2011.

Tips for the facilitator

Keep groups focused on concrete ideas rather than general ones.

Balance mission-driven priorities with financial realities.

Same-organisation groups create an actual strategy. In cases where members of the group belong to different organisations, they can choose one of their organisations or a fictional one for this exercise.

Handouts

Handout 1 — Mission and vision

Establish the mission and a concrete vision for the next 2-3 years for your organisation

Why does your organisation exist?	
What problems are you addressing or what changes are you promoting?	
Who benefits from your work?	
How do you work (values, principles)?	
Where do you aim to work and have an impact?	
Vision: describe how you see your organisation in 2-3 years' time.	

Handout 2 — From now to the desired future

Instructions

1. List current programmes/activities/services
2. Assess each for target group need (critical, moderate, low) and financial performance
3. Decide: keep, adjust, cancel, introduce
4. Share one keep-and-why and one change/introduce with the group

Programme/ activity/service	Target group need (critical/ moderate/low)	Financial performance (profit/breakeven/ partial/deficit)	Decision (keep/adjust/ cancel/new)	Notes

Instructions

- Select 3 programmes/activities/services from Step 2
- Estimate annual costs (include operational/organisational costs)
- List possible funding sources for each
- Set realistic income targets per source
- Share one example with the group

Programme/ activity/service	Estimated annual cost (€)	Funding sources	Target income per source (€)

17. THE PERFECT RECIPE FOR A PROJECT CAKE

Writing and applying for funds: turning your idea into a funding proposal

Objectives

- Strengthening participants' understanding of the key components of a successful project by visualising them through a memorable metaphor
- Enhancing teamwork and communication skills by engaging participants in collaborative decision making during the "cake creation" process
- Encouraging critical thinking and prioritisation in project design by exploring how missing or imbalanced "layers" affect overall quality and impact
- Building the capacities and confidence of participants to work on transferring their own project ideas into funding applications

Duration: 120 min

Group size: 20-25

Space requirements/set-up

- Arrange 5 separate tables with 4-5 chairs around them as a "baking station" for each team
- Have a central wall or flip chart stand for sharing results during the debrief

Materials

- Projected or hand-drawn big cake to explain the metaphor
- Post-its
- Markers and pens for writing
- Flip chart paper
- Paper tape
- 5 printed cake handouts (Handout 1)
- 5 printed project summary handouts (Handout 2)
- Optional decorative elements (coloured paper, scissors, glue sticks) if you want teams to "decorate" their cakes visually

Step-by-step description and debriefing

Step 1 – Introduction and brainstorming – 15 min

The facilitator explains that in this exercise the participants will explore ways to put their ideas into funding proposals by working on different elements of project applications using real-life examples as a learning point and basis for developing their own proposals.

In the first step, the facilitator shows a drawing of a cake (projected image on the screen or drawing on a flip chart paper) and tells the participants to imagine that the cake is a project proposal and they need to think of elements of a project proposal as ingredients for the cake. The participants freely share their ideas in plenary and the facilitator writes them down on separate Post-its (one "ingredient" per Post-it) and sticks them next to the cake. If the facilitator sees that something is missing, they can add it. Important ingredients to be included:

- Needs analysis
- Objectives (long-term, short-term)
- Target group
- Activities
- Intellectual outputs/project results
- Impact
- Dissemination and visibility
- Management and co-ordination
- Partners
- Monitoring and evaluation
- Budget

Step 2 – Making layers of the cake – 45 min

When the participants feel that all the most important ingredients are there, the facilitator explains the next step in which the group will be split into smaller groups and each group will be in charge of one layer of the cake:

1. Base layer – Needs analysis, target groups
2. Middle layer – Objectives
3. Filling – Activities, intellectual outputs/project results
4. Top layer – Impact, dissemination and visibility
5. Icing – Monitoring and evaluation

To help visualise this, the facilitator places the Post-its around the cake illustration to match these divisions. The facilitator explains that the "cherry on top" will be the budget that will be addressed in a separate activity, so they do not need to worry about that now.

The facilitator introduces the mock-up project that the participants will work on and explains that they will receive the project summary and some information based on which each group will need to develop their part of the "cake".

The facilitator splits the participants into 5 groups and gives the project summary handout to each group and invites them to work on their parts and to write them down on an A4 paper/flip chart or digitally (on their phone or computer).

While the participants are working, the facilitator goes around the groups and provides support, if needed.

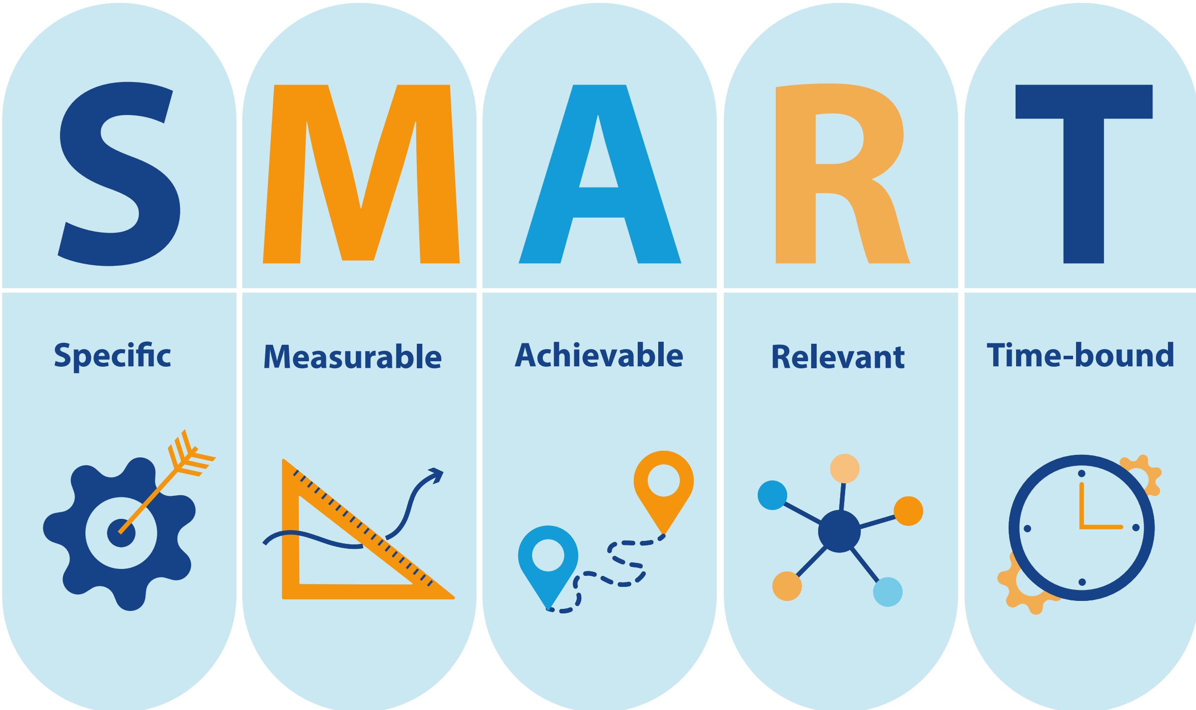
Step 3 – Tasting what we made to see if any adjustments to the recipe are needed – 45 min

In the next step, the facilitator invites the participants to come back to the plenary and share the recipes for their part of the cake. Other participants are invited to give feedback and ask questions. The facilitator explains that the purpose of this exercise is to understand the dos and don'ts of writing parts of an application that the participants would then be able to transfer into their own project ideas.

The base layer group starts by sharing the needs analysis and target group description. If needed, the facilitator can read out or project onto a screen this part of the actual project application to support the participants in understanding how this should be done. It is important to emphasise that there is more than one way to "correctly" write an application but that we can use this as a learning example. The facilitator points out that these are not full answers, but partial ones, that the length of the answer depends on the project and very often in EU-funded applications it is defined by character limit.

The next group proceeds with presenting the objectives. For this part the facilitator introduces the SMART model: Specific, Measurable, Achievable, Relevant and Time-bound, ensuring that objectives are well defined, realistic, aligned with the overall objectives and have a defined deadline.

Then the following group takes to the floor. After all the groups have presented their parts, the facilitator invites the participants for reflection.



Step 4 – Debriefing – 15 min

- How difficult was this exercise for you?
- Do you feel that after doing this you would be able to write an application (or parts of it) for your own project idea?
- What do you feel that you still need to learn in order to be able to turn your own idea into a project application?
- Who can support you with that?

Extracts from an application for the facilitator to use as a reference (this is an approved application of the project "#EUInfluencers" led by DYPALL Network, co-funded by the Erasmus+ KA3 European Youth Together programme of the European Union.

Needs analysis and target group

The publication "The future of Europe" (2017) points out how young people feel disconnected from a political system that does not represent them. The polarisation of political discourse has caused the distancing of young citizens from the traditional structures of participation. On the other hand, they seem more and more politically engaged in a broader sense (petitions, protests, informal groups, volunteering, etc.). In our daily work, we see how this "distance" between the EU institutions and citizens is even higher in remote communities, where young people do not see the influence of the EU and therefore do not feel part of a joint project. We want to tackle this issue, working at a local level with young people to create information resources for and by their peers. The project aims to create an international network of young influencers who are well informed and critical about the European Union, can rethink, reshape it, and have the capacity to pass on this ability to encourage their peers into taking part in democratic processes.

Objectives

- Developing young people's understanding of decision-making processes in the EU and their effect on the local level, including the countries in pre-accession stage.
- Developing young people's sense of critical thinking and creating space for them to have a critical look at the EU.
- Expanding young people's capacity for critical analysis of information in the media; combating fake news and creating resilience.
- Fighting Euroscepticism and populism by engaging young people in the conversation around the EU with their peers from different countries.
- Creating a network of young EU influencers from around Europe.

Activities, intellectual outputs/project results

The concept is to engage young people of different backgrounds that are not necessarily part of the so-called "organised youth", but are "influencers" in their local communities, able to engage their peers and motivate them to take action. The project will develop their sense of critical thinking and capacity for analysis of media content and combating fake news through training based on non-formal education methodology, online courses and webinars of the Youth Democracy Academy. After successfully completing the training cycle the young people will lead the local projects and teams within "Think European, act locally", a set of activities that will happen at the local level in each participating country. This will include initiatives, campaigns, workshops, etc. created by young people for young people on the topic of the EU: how it works, how it influences the local community, combating fake news, developing critical thinking, etc. All the projects will be implemented under the umbrella of a European campaign that will be co-created with the young influencers from all participating countries and will contribute to rebuilding trust in the European project by giving voice to young people. The results will be shared at a large-scale online youth event bringing young people from all over Europe together, during which young influencers will receive the official EU influencers badge, which will be a key to the network of influencers and follow-up activities.

Impact, dissemination and visibility

The project will empower young people to assume an active role in their local community and to engage their peers around the conversation about the EU, fake news, developing critical thinking and creating resilience. When young people are more aware of the EU, its institutions, structures and when they build their critical thinking skills, we will have a network of informed and engaged European citizens, so vital to the democratic resilience of the European Union that it will continue beyond the duration of this project. Moreover, the young people will be actively engaged in creating and implementing local projects and they will in particular be the leaders of the process at the local level with the support of local youth organisations. This will empower a young generation of leaders who will have knowledge, skills and experience to continue developing other projects and building their community in the future.

Furthermore, the intellectual outputs, e.g. the content of the Youth Democracy Academy, will be available to wider audiences, and so the youth work community in Europe and beyond, including youth work practitioners, young people and NGOs, can benefit from it long term.

Monitoring and evaluation

Monitoring plan divided into different areas of project management.

- Financial management and administration – to assure that budget allocation on activities could be the most cost-effective, all preparation work and agreements between partners will be done by the co-ordinating organisation. We also have rules and procedures for financial reporting and financial management and our administrative officer will be in constant communication with the project managers and partner organisations.
- Quality of the partnership – communication with partners: agreements, online meetings, report after each meeting.
- Visibility and dissemination – websites and social media posts, publications, visual identity and materials produced.

We will use different indicators to monitor the progress, quality and achievement of the activities:

- signed lists of participants of the project activities;
- evaluation of the activity from the participants;
- evaluation of the activity from the pedagogical team (trainers, facilitators);
- narrative reports from the activities;
- financial reports from the activities,
- publications (press clippings and social media posts);
- outputs developed within the activities.

Evaluation plan

This plan will be based on milestones according to the activity and will be adapted as needed.

- Evaluation times with the partners
- Mid-term evaluation
- Evaluation with participants
- Evaluation by the team

This elaborate and inclusive evaluation process enables us to quantify if we reached what we set out to achieve.

Tips for the facilitator

This is a good follow-up activity to "Fundraising – Part 2: From vision to funding".

Point out to the participants that the more truthfully they write their applications the better it will be, meaning that they should really try to explain in concrete words how they will do things, rather than using very big words that are vague.

Participants should have in mind that the evaluator reading their application needs to understand clearly what they mean, so it could be useful to have someone external reading the application before they submit it.

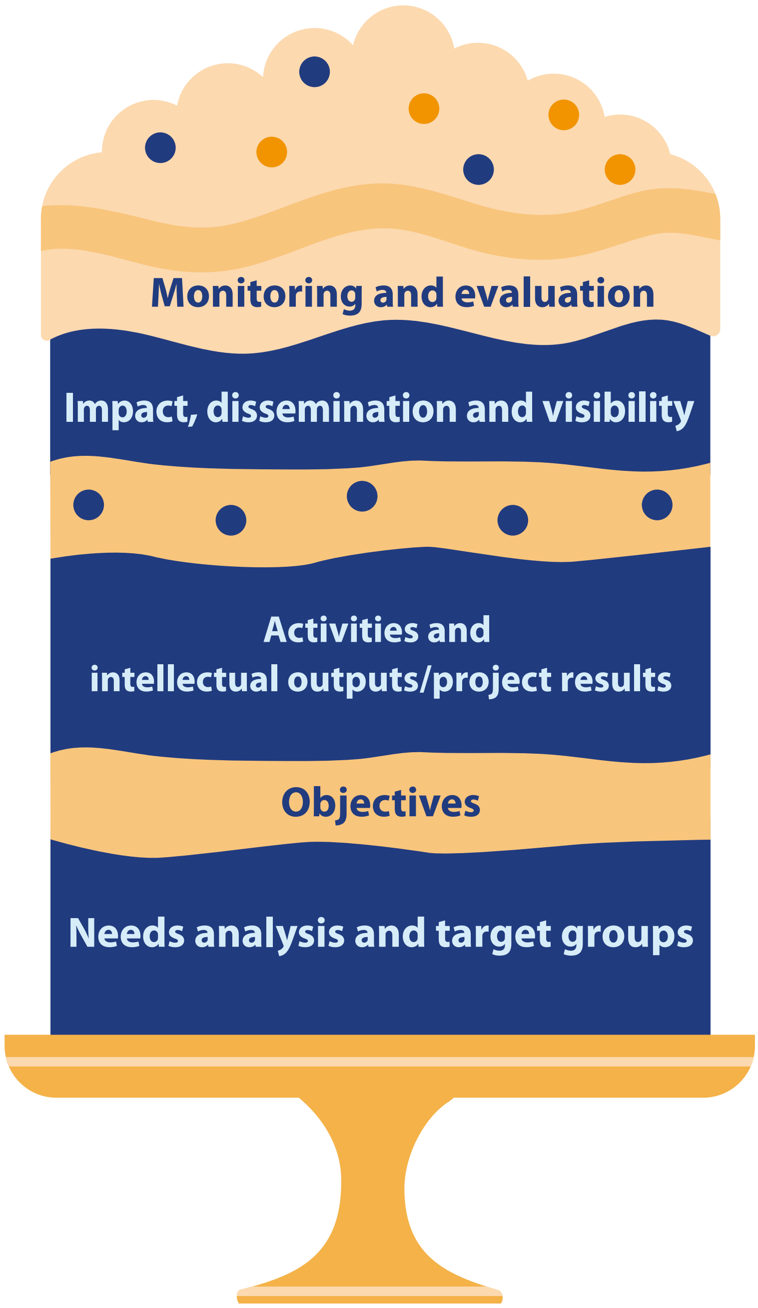
Draw their attention to the use of AI in application writing as this can be very evident to experienced evaluators.

Handouts

Handout 1

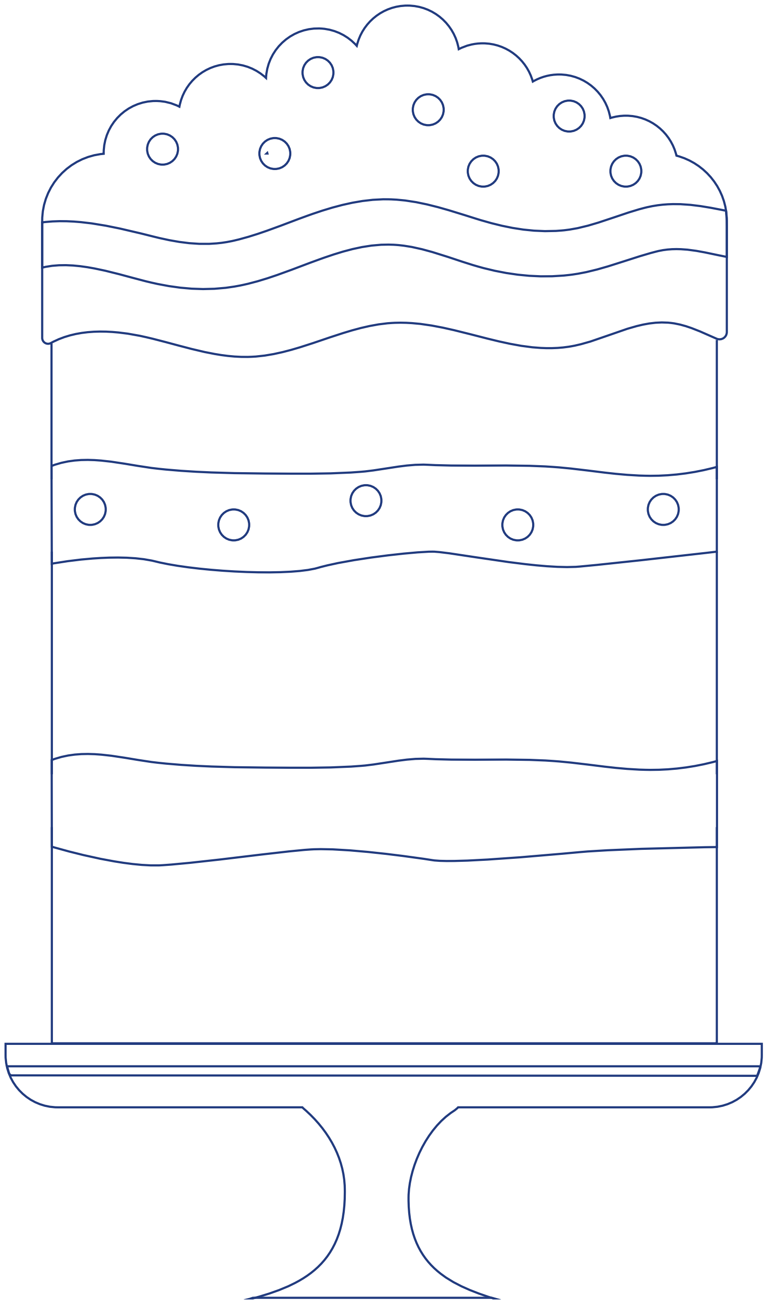
Writing and applying for funds: turning your idea into a funding proposal

The perfect recipe for a project cake



Cake recipe

....
(cake name)



Handout 2

Project description – Mock-up

The #EUInfluencers project will give an active role to young people from Sweden, Croatia, Serbia, Italy and Portugal in being influencers of the European project in relation to their peers, by increasing their understanding of the EU, development of their critical thinking and combating fake news. We believe that young people are the key to reaching their peers, through peer-to-peer communication and non-formal education, and by supporting them in understanding the European Union project and its influence on their local realities. One of the core areas of the European Youth Strategy 2019-2027 is to "support and develop opportunities for learning to participate, raising interest in participatory actions and helping young people to prepare for participation". We want young people not only to promote the EU but be able to see it through a critical lens and to rethink and reshape it, and thus contribute to the rebuilding of trust in the EU.

The project objectives correspond to the promotion of EU Youth Goals 3 and 4 as we aim to create a European pool of young, engaged influencers (multipliers) who will act as advocates of the European project towards their peers. To achieve this, the young influencers will need to understand better how the EU works, how it influences their local communities, and how they can spread fact-based information.

We aim to tackle fake news, supporting a pool of young, well-informed and critical European citizens through a series of international and local training courses, Youth Democracy Academy massive online open course, youth exchange and local projects led by young people for young people. The main outcomes of the project will be presented by young influencers at an online large-scale youth event celebrating the achievements of youth at the local level under the umbrella of a joint European campaign.

This two-year project led by DYPALL Network is co-funded by the Erasmus+ KA3 European Youth Together programme of the European Union.

18. MASTERING THE ART OF CAKE MAKING

Writing and applying for funds: turning your idea into a funding proposal

Objectives

- Guiding participants towards transforming their ideas into structured project proposals
- Exploring elements of project proposals and understanding which ones they are more or less comfortable with
- Enabling space for peer support and learning by sharing and feeding back ideas

Duration: 180 min

Group size: 20-25

Space requirements/set-up

- Arrange 5 separate tables with 4-5 chairs around them as a "baking station" for each team
- Have a central wall or flip chart stand for sharing results during the debrief

Materials

- Projected or hand-drawn big cake
- Markers and pens for writing
- One printed Handout 1 for each group
- Printed set of Handout 2 (5 layers) for each group
- Optional decorative elements (coloured paper, scissors, glue sticks) if you want teams to "decorate" their cakes visually
- Optional sweets/chocolate/cake to serve at the end

Step-by-step description and debriefing

Step 1 – Introduction – 10 min

The facilitator introduces the activity to the participants: "Today you are competing in a project cake-off! Instead of flour and sugar, you'll use ideas and creativity to bake a perfect project cake. Each layer you complete brings you closer to serving your cake to the jury (donors)."

The facilitator splits the group into teams of 4-5. If some of the participants already have a project idea they want to develop, they can be in the same team, otherwise the teams are formed at random. Each team gathers around a "baking station" and receives a blank cake outline (grid with empty layers).

Step 2 – Choosing the recipe – 15 min

Each participant pitches their idea. They have 2 minutes for the pitch. The other participants time it. After they have all presented, the team votes for one "recipe" (project idea) and writes the project title at the top of their cake grid.

Step 3 – Baking the cake – 105 min

The facilitator introduces the next step by saying: "You now all have your recipes so it is time to start baking. For each layer of the cake you will receive instructions from the facilitator. Each layer is a checkpoint and you have limited time for each layer. When the time is up you will hear a bell. You will then receive instructions for the next layer. You will have 20 minutes for each layer. If you have finished and you have time left you can do the "Cherry on top challenge". Let's bake those cakes!"

Base layer: needs analysis and target groups

Task: define the problem and the target group in 3-5 sentences. Consider who your target group is and their characteristics and needs. Do some research to see if there are any data to back up your needs analysis (research, policies, statistics).

Cherry on top challenge: express the problem in three emojis.

1. **Middle layer: objectives**

Task: define 1 general and 2-3 specific objectives connected to the needs of the target group.

Remember to make your objectives SMART (Specific, Measurable, Achievable, Relevant and Time-bound).

Cherry on top challenge: rewrite one objective as a TV cooking show catchphrase.

2. **Filling: activities and intellectual outputs**

Task: list activities and intellectual outputs in order.

What do you want to do in your project to reach the set objectives?

Example of activities: workshops, training courses, youth exchanges, campaign activities.

Examples of intellectual outputs: toolkit, manual, online course, videos, campaign materials.

Cherry on top challenge: make a drawing representing one of the activities in 1 minute.

Break – 10 min

3. **Top layer: impact and dissemination**

Task: define impact and plan visibility and dissemination.

Whom will your project impact? What kind of societal change will it bring? How will you make sure that the others know about your project and what you have achieved?

Cherry on top challenge: invent a catchy slogan/hashtag.

Icing – Monitoring and evaluation

Task: define 2-3 indicators and monitoring methods.

How will you ensure that your project is successful?

For instance, if a project aims to improve mental health awareness among youth, relevant indicators might include the number of workshops conducted, participant feedback on knowledge gained, or changes in attitudes towards mental health issues over time. Evaluation can include feedback forms completed by participants and evaluation meetings with the team and trainers.

Cherry on top challenge: turn one indicator into a funny meme or GIF.

At the end of the last round, the facilitator says: "Time's up bakers, step away from your ovens!" and invites the participants to come together for the cake presentations.

Break – 10 min

Step 4 – Cake presentation – 20 min

Each team presents their finished cake (3-minute pitch, timed by the facilitator or by displaying a timer on the projected screen).

The facilitator encourages the participants to present their work either seriously, as if they were presenting to donors, or creatively, like a cooking show host presenting their cake.

The jury (facilitators and the other participants) gives light feedback, meaning that they do not need to go into detail, but rather point out something that should be defined more clearly, something that is missing or something they find to be very good.

Step 5 – Debriefing – 10 min

After all the cakes have been presented, the facilitator opens the space for debriefing:

- How did the cake metaphor help structure your project idea?
- Can you think of any other metaphor that could be used to describe this process?
- Which "layer" was most challenging? Why?
- How did you feel about time pressure when working on the layers?
- How can you use this playful method back in your organisation when working on proposals?

Tips for the facilitator

This is a follow-up activity to "The perfect recipe for a project cake", but it can be done as a stand-alone activity for a more experienced group of participants.

Since Step 3 "Baking the cake" is very long, you can decide to add more breaks in between the layers depending on the group energy.

Ensure time discipline: each layer is strictly time limited. If participants have not finished, invite them to move on to the next layer nevertheless, and tell them that if they have any time left at the end they can come back to finish what is missing. This is important as it avoids having a group "stuck" on one layer for too long and not exploring the other layers.

Handout 1

The perfect recipe for a project cake

MONITORING AND EVALUATION

Task:

Define 2-3 indicators and monitoring methods. How will you ensure that your project is successful? For instance, if a project aims to improve mental health awareness among youth, relevant indicators might include the number of workshops conducted, participant feedback on knowledge gained, or changes in attitudes toward mental health issues over time. Evaluation can include feedback forms by participants and evaluation meetings with the team and trainers.

Cherry on top challenge:

Turn one indicator into a funny meme or GIF.

IMPACT AND DISSEMINATION

Task:

Define impact and plan visibility and dissemination. Whom will your project impact? What kind of societal change will it bring? How will you make sure that the others know about your project and what you have achieved?

Cherry on top challenge:

Invent a catchy slogan/hashtag.

ACTIVITIES AND INTELLECTUAL OUTPUTS

Task:

List activities and intellectual outputs in order.What do you want to do in your project to reach the set objectives? Example of activities: workshops, training courses, youth exchanges, campaign activities. Examples of intellectual outputs: toolkit, manual, online course, videos, campaign materials.

Cherry on top challenge:

Make a drawing representing one of the activities in 1 minute.

OBJECTIVES

Task:

Define 1 general and 2-3 specific objectives connected to the needs of the target group. Remember to make your objectives SMART (Specific, Measurable, Achievable, Relevant and Time-bound).

Cherry on top challenge:

Rewrite one objective as a TV cooking show catchphrase.

NEEDS ANALYSIS AND TARGET GROUPS

Task:

Define the problem and the target group in 3-5 sentences. Consider who your target group is and their characteristics and needs. Do some research to see if there are any data to back up your needs analysis (research, policies, statistics).

Cherry on top challenge:

Express the problem in three emojis.

19. YOU CAN HAVE YOUR CAKE AND EAT IT TOO!

Writing and applying for funds: turning your idea into a funding proposal

Objectives

- Turning participants into project evaluators as a way to give them insight into how funding proposal evaluation works
- Providing space for participants to reflect on ways to improve their applications
- Building the capacity of participants to independently develop their funding proposals by understanding the criteria they are evaluated against

Duration: 90-105 min

Group size: 20-25

Space requirements/set-up

- 4-6 tables with chairs around them, spread around the room so groups can work independently
- Chairs in a circle or semi-circle for introduction, instructions and debriefing
- Projector to show the evaluation criteria

Materials

- Handouts (1-4) printed out for each group (1 copy of each handout per group)
- Blank sheets or Post-its for evaluators to write down scores/feedback
- Markers or pens for writing

Step-by-step description and debriefing

Step 1 – Introduction – 15 min

The facilitator explains: "You will now become evaluators for projects. Your task is to carefully read project proposals and assess them according to the official criteria. This will help you understand how evaluators think and what makes a proposal strong or weak. The criteria used for this exercise are taken from the Erasmus+ Guide for Youth exchange projects just as a mock-up. If some of the criteria outlined do not apply to the type of project you are evaluating feel free to disregard it."

The facilitator projects the evaluation criteria, goes through them and provides any clarification needed to ensure that participants understand the task.

Step 2 – Preparing project applications – 15 min (optional)

All the groups need to prepare their short project descriptions. They can simply use the cakes they created in the previous activity, in which case you can skip this step. Otherwise, you can give them 20 minutes to transfer their "cake" into the application form template.

Step 3 – Evaluation – 30 min

- Participants split into the same groups as in the previous activity
- Each group is assigned another group's project, so they now become the evaluator panel
- First the "evaluators" in the team work individually. They then read the application quietly and give scores, and they write short justifications for each criterion
- After they have done this, they compare their scores, discuss differences and agree on the final score
- They prepare feedback notes for the applicant in the Evaluation sheet

Step 4 – Feedback – 30 min

- Evaluator panels present their scores and feed back to the project applicant (the team who wrote the application) – 5 minutes per project
- Project authors are invited to listen without defending – just taking notes
- The facilitator encourages a respectful, constructive tone

Step 5 – Reflection – 15 min

After all the evaluation panels have presented their results, the facilitator invites the group to stay in plenary for reflection.

Discussion questions:

- What surprised you when you had to evaluate?
- What elements of the evaluation had not crossed your mind when you were writing your own proposal?
- Which sections of the proposals were strongest/weakest?
- How will this influence how you write your next proposal?

Tips for the facilitator

This activity should be done as a follow-up to the "Mastering the art of cake making" exercise.

The participants can transfer the information from their "cake project" they created in the previous exercise to the application template or just use the cake template from the previous exercise.

Tell the participants they don't need to worry if they don't have enough time to answer all the questions in detail. The idea is more about getting a sense of what kinds of things they need to focus on in the project proposals – no one is expecting them to have a finalised application ready for submission by the end of this activity.

Remind participants that evaluators have no prior knowledge of the project idea except for what they read – so clarity in writing is key.

Remind participants that it is very important to read the call for proposals/guidelines and to refer to that in their application in order to show how their project responds to the objectives of the call.

Emphasise that a strong proposal is one where scores can easily be defended.

Encourage panels to phrase feedback as recommendations rather than criticism.

Handouts

Handout 1 — Project application template

Use this template to structure your project idea. Answer each section clearly and concisely. This draft will be used later in the evaluation simulation exercise.

1. Project title

Catchy and clear.

2. Applicant organisation

Name of organisation

Type (youth NGO, municipality, school, etc.)

Country

3. Project summary (max. 10 lines)

Clear, concise, understandable to someone with no prior knowledge of this project.

4. Relevance of the project

Which needs/problems does your project address?

Who are the main target groups?

5. Objectives

General objective (overall aim)

Specific objectives (SMART: Specific, Measurable, Achievable, Relevant, Time-bound)

6. Project design and implementation

Main activities (describe at least 3)

Timeline (short plan or phases)

Participants involved (numbers, profiles, roles)

Methods (how will the activities be carried out?)

7. Results and impact

Tangible results (outputs, materials, events)

Expected impact on participants, organisations and the community

Long-term benefits

8. Dissemination and visibility

How will you share results with participants, partners and the wider community?

Visibility tools (social media, events, multipliers)

9. Monitoring and evaluation

How will you track progress?

Indicators of success

How will you ensure quality?

Submitted applications will be assessed by assigning points out of a total of 100, based on the criteria below and scores. To be considered for a grant, applications must pass the following thresholds:

- at least 60 out of the total 100 points; and
- at least half of the maximum score points in each of the three award criteria below.

Relevance, rationale and impact (maximum score 30 points)

The extent to which:

- the applicant's profile, experience, activities and target population of young people are relevant for the field of youth;
- the project will address one or more of the priorities of the EU Youth Dialogue or the Youth Goals;
- the project is suitable for contributing to the inclusion and diversity, green, digital and participatory dimensions of the programme;
- the project is relevant for the objectives of the action;
- the project is relevant for the respect and promotion of shared EU values, such as respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, as well as fighting any kind of discrimination;
- the project and the proposed activities address the needs of the participating organisations and participants of the youth exchange;
- the project is suitable for producing high-quality learning outcomes for the participants;
- the project is likely to have an impact on participants and participating organisations during and after the project lifetime and outside the organisations and individuals directly participating in the project, at local, regional, national and/or European or global level;
- the project introduces newcomers and less experienced organisations to the action.

Quality of project design (maximum score 40 points)

The extent to which:

- the proposal describes in a clear and comprehensive manner all the phases of the project: preparation, implementation of activities and follow-up, and the involvement of young people in all phases of the activities;
- the balanced representation of participants in terms of countries and gender is respected and the activities are designed in an accessible and inclusive way and are open to participants with diverse backgrounds and abilities;
- the activities incorporate sustainable and environmental-friendly practices;
- the proposed learning methods, including any online/digital components are appropriate for the activities;
- the reflection process, the identification and documentation of the participants' learning outcomes, and the use of European transparency and recognition tools, in particular Youthpass, are appropriate.

Quality of project management (maximum score 30 points)

The extent to which:

- the quality of the practical arrangements, management and support modalities are satisfactory;
- the measures foreseen to ensure safety and protection of participants are adequate and effective;
- the tasks and responsibilities for the activities are clearly defined in accordance with Erasmus quality standards;
- the plan for the co-operation and communication between the participating organisations, as well as with other relevant stakeholders, provides a supporting framework for the management of the project;
- the applicant has proposed an appropriate way of evaluating the different phases and outcomes of the project in relation to its objectives;
- the applicant has proposed an appropriate way of disseminating project outcomes within and outside the participating organisations;
- the project contains measures aimed at making its results sustainable beyond the project's lifetime.

Handout 3

Evaluator's feedback sheet

Name of the project:

Relevance, rationale and impact score (maximum score 30 points):

Quality of project design (maximum score 40 points):

Quality of project management (maximum score 30 points):

Total score:

Strengths:

-
-
-
-
- —

Points for improvement:

-
-
-
-
- —

Project number: 2024-2-AT01-KA220-YOU-000xxxxxx

Applicant: Youth NGO

OID: E1020xxxx

Total score: 72/100 points

Evaluation summary

The project's objectives are clearly explained and outlined, along with verifiable and comprehensive approaches to measuring how these objectives are met. The goals are achievable and supported by a strong, relevant, appropriate project structure, co-ordinator and team. The target group of young people and local youth councils is clearly defined and articulated as a diverse set of target groups, each with different national contexts, national needs and different assets, skills and experiences to bring to collaboration.

*The project demonstrates significant gaps in justifying its relevance. While the concept of creating a tool for data collection is potentially valuable, the initiative appears more like a statistical research project rather than a youth-oriented endeavour. There is no clear explanation of how data collection will concretely improve youth policies at the municipal leve*l.

The proposal clearly explains the barriers to participation for young people, including a lack of support from political institutions more broadly, and identifies marginalised youth as missing.

However, it lacks a bit of clarity about the project's commitment to equity among young people and the specific approach to identifying, critiquing, overcoming and dismantling structures of marginalisation, such as structural sexism, structural racism, geographic factors, etc.

This project management plan includes a process for reporting and monitoring risks, problems, outcomes and successes. Notably, the project includes a strategy for communicating successes to the young participants, encompassing reports, celebrations and awards. This reflects a strong commitment to achieving sustainable, long-term positive outcomes for the young people who are central to the project as participants, stakeholders and beneficiaries.

The project's methodology is based on various approaches used in non-formal education. *However, it is not entirely clear how these methods will be integrated explicitly into different actions, such as research, international conferences or advocacy efforts. Additionally, the work package focused on the research and capacity building of local youth councils appears to duplicate some aspects of the diagnosis. Conversely, it suggests solutions and activities already implemented, for example, by Eurodesk contact points.*

20. FINISH THE SENTENCE – BUDGET CHALLENGE

Public and institutional funding: how to develop and manage an EU-funded grant budget

Objectives

- Creating a collective brainstorming map on how to develop and manage an EU-funded grant budget
- Allowing participants to jointly design a list of dos and don'ts in project budgeting
- Practising budget making by creating a budget for their own project ideas

Duration: 90 min

Group size: 20-25

Space requirements/set-up

Movable tables/chairs so the room can shift between the game and working on their project budgets

Materials

- A deck of "Finish the sentence" cards
- Budget handout printed (1 per group)
- A4 paper
- Pens and markers

Step-by-step description and debriefing

Step 1 – Playing the game "Finish the sentence: how to develop a grant budget" – 30 min

The facilitator introduces the activity by explaining that the participants will explore important elements of developing and managing an EU-funded grant budget, first through a joint brainstorming on how to develop a budget that will be done in the form of a game, then by developing budgets for their own project ideas, and finishing off with the second round of the game focusing on how to manage a budget.

To start the game, divide participants into two or three groups and explain the rules.

- Groups take turns drawing from a common pile of playing cards.
- Each group draws a card with an unfinished sentence. They have 1 minute to brainstorm as many endings as possible.
- When the time is up, they need to share the answers (the ending of the sentence).
- Each valid, relevant answer = 1 point.
- Teams take turns in answering. After the team whose turn it was to answer has shared all the answers they came up with, the other team(s) can then share any other answers that the first team did not mention for the chance of winning a point.
- Then it is the next team's turn to draw a card and the same rules apply.

- Continue for as many rounds as you want, depending on the time available, the level of knowledge of the participants and the energy in the group.
- The group with the most points wins.

The facilitator can choose to remove from the pile any card they do not find suitable for the group or activity they are conducting or to add any other card. The facilitator's role is to make sure that answers stay linked to EU funding rules, and not be too abstract. They should encourage creativity and reward accuracy. After each round the facilitator should provide clarifications or inputs (e.g. "Yes, keeping timesheets is important for staff costs in Erasmus+ KA2 projects even if the organisations are not necessarily asked to submit them at the time of reporting" or "Visa costs in Erasmus+ KA1 projects need to be budgeted under "exceptional costs" and justified with an invoice at the time of reporting").

Step 2 – Developing project budgets – 40 min

The facilitator introduces the second step: "Now that we have some clearer idea of important things to consider when designing our project budgets, we are going to practise by drafting budgets for your project ideas."

In this part of the activity, the participants should refer to the project ideas they developed previously during the "Mastering the art of cake making" activity.

Before the participants move into group work for designing the budget, the facilitator highlights some important aspects for them to consider – 5 min.

- List all planned activities (meetings, training courses, workshops, dissemination events) and for each activity ask yourself: What will it cost to make this happen?
- Avoid underestimating costs (too low to cover needs) or making the costs too high to justify. Tip: Ask yourself: Would this look reasonable to an external evaluator?
- Remember: lump sum = internal flexibility, but justification is still needed
- Write down how you calculated each cost (e.g. €120/day x 20 days)
- Think like the donor: Is the money clearly linked to the project's objectives?

Then the participants split into their groups and work on their budgets based on the budget grid provided by the facilitator (20 min). During the exercise, the facilitator circulates around the groups and supports them in their budget design.

When they are finished, the facilitator invites groups to come together (joining 2 groups) and to present their budgets to each other and get feedback – 15 min

Step 3 – Playing the game "Finish the sentence: how to manage a grant budget" – 20 min

The participants play the second round of the game (divided into the same groups as in the first round), only this time they use the second deck of cards for managing a grant budget.

The same rules apply as in the first round.

The facilitator can choose to remove from the pile any card they do not find suitable for the group or activity they are conducting or to add any card. The facilitator's role is to make sure answers stay linked to EU funding rules, and not be too abstract. They should encourage creativity and reward accuracy. After each round the facilitator should provide clarifications or inputs.

At the end, the facilitator asks both groups to hang their answers from both rounds on the wall or share them in the digital folder so that the whole group can have a list of dos and don'ts for project budget development and management.

Tips for the facilitator

EU funding can cover a wide range of funding programmes so you should focus on those that are relevant for the target group you are working with. You can do the entire exercise focusing on one specific funding sub-programme (e.g. Erasmus+ KA3 European Youth Together) or you can choose to tackle an entire programme in general such as Erasmus+, making reference to the distinction between different types of projects and funding rules. Always refer to the latest versions of programme guides or rules that you are talking about to be sure that the information is up to date.

Handouts

Handout 1

Public and institutional funding: how to develop and manage an EU-funded grant budget

Finish the sentence – Budget challenge

Deck of cards 1

Designing a project budget

When creating a project budget, never forget to include ...	**A realistic budget should always take into account ...**
One mistake NGOs often make in project budgeting is ...	**The most expensive part of a project is usually ...**
To make sure the budget matches the project, I should ...	**If I want the donor to see value for money, I must ...**
One smart way to estimate costs is ...	**When deciding how to distribute the lump sum, I need to ...**

Deck of cards 2

Managing a project budget

To keep my budget under control, I always …	**The most important document to keep for financial reporting is …**
If an unexpected cost appears, I should …	**When working with partners, budget management means …**
One risk in budget management is …	**If I overspend in one category, I can …**
To prove staff costs to a donor, I need …	**At the end of the project, the donor will want to see …**

Handout 2 — Budget template

Budget category	Description	Amount (€)
Staff/human resources	For example, project manager, trainers, admin staff	
Travel and accommodation	Flights, trains, hotels, meals	
Materials and resources	Printing, toolkits, online platforms	
Dissemination and visibility	Website, social media adverts, translation, multiplier events	
External services	Experts, evaluators, subcontractors	
Administration/overheads	Bank fees, office costs, communication	
Contingency (5-10%)	Reserve for unexpected changes	
TOTAL	Sum of all categories	

21. YOUTH FUNDATHON – NON-EU FUNDING

Public and institutional funding: how to develop and manage a non-EU-funded grant budget

Objectives

- Understanding how to develop a project idea and budget for non-EU public/institutional funding
- Identifying key rules and concepts, eligible costs and common risks
- Practising adapting a budget to changing requirements or challenges

Duration: 60-90-120 min

Group size: 15-30 (adaptable to smaller or larger groups)

Space requirements/set-up

Tables or areas for each group, ideally in the same room/space

Materials

- Flip charts and markers or paper and pens or laptops for each group to work with
- Short (and/or simplified) grant calls from non-EU public funding sources, such as non-EU institutions, local, regional or national authorities or foundations
- Sample budget templates, either generic ones or those accompanying the provided open calls
- Facilitation cards or slides with the "challenges"

Step-by-step description and debriefing

Before the session, the facilitator can choose the specific focus of the activity; it can be a funding source the participants are familiar with or wish to become familiar with and the activity can be built around it: a non-EU institution (such as the Council of Europe), local, regional or national authorities or foundations, to mention a few examples.

The session can also be split into two sessions/parts, with the first one being the fundathon and the other a more extensive debrief and reflection with also some harvesting of lessons learnt.

Step 1 – Introduction – 15-30 min

The facilitator introduces non-EU public funding, either in a more general introduction, and/or mentioning the chosen specific funding sources and their introductions. This input-giving part can be adapted to a shorter or longer one and it can be combined with specialist input by an expert, to build the theoretical base of the activity. If going into specific funding sources, it is recommended to highlight the most typical priorities and requirements, what qualifies as eligible costs and what does not, and the most important reporting rules.

Step 2 – Fundathon – 30-60 min

Explain the group work in the upcoming fundathon (a bit like a hackathon but focusing on developing a funding proposal) and that they might face diverse challenges when working on it, without going into further details, in order to maintain the element of surprise.

The facilitator splits the participants into smaller groups of around 4-7 people, depending on the total group size.

The different groups receive a simplified grant call and a blank budget template, with the task of drafting a basic budget for a fictional youth project. The project's basic details (title, aim, specific activities, duration, etc.) can also be developed by each group if there is time, or they can be prepared by the facilitator. The main focus of the session should be the budget development, if there is only limited time available and the session is of a shorter duration.

The groups have 15-20 minutes to prepare a budget during the first round of the fundathon.

Each round from now on has a shorter duration (for example 5 minutes) and the facilitator introduces certain prompts/curveballs: challenges that the participants are given and have to comply with by adapting their budget and project accordingly. The facilitator can write these challenges on facilitation cards and reveal them one by one, or just read them to the participants one by one, or show them as slides on the projector one by one. The facilitator can also select challenges from the list below or come up with other challenges that fit their unique session and its focus.

List of possible challenges

1. Staff costs cannot exceed 50% of the total budget.
2. Travel costs are seen as too high and need to be reduced by 20%.
3. No indirect costs are allowed any more.
4. The participants' figures are seen as too low and disproportionate to the funding requested, and need to increase by at least 25%, without a very high increase of the costs.
5. Indirect/administrative costs are declared ineligible.
6. One of the main activities must move from a cheaper local venue to a more expensive capital city.
7. The grant is paid in euros, but the costs are in another currency; the exchange rate between the application and the implementation period suffers a difference of 10% and some costs in euros will be higher. You need to find this 10% difference by reducing other costs.
8. One of the partners insists that (more) external trainers/evaluators must be hired, adding €1 500 to costs.
9. The funder declared that volunteering recognition time is no longer recognised, therefore another co-funding source must be provided.
10. The venue's costs between the application and the implementation period suffer an increase of 25% and costs need to be reallocated to cover this difference from the existing budget.

Step 3 – Debrief and reflection – 15-30 minutes (or more in the case of a two-part session)

The facilitator can start a facilitated discussion in a plenary setting with the following questions:

- What surprised you about non-EU funding requirements?
- Which challenges were the hardest to manage?
- Have you faced similar challenges when working with projects and funding in real life? How did you deal with them?
- How can organisations and project teams prepare for unexpected changes while remaining compliant?

The facilitator can also emphasise the difference between flexibility and bending the rules when working with external funding.

Tips for the facilitator

You can prepare the challenges in advance, but you can also allow improvisation based on group decisions, and whether the challenges apply to all the groups at every round.

At the end of the session, it is important to emphasise the difference between flexibility and bending the rules.

Handouts

Handout 1

Sample budget

Project:		
Duration:		
Cost	**Estimated cost (€)**	**Notes/breakdown**
Travel		
Accommodation		
Meals and coffee breaks		
Venue/space		
Trainers/experts/staff		
Materials		
Communication and visibility		
Equipment		
Administration/co-ordination/ indirect costs		
Other costs:		
Total project costs (€):		
Grant requested (€):		
Own contribution, if relevant (€):		

Note: It is better to use the exact budgets of the funding sources the session will focus on or at least try to adapt this sample budget to them:

22. MONEY GROWS LIKE TREES – FROM CHALLENGES TO ADVOCACY GOALS

Public and institutional funding: advocacy for financial management support

Objectives

- Identifying challenges and risks related to institutional/public funding
- Practising designing advocacy goals to address financial management issues
- Developing arguments for negotiating with funders or policy makers

Duration: 90 min

Group size: 10-30 (adaptable to smaller or larger groups)

Space requirements/set-up

- Tables for smaller groups
- Flip charts or large paper for the Problem Tree and the Advocacy Tree exercises

Materials

- Flip charts or large paper
- Markers and/or sticky notes

Step-by-step description and debriefing

Step 1 – Welcome, introduction and framing – 15 min

The facilitator welcomes the participants to the session, presenting an introduction with the topic and aim of the session. The facilitator can start by introducing the correlation between public funding and advocacy: how they co-exist and how one can feed or affect the other one. Some common concepts and problems can also be introduced, such as project-based v. operational costs and the challenges of operational grants; the inclusion or lack of indirect and admin costs; the pre-financing reality and the cash flow issues it can bring; the challenges that co-funding requirements can bring; the added burden of complex reporting and the bureaucracy it brings; the (lack of) flexibility between budget lines and moving funds, just to mention a few examples.

In groups, participants identify a key financial management challenge (root problem).

Step 2 – The Problem Tree – 20 min

For this step and the next, the facilitator can choose to do it either in general for a youth organisation as a whole or link it to a specific project or funder.

The facilitator can also consider using the project ideas they developed in the "Mastering the art of cake making" session, if that session was done, or to the overall organisation mission and vision they developed in "Fundraising – Part 2: From vision to funding", if that session was also done.

In a larger group setting or in smaller groups, participants have to draw a Problem Tree, with the following parts:

- Roots: the causes
- Main trunk: the core problem
- Branches: the consequences

The facilitator can frame it in a generic mapping exercise (in relation to fundraising and financial management in their youth organisations, for example) or focus it when working with a specific funding source and/or for a specific period (over the last two years) and/or a specific project/grant.

The facilitator can either facilitate the whole discussion and help the group fill in the Problem Tree or take a more observational role by circulating to guide the group(s) for more clarity.

Step 3 – The Advocacy Tree – 20 min

On the second flip chart or large paper, participants again have to draw a similar tree to the Problem Tree, but with the following parts:

- Roots: the strategies and actions
- Main trunk: the advocacy message
- Branches: the desired outcomes and impact

It is important that in this part the group(s) summarise their advocacy demand(s) clearly and practically, for it to be as tangible as possible, so that their demand(s) can be followed up in a realistic way after the session finishes, if relevant.

Step 4 – Presentations in plenary, peer feedback and closing – 35 min

Each group has the opportunity to present their two trees. The other participants and the facilitator have the chance to share their feedback and inputs.

Alternatively, this part can also be done in a role-playing setting, in a simulation between youth NGO representatives and policy makers/funders for example.

A debrief and reflection can follow the presentations, with the following guiding questions:

- What arguments were most persuasive?
- How did the Problem Tree help clarify priorities?
- How can youth organisations realistically influence funding policies?
- What are ethical limits in advocacy?

Tips for the facilitator

You can encourage the use of concrete examples from participants' own experience.

It is important as a facilitator to push the participants to distinguish between ideal requests and realistic advocacy goals throughout the session, and also to ensure the reality-check aspect of the learning experience is integrated.

23. THE FUNDERS' DEN

Other fundraising possibilities: foundations and building relations with donors

Objectives

- Strengthening the participants' skills in presenting project ideas convincingly to foundations and donors
- Exploring the role of trust, relationship building and storytelling in funder relations
- Practising giving and receiving constructive feedback on funding pitches

Duration: 90-120 min

Group size: 12-30 (adaptable to smaller or larger groups)

Space requirements/set-up

- Open space with chairs that can be rearranged
- Small tables or chairs for quick-fire feedback rounds
- A "Funders' den" corner (3-4 chairs for funders/judges, facing the presenting/pitching space)

Materials

- Timer or bell to manage strict pitch times
- Optional: name tags or notebooks for members of the Funders' den, more to create the illusion/aesthetic of the den

Step-by-step description and debriefing

Step 1 – Welcome, introduction and framing – 10-20 min

The facilitator welcomes the participants to the session, presenting an introduction with the topic and aim of the session. The facilitator can start by introducing the concept of foundations, with a focus more on the different nature and working method of foundations, where the relationship is more "personal" between the beneficiary and funder and there is a more partners-oriented relationship, rather than a beneficiary-funder (like it is usually the case in institutional fundraising). Additionally, it can be highlighted that it is more about building trust and a relationship between the two parties and that funders want frequent updates, their voices to be heard and often to co-shape together the project's idea.

The facilitator then explains the session flow: participants will prepare short pitches for a foundation, receive peer feedback and then face a Funders' den panel.

Step 2 – Ideas preparation – 15 min

The participants can either form smaller groups or pairs, or work as individuals. It is up to the facilitator to decide on the best format.

The facilitator can prepare a brief in advance about the foundation's focus and priorities (for example a foundation focusing on climate action or civic education, etc.). The facilitator can adapt this to the unique group of participants but also keep it broad enough so that different project ideas can fit the brief.

The participants can start by thinking about their local communities and youth organisations, and based on that prepare a 3-minute pitch for a potential project idea they could implement with the following elements:

- What is their project idea?
- Why does it matter?
- How does it fit the foundation's mission?
- Why are they a reliable partner?

Step 3 – Speed-dating peer feedback – 15 min (optional)

The participants pair up with another person or group and each delivers a 1-minute mini-pitch. Their peers then give 2 minutes of feedback (for example in relation to the clarity of the pitch, how persuasive it was and how appealing it might be to the funder).

The groups can rotate once or twice depending on time, so that each group receives feedback from more than one partner during the quick-fire peer feedback.

The groups can then refine their pitch based on the received feedback. The facilitator can encourage them to focus not just on facts, but also on the storytelling aspect and the building of trust.

Step 4 – Funders' den – 30-45 min

A panel of foundation representatives, who can be volunteers from the group or other organising team members/facilitators, listens to the pitches.

Each group has 3 minutes to pitch, followed by 2 minutes of questions from the panel.

The funders can then choose to "invest" (e.g. by handing out tokens or stickers) to one or more projects.

Step 5 – Debriefing and reflection – 15-20 min (or more in the case of a two-part session)

The facilitator can start a facilitated discussion in a plenary setting with the following questions:

- What made some pitches more convincing than others?
- How important was relationship building and trust compared to numbers and facts?
- What did you learn about tailoring a pitch to donor needs and values?
- How can these skills translate into building long-term funder relations beyond the pitch?

Tips for the facilitator

It is important for the facilitator to encourage creativity in pitches: not just formal presentations, but storytelling, metaphors or role-play can work well.

Ensure the feedback in the quick-fire round stays constructive (maybe introduce 2-3 guiding questions for feedback: Was it clear? Was it convincing? Did it connect emotionally?).

When forming the Funders' den panel, you can also choose participants who are confident and can ask critical, but fair questions.

If time is short and/or the input-giving part takes longer, you can reduce the number of pitch groups presenting to the whole panel and run two smaller dens in parallel or cut the quick-fire peer feedback.

Lastly, it is important to frame the exercise as skill practice, not as a competition; the "investments" made by the Funders' den are symbolic.

24. PROUD CROWDFUNDING

Other fundraising possibilities: crowdfunding

Objectives

- Familiarising participants with diverse funding possibilities beyond traditional grants, with a focus on crowdfunding
- Analysing a real-life case study and identifying key factors that contribute to the success of alternative fundraising approaches
- Building creativity and confidence in exploring innovative fundraising strategies

Duration: 150 min

Group size: 20-25

Space requirements/set-up

- Room with movable tables and chairs to allow group work and rearrangement into a plenary
- Space for small groups to discuss and work on their crowdfunding campaign ideas

Materials

- Printed or digital copy of the crowdfunding case study (one per group)
- Flip charts
- Markers
- Post-its

Step-by-step description and debriefing

Introduction – 5 min

The facilitator explains that this activity consists of two parts: in the first part, the participants will use a real-life case study to explore other funding possibilities, such as crowdfunding, and in the second part, they will apply the acquired insights into creating crowdfunding campaigns for their initiatives/projects or those of their organisations.

Part 1

Step 1 – Case study – 25 min

The facilitator splits the participants into four groups and tells them that they will all be given the same case study (crowdfunding campaign for the PROUD Leadership Academy). They are given 30 minutes to discuss in their groups and write down the main points on a flip chart or digitally. They should read the handout that contains the e-mail sent by the organisers of the crowdfunding campaign and analyse the following.

- What are the main elements of this campaign (what kind of information is presented, what is the "selling point")?

- What are the weaknesses/what could be improved?
- Who does this campaign address/who are the target groups?
- What can be done to ensure good outreach and the success of this campaign?

Step 2 – Sharing in group pairs – 20 min

After 30 minutes, participants are asked to form two groups, meaning that each group will come together with another and share their ideas and insights. The facilitator gives them 20 minutes to share and combine their ideas into a single document. If working with a smaller group, the participants can be divided into two groups at the beginning, instead of four, in which case this step should be skipped.

Step 3 – Sharing in plenary – 20 min

After that, the facilitator asks both groups to come back to the plenary and goes through the questions one by one, asking both groups to answer. The first question can be answered by group 1 followed by group 2, and then the order can be reversed for the second question. Ask both groups not to repeat something that has already been said. This should take approximately 20 minutes (depending on the size and level of experience of the group).

Step 4 – Debriefing – 20 min

In the next step the facilitator invites the participants to reflect on the following:

- How difficult was it to answer the questions?
- Was there any particular question you as a group struggled with?
- Based on your experience, and on the reflections, what are some of the main elements that any crowdfunding campaign of an NGO should have?
- What do you think are some of the contributing factors for the success of NGOs' crowdfunding campaigns?
- Do you have any experience with similar crowdfunding campaigns to the example? If so, you can share briefly.

Break

Part 2

Step 5 – Designing a crowdfunding campaign – 45 min + 15 min

Using the example and the reflections from Part 1, the facilitator asks the participants to think of a crowdfunding campaign for a project/initiative of their own (or of their organisation). Depending on the profile of participants, this exercise can be done individually or in pairs/teams if they are from the same organisation/working on the same project. Also, if there is someone who is not part of an organisation and does not feel comfortable working alone, or does not have any ideas to work on, they can join another participant/group of participants.

The facilitator asks the participants to choose one idea/project/initiative and create a crowdfunding campaign timeline containing the following information.

- Objectives of the campaign (What do you want to achieve?)
- Desired impact (Why would someone contribute to your cause?)
- Target group (Who is the audience of the campaign?)
- Communication channels (How are you going to ensure that your campaign reaches the right people?)
- Resources needed (copywriting, design …)
- Available support (Who can help make your campaign successful?)

For the final part, the facilitator invites the participants to share the campaigns by hanging their flip charts/papers on the designated wall in the room or by uploading them to the shared drive, and then invites them to take 15 minutes to look at the work of the other participants.

Tips for the facilitator

Before diving into group work, guide participants to notice key elements in the case study (storytelling, visuals, donor rewards, outreach strategies, timeline).

Remind participants that there is no one "correct" way to do crowdfunding.

When groups design their campaigns, encourage them to set achievable goals, keeping in mind their organisational capacity and networks.

Handouts

Handout 1

Crowdfunding case study

Subject: PROUD Leadership Academy 🏳️‍🌈 – A call for solidarity and support

Dear Ana,

I hope you're doing well and smiling 🌈

You're receiving this e-mail because, at Centar E8, we see you as an ally and a trusted person. We're confident you understand the complex social climate we're navigating, as well as our desire to, despite the challenges, continue implementing a programme dedicated to young people from the LGBTQI+ community.

That's why we've decided to reach out to individuals and groups who can support us – through donations, advice or other forms of collaboration. We're writing to you because in these challenging times, solidarity is needed more than ever, and so: we're counting on you.

Two years ago, we launched a unique six-month leadership programme for young LGBTQI+ individuals in Serbia. So far, the programme has brought together 54 participants, who now form an active network of young leaders.

Unfortunately, this year, influenced by Trump-era policies and decisions, we are witnessing many companies stepping back from diversity, equity and inclusion initiatives and showing less visibility during Pride Month. Along with the disappearance of diversity, equity and inclusion topics from many corporate agendas and the withdrawal of USAID support, we are also deeply concerned about the declining availability of international funding.

Still, we want to enroll a third generation of participants in the PROUD Leadership Academy – and we need your help!

The PROUD Leadership Academy doesn't just offer knowledge and skills – it creates a space for personal growth, connection and inspiration. It's a six-month intensive programme, divided into 10 modules, comprising 80 hours of training and involving over 20 renowned lecturers and collaborators.

We've calculated that the cost for one participant is €1 500, and we've created several ways for you to support us.

- You can donate any amount you wish, in whichever currency works best for you. This can be done via WhyDonate as a company or individual. You can access the donation page through the link in this e-mail, but please do not share the link publicly, as it's important for us to protect the privacy of our participants – which is key to ensuring the programme runs smoothly.
- If your company recognises the value of our programme, you can support it through a 1+1 package: by nominating one participant from Serbia – for example, a team member, partner or affiliate – and funding a scholarship for another participant selected through our open call.
- There are also programme costs that can be covered in-kind rather than financially, such as workshop venue space in Belgrade, meals and refreshments for participants or accommodation for those coming from outside Belgrade. If you are able to support us with any of these services, please get in touch so we can discuss the details.

We believe in solidarity – and in the power of our community to connect us with the right people and companies who can help. That's why it would mean a lot if you could forward this e-mail to anyone who you think may want and be able to support this cause. Just forward.

Finally, we want to emphasise that our programme brings real results and creates tangible change. According to data collected through our internal evaluation, over 70% of participants reported specific benefits and positive changes in their professional environments after completing the programme, with many stepping into management and leadership roles.

In a country where 72% of LGBTQI+ youth report facing workplace discrimination, programmes like this are not a luxury – they are essential.

Our support models are flexible and tailored to each partnership, as our goal is to find the best way to work together – whether through sponsorship, participant scholarships, knowledge sharing or logistical support.

Thank you for standing with us on the right side of history.

If you have any questions, please do not hesitate to reach out to me.

Warm regards,

Project co-ordinator

About the authors

PART I

Daniela Fellinger is General Director of Grenzenlos – Intercultural Exchanges and co-ordinator of EU programmes in the organisation. She has been active in the field of international volunteering for 15 years. She has a lot of experience in the fields of project management, especially in the field of youth volunteering and in the inclusion of people with disabilities. She is a trainer and representative of Grenzenlos within the Alliance of European Voluntary Service Organisations, as well as the representative for Alliance in the Advisory Group of the SALTO Resource Centre for European Solidarity Corps. Currently, Daniela is managing strategic partnership projects for the organisations and is always looking for new funding opportunities and project development.

Tamás Mahner is a purpose manager of Egyesek Youth Association, a licensed youth worker, case manager, youth leader and entrepreneur. He was also the 2016-2021 Vice-President for Europe in the Coordinating Committee for International Voluntary Service. He has more than 10 years' experience in managing and co-ordinating youth projects (Youth in Action, Erasmus+, the European Solidarity Corps (ESC), Norway Grants, EU Structural grants, etc.), as well as planning and strategising financial and organisational processes for national and international NGOs. He has also worked with the Hungarian National Agency as ESC Quality Label evaluator and consultant, mainly in the North Hungarian region and in Budapest. Currently, he is managing long-term capacity building and strategic partnership projects involving organisations from all over the world and runs a social enterprise in the countryside of Hungary.

PART II

Aleksandra Maldžiski has 20 years of engagement in the NGO sector. This has brought her rich experience of NGO fundraising and management from her time as a board member of OBESSU (Organising Bureau of European School Student Unions), through to her professional engagement as Programme Director of Centre E8, one of the biggest youth NGOs in Serbia and as Deputy Director of DYPALL Network, a European network working on youth participation in decision making at the local level. She has extensive experience in fundraising, project management, co-ordination and reporting on project progress and budget spending with various donors, including the European Commission, European Youth Foundation, USAID, National Democratic Institute, Caritas, American Embassy, Norwegian Embassy, Ministry of Youth and Sports of Serbia. Aleksandra is also a trainer and facilitator in the youth field.

Spyros Papadatos is a passionate young European, born in Greece, and currently living in Belgium. He is a youth worker and youth policy expert, former chairperson of the Advisory Council on Youth of the Council of Europe. He has been shaped by international mobility and considers himself primarily an active European citizen. He holds a Master of European Studies from KU Leuven. Being a rural young person himself, he has been focusing on rural youth issues, and has been the Secretary General of Rural Youth Europe since 2023.

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Funding and fundraising cannot be an overall goal for an organisation, but they can accompany organisational development, the valorisation of activities and their impact, and strong, effective communication. When all these elements are of high quality and in their proper place, funding and fundraising are a natural result of an organisation's effort. This T-Kit explains most aspects of financial management and fundraising that a beginner or an experienced organisation must learn when it seeks to implement projects with a sound financial approach and to build its financial sustainability.

The structure can be adapted to financial actions by informal groups – just taking off and preparing for the first initiative or to those by organisations with a well-established structure, separate operational units, paid staff and a diverse portfolio of projects and activities embedded in the local, regional, national or international context. This T-Kit explains theory and concepts, and includes exercises and educational activities to learn, test and trial funding and financial management tools and methods and, in the process, build accountable, resilient and impactful youth and youth work organisations.

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