Best Practices for Building Organizational Capacity

- Budgeting and Financial Systems
- Principles of Monitoring and Evaluation
- Grant Management from A to Z

WLP WOMEN'S LEARNING PARTNERSHIP

FOR RIGHTS, DEVELOPMENT, AND PEACE

Capacity Building Toolkit:
Budgeting and Financial Systems

Facilitator's Edition

Project and Organizational Budgeting Processes

WLP

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Capacity Building Toolkit: Budgeting and Financial Systems

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Project and Organizational Budgeting Processes

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Who We Are

Women's Learning Partnership for Rights, Development and Peace (WLP):
A partnership of 20 autonomous organizations, Women's Learning Partnership (WLP) trains and supports women in the Global South, primarily in Muslim-majority countries, to become leaders and advocates for a just, peaceful world. WLP creates culture-specific leadership trainings on democratic participation, and it partners with local organizations to help women gain the skills they need to fulfill greater leadership roles at the family, community and national levels. Over the past decade, WLP has developed curricula and education resources that encourage women's leadership and rights, and bolster their capacities as agents for change toward the establishment of free, fair and democratic societies. In 2001, WLP published Leading to Choices, a leadership training manual for women with a special focus on women in Muslim-majority societies. By 2010, Leading to Choices had been translated into 20 languages and adapted for dozens of different cultural contexts. To date, WLP's programs and training materials have reached tens of thousands of women and men in over 40 countries, strengthening local organizations to become self-sustaining and empowering women's movements around the globe.

Preface

WLP is actively working to take advantage of online tools and platforms to assist women's rights organizations and to broaden and deepen connections with activists around the world. Access to technology and increasing infrastructure is allowing more individuals and organizations from even remote and isolated areas to gain knowledge, build constituencies, raise awareness, and mobilize around democratic movements. In this new digital environment, it is critical that WLP utilizes online platforms and tools to provide activists and civil society actors with accurate information, resources, and opportunities to connect and build their capacities.

To that end, WLP is developing a robust online learning program that incorporates an Online Learning Portal, *ABAN*, to facilitate online workshops and other activities to build the capacities of partners and young people to learn, exchange, and enhance their skills to be prepared to fully participate in online and offline democracy building and civil society exchange.

In January 2014 and June 2014, WLP held online *ABAN* trainings on report writing and proposal writing, which led to the formation of this toolkit. These sessions were part of a series of online capacity building trainings focused on enabling participants to learn concrete skills that they can utilize to make their organizations and their work more sustainable and impactful in the long-term.

Introduction

Securing diverse and sustainable funding is a matter of necessity for virtually every organization. Without funding, organizations cannot carry out their programs, cannot deliver services, and cannot achieve their missions. Reliable funding is critical for any organization to carry out any project to operate and show results. However, in order to secure the funding needed to carry out any project, a manager needs to make sure that everyone on her team has the knowledge and skills to develop a clear project plans and also to prepare budgets that are coherent with organizational/project priorities and needs. Budgets are critical, and serve as project, programmatic, and organizational road maps, showing funders where the organization is going, and how it plans to get there.

> *It is painful to lose a grant because of a weak proposal; however, it is even more painful to lose a grant because of a weak budget.*

Preparing a strong proposal takes an enormous amount of effort, and while it might seem sufficient to have a strong, compelling narrative, it is equally critical to have a clear, concise, and transparent budget.

Purpose and Structure

The purpose of this module is to provide participants with tools enabling them to gain an overall understanding of how project and organizational budgets are prepared and to build their confidence to be an active part of those processes.

Building staff capacities in financial management and budgeting processes may not be at the top of a manager's list of priorities, but transparent and accurate budgeting and financial management has become, over time, increasingly important for organizations of any size, and at any stage in the organizational life-cycle. Many more 'mature' or established organizations are beginning to require that their entire team have a good understanding of topics relating to budgeting and financial management, and the implications of these topics on organizational operations and mission achievement. Ensuring that staff members—from different departments and levels—are equipped with even basic knowledge about budgeting and financial management signals how seriously an organization takes role to serve the public in a way that is accountable and fiscally responsible. It also illustrates that the organization takes careful consideration of the budget in its programmatic and operational processes, and is dedicated to following the clear roadmap that it has set out to fulfill its mission. Building individual staff member capacities regarding budgeting and financial management is also essential for strengthening individual self-confidence, and providing a sense of ownership and responsibility for the program or project, and is critical for the organization's overall financial planning.

In general, the budgeting process implies the planning of resources: the sources of any revenues or funds and how to spend them.   The process of creating and adhering to a strong, clear budget provides staff and board members with an opportunity to actively contribute to the organization's work. Integrating budgeting process with organizational, programmatic, and project planning helps to avoid inefficient modifications and adjustments, and contributes to get a better, more transparent and accountable, organizational environment where everyone understands where the organization is going, and how it is planning to get there. Well prepared budgets should always respond to the organizational priorities and annual plans, and this demonstrates a commitment that financial resources are wisely invested, monitored, and evaluated.

This module is designed to help organizations, their staff, board members, and volunteers, as well as individual practitioners with practical knowledge and skills that will enable them to be strong financial planners, managers, and stewards. With this toolkit, Women's Learning Partnership aims to build the capacities of organizations of all sizes to be viable, sustainable, and fundable, by becoming strong, financially responsible and transparent.

This module has been developed for delivery through Women's Learning Partnership's online learning program, but with the ultimate aim that the participants will share the knowledge and resources acquired through these online trainings with others throughout their organizations and networks, helping to contribute to a robust, open civil society.

Budgeting Training Sessions Overview

The training material in this toolkit has been prepared to accompany a series of online training sessions. This module was designed to be delivered over four, 2-hour online training sessions, and each session has a number of sub-sections.

**Session 1 – Budgeting: Basics & Process and Project/Grant Budgeting**

Session 2 – Project/Grant Budgeting – Case Study

Session 3 – Organizational Budgeting

Session 4 – Organizational Budgeting – Case Study

Methodology: ADDIE (Analysis, Design, Development, Implementation and Evaluation)

This manual is based in the ADDIE model, which includes general processes widely used in adult learning theory to offer facilitators and managers a guideline for building effective training in five phases:
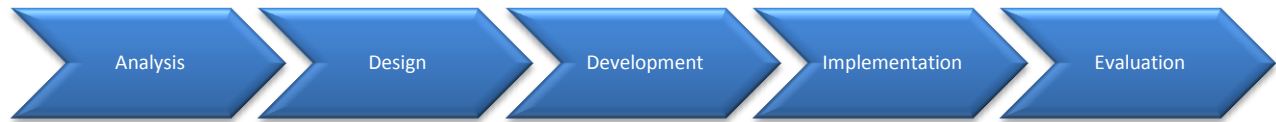
The ADDIE model was initially developed by Florida State University and revised over the years by different practitioners.

Analysis

This phase allows identifying performance requirements, current capabilities, gaps and potential ways to bridge the gaps. The design of the training sessions and the following steps will depend on the outcome of the analysis; therefore an assessment of the training needs has to be performed during this stage.

As this phase clarifies the instructional problems and objectives, it is essential to know the **participants**, types of **learning constraints**, **delivery options**, **adult learning considerations** and **timeline**.

Most of this information can be collected from the participants through a **pre-assessment survey** should be sent to the potential participants. The information to be obtained is the following:

- The level of knowledge of the participants in financial topics
- Their position and role in their organizations
- Their level of involvement in the specific financial topics that the training is prepared for
- Their concerns and expectations

That information will help the facilitator to know the audience and to understand their specific needs. At the same time, it is essential to match the concerns and expectations with the management's objectives. In doing so, the design of the training will address the training needs and reach the organization's objectives.

In order to minimize costly shifts, at the end of each stage, it is important to get the leadership approves all plans and expected results. At the end of the analysis, the **deliverables** need to be determined and approved too.

Design

As the material for this training is already designed and the skills gaps are identified, a review and adjustment to the needs should follow. The budgeting training is meant to be facilitated in four 2-hour online sessions. Decisions about the number of sessions and how they will be delivered should be based on participants' profile, knowledge level and the available resources. Then, the following sequence should happen: adjustment to the **outline** of the overall **structure** for the training, review of **contents**, **exercises and lessons planned** and, finally, **media selection**.

Once it is decided how many sessions will be delivered, the specific **learning objectives** key learning points and the duration and sequence of sessions need to be revised. Whenever possible, **performance measures** to assess progress towards objectives should be set up and the way data gathered, grouped and reported. This information is the input of the following steps.

During this stage, frequently prototypes are designed to test the effectiveness of the training for producing the desired results. For this purpose, prototype 3-session training was designed and already delivered; and it was later adjusted to 4-session training.

Development

After the training design is revisited and adjusted, based on target audience and learning objectives, it is time to revisit the available material: table of contents, contents, case studies, PPT presentations, worksheets, graphics, material for participants and facilitators, and supplemental material (samples, exercises, case studies, etc.). The material to be used needs to be in line with the determined number of training sessions.

At the end of this step the course materials should have been adjusted, prepared, disseminated and evaluated.

Implementation

As the prototype training was already conducted and feedback from involved participants was received, the design and the development should be adjusted to refine the training. The procedures for facilitators and participants must be revised as well.

The facilitator will meet the course curriculum, learning outcomes, method of delivery and testing procedures. As Excel skills (basic/intermediate level) are required for this financial training, participants need either to take a tutorial e-learning course or to receive –from another source- a short introductory training related to the commands to be used during the budgeting training.

When online learning is involved, WLP's staff provides IT support to minimize technical difficulties. Anticipation of any other e-learning tools or software needs will be important in this stage.

During and at the end of this phase, the design needs to be evaluated. The support team should ensure that material, equipment, learning applications or website functions, are in place before getting started.

The expected outputs of this stage include: trained participants who improved/acquired their knowledge, skills and/or attitudes as a result of the training, and feedback from participants, instructors and other involved party. Evaluation's forms to receive feedback should be submitted; those will be analyzed in the next stage to determine the effectiveness of the training and to look for improvements.

Evaluation

This final stage measures the course's efficacy and identifies opportunities to improve the training taking into consideration its purpose, performance measures and data gathering.

While the initial evaluation of the course is done during the development stage (formative stage), the summative portion occurs at the end of the training. In this instance, the training should be subjected to detailed final testing to determine "what," " how," "why," and "when" was accomplished or not during the training.

It is important to keep in mind the main goal of the evaluation: to determine if the training objectives have been met and get to know what will be required in order to further the efficiency and success rate of the training going forward.

Using This Toolkit for Online Training

This toolkit provides detailed and technical information around budgeting, and as part, was designed with several interactive, participatory exercises. Facilitators should feel empowered to use the exercises included herein and also to adapt them to the needs of their specific training participants. Prior to facilitation, all facilitators will have been given an orientation to the online learning platform and available tools. We encourage you to think creatively about using the available tools and incorporating them into the training as you see fit. Sharing audio and video feeds, and chatting, are not the only tools available to you. Consider whether and how you might want to use other available tools (such as live polls, desktop sharing, etc.) as appropriate for your comfort level, the material, and the capacity of your participants.

Most of all, relax and enjoy yourself. This will be the best way to create a warm, sharing environment, where participants will feel encouraged and motivated to participate and share, and that will lead to rich learning on the part of all.

Session 1 – Budgeting: Basics & Process and Project/Grant Budgeting

Session 1 – Budgeting: Basics & Process and Project/Grant Budgeting

Part 1 Basics & Process

Outline
➢ What is a Budget?
➢ Best Practices and Qualities
➢ Types of Budgets
➢ Roles and Responsibilities
➢ Organizational Budget versus Project/Grant Budget
➢ Budgeting versus Reporting
➢ Q&A Session

Introduction
Non-profit organizations have a mission; to accomplish it they set up organizational priorities and strategic objectives to reach their target communities and get the desired results or impact. Therefore, their leaders develop programs, make operational and activity plans, implement and monitor them, assess results and present reports to their constituencies.   All activities use resources –e.g. staff, equipment, software, etc- and those resources need to be quantified and be expressed in monetary units. As the resources are limited, it is essential to plan for them to be used efficiently based on the organization's priorities. Budgets are produced to show how much the cost of the resources is and what the resources to get them implemented are. Therefore, budgeting becomes an important financial process which needs to be understood by the whole organization and requires the participation of the management team, staff, and the board members, as well. The level of required knowledge depends on the level of involvement in the process; however, it is a good practice that budgeting process be inclusive and promote participation, especially of relevant parties.

Learning Objectives
- To get an understanding about budget and its use in the organizations
- To learn basic concepts related to budgets (types of budgets, best practices and qualities, roles and responsibilities)
- To be able to recognize the differences between organizational and project budgets
- To be able to identify reporting needs while preparing a budget

Tools and Materials
- PPT presentation (*Appendix 1*)

Notes, Reminders, and Tips for the Facilitator
- Greet and welcome to the participants and training support team. It is a good idea to make small talk with participants before the training session begins: this allows participants to continue to get comfortable with the technology, eliminates 'dead air' and allows you to address any outstanding questions that participants may have before launching into the next session. Also consider starting with an ice-breaker activity. This can help participants to feel at ease, and also can help buy time at the start of the session while participants are either logging in late or addressing technical issues.

- Present the topic of the learning session and let them know that the results of the pre-assessment. survey were taken into consideration to develop and deliver this training.
- Remind the participants this is a safe and open forum for everybody and invite/encourage them to participate asking questions, sharing experiences, etc.
- Ask questions to make sure concepts are understood.
- Take pauses and breaks often, to make sure participants are following along, and not falling behind, and to give space for participants' questions, comments, and experiences they may want to share.
- Provide examples whenever possible.
- Core Materials:
    o Begin using PPT Presentation for Session 1

Budget: A couple of Basic Definitions

Before you can begin to create and use a budget, you have to understand exactly what a budget is. To start, think about what you understand a budget to be, and what a budget represents to you. We have included some basic definitions below to help you begin to understand the fundamental purpose of a budget: what it is and why it is important.

One straightforward definition of a budget:

In its simplest form, a budget is an organization's annual financial plan that converts organizational goals and objectives into money (dinars, dollars, euros, francs, pounds, rupees, rubles or whatever the currency your organization operates in may be).

The budget has two purposes:

1. To *project* how much income can realistically be secured to meet expenses related to accomplishing this year's goals, and
2. To *monitor* actual income and expense performance against what was projected, making changes in spending where necessary.

At the end of the year, your organization's financial success or shortcomings will ultimately be a reflection of how well you composed, followed, and adjusted the budget.[1]

Another simple explanation of a budget:

A *budget* expresses an organization's goals and objectives in financial terms. In addition to serving as a planning tool, the budget also fulfills another critical function: to provide internal control. If used appropriately, this tool can provide management an early warning sign in the event that the organization's financial goals are not being met.[2]

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[1] Adapted from: Ruegg, Debra L. et al. (2002). *Budgeting Your Way to Financial Stability*. Larson, Allen, Weishair & Co., LLP. Minneapolis, MN.

[2] Adapted from: Ruegg, Debra L. and Lisa M. Venkatrathnam. (2003). *Bookkeeping Basics: What Every Nonprofit Bookkeeper Needs to Know*. Amherst Wilder Foundation. Saint Paul, MN.

Best Practices and Best Properties: What goes into a good budget?

When it comes to building a strong budget, both *how you approach* (best practices) it as well as *how it functions* (best properties) are very important. You may already be familiar with some of these best practices and best properties, when it comes to budgeting and finance, but take some time to get familiar with both. Are there any best practices or best properties that are missing from the lists below? Share them with the group!

Budgeting Best Practices – A brief list

- Timeliness is key: Start early and give yourself enough time to pull together all of the information and input from your team to build a strong budget that is an accurate reflection of your organization's goals and objectives for the year.
- Is the budget an accurate reflection of the organization's goals and objectives? Make sure that the budget is coherent with the organization's annual operational and ongoing strategic plans.
- Whenever possible, make the budgeting process participatory and inclusive. Incorporate staff who share responsibilities and oversight of projects, programs, and operations.
- Clearly determine roles and responsibilities of staff members who will be involved in and accountable to the budget. Communicate the roles and responsibilities well in advance, and allow staff adequate time to prepare for their role.
- Encourage collaboration.
- Prepare different budget scenarios. Having different scenarios will allow you and your team to quickly adapt to take advantage of new opportunities or make adjustments to challenges or cuts in funding.
- Monitor and evaluate budget implementation.

Budgeting Best Properties – A brief list

- Realistic
- Flexible
- Measurable
- Accurate
- Ongoing process

Types of Budgets

There are several ways you can approach budgeting. You may be familiar with one or another of the types of budgets below. Depending on what you are trying to measure, track, and communicate will help you determine which budgeting approach is best to take, and why. For this toolkit, we use the suggested classifications below—Organizational Budget, Unit Budget, and Specific Budget—though you may be familiar with each of these types of budgets using different terms.

Types of Budgets

Organizational Budget: Sometimes also called a Line-Item or Consolidated budget, this budget reflects the organization-wide financial plan. It can be annual, multiyear or for shorter periods

Project Budget: Sometimes also called a Unit, Program-Based, Functional, or Activity budget, this type of budget is a part of an organizational budget and can be presented by regions, departments or programs. It separates the activities of each individual program, or "unit" from the activities of other programs. It also separates program expenses from administrative and fundraising expenses.

Income-Based Budget: Sometimes also called a Specific Budget, this type of budget is specific to a particular grant proposal or project or activity such as training workshop, meeting, or trip. When a project aims to replace or upgrade equipment and the cost is significant, organizations often also prepare a ***capital budget***, which includes the details of equipment/assets that the organization is hoping to acquire.

Roles and Responsibilities
Who is responsible for the budget? Depending upon the size of your organization, it could be several people. An accurate, responsive budget certainly requires the input of key staff and board members. Below, we introduce the idea of general roles and responsibilities of staff and board members, and we'll explore this in greater detail during session 3.

Roles and Responsibilities Reference List – may vary based on the size of your organization

Board of Directors: Review and approval of the budget. The board is fiscally responsible for the organization, and should demonstrate strong oversight of the budget.

Executive Director: Oversight and leadership of the budgeting process. She conducts the final review before the budget is sent to the Board for review and approval.

Head of Finance: Overall coordination. While the Executive Director leads, the Head of Finance coordinates the budgeting process. She is responsible for developing the calendar, as well as delegation and oversight of tasks. She produces programmatic and consolidated budgets. Along with the Executive Director, she presents and explains the budget figures to the Board.

Managers: Program budgeting. Managers are responsible for leading their units' (program area's) budgeting process.

The rest of the team: Based on their position within the organization, each staff person can contribute to the budgeting process by taking on tasks such as gathering information, keeping track of calendars, providing historical data, making calculations, data entry and analysis, preparing preliminary data, etc.

Components of a Budget
What exactly goes into a budget? While some of the components of a budget may already be familiar to you, a budget basically has three components: income; expenses, and; notes.

Three Components of a Budget

Income: Income details sources of funds and revenue.

Expenses: Expenses detail all types of costs.

Budget Notes or Memo: Budget notes are prepared after the budget is finalized. They are useful to explain calculations, assumptions, and other important information to different type of audiences (e.g. Funders, Board Members, the Executive Director, Managers).

Organizational Budget versus Project Budget

Did you know there is a difference between the overall organizational budget and the program or project budget? In this section, we will begin to explore the difference between an organizational budget and a project budget, and how they differ in terms of planning and narrative, types of income, types of expenses or cost centers, process and timeline, and roles and responsibilities.

Organizational Budget vs. Project Budget		
	Organizational Budget	**Project/Grant Budget**
- Plan/Narrative	An organization-wide operational plan of activities.	Specific plan of activities for a project or proposal for funding.
- Types of Income and Expenses	Besides programmatic income/expenses, an organizational budget includes income for core activities, and core costs. Broadly, it includes all types of income and expenses of an organization.	Includes specific costs related to the project or program (direct costs) and a portion of overhead or indirect costs that can be allocated to the project or program (usually as a percentage).
- Process/Timeline	Longer with involvement of more staff.	Shorter with limited staff involvement (e.g. project team)
- Roles and Responsibilities	Led by the Executive Director, coordinated by the Head of Finance and approved by the Board of Directors. There are various teams dealing with their own specific budgets.	Led by the Project Manager, approved by the Executive Director and/or Program Manager. Normally only one team is involved, but there could be more than one (e.g. multi-program proposal).

Figure 1: Organizational vs. Project Budgets

Budgeting versus Reporting

While they may seem similar, there are several key differences between a budget and a financial report. In short, a budget is a projection of how the organization plans to achieve its goals and objectives, in terms of finances, while a financial report is an account of what the organization actually did, in financial terms. It is important to highlight the importance of taking into account reporting needs while budgeting. In other words, as you begin budgeting, an important question for the organization is: What kinds of outputs are needed?

Budget

- A projection of income and expenses to plan what needs to be done.

- Developed according to strategic plan, organizational and programmatic priorities & goals.
- Built to address reporting needs: internal (e.g. Board, management, leaders, etc.) as well as external (e.g. donors, partners, auditors, etc.).
- Uses assumptions (projected income, planned activities, etc).

Report

- Shows *actuals* – what was done after the fact (how much income or funding the organization actually received; how much various line items actually cost, etc).
- Shows a comparison between actuals and budget (a comparison presented in currency and percentages). Comparing actuals versus budget (results versus planned goals) allows organizations to evaluate achievements/results (how much the organization accomplished with the available resources).
- Reports also include financial analysis (ratios, charts, narrative).

Questions and Answers
Take a moment to review the learning objectives with the facilitator and other participants. Do you have any outstanding questions or comments to share with the group?

Additional Reading
Budgeting: A Guide for Small Nonprofit Organizations –Virginia Society of Certified Public Accountants (*Appendix 1.a*)

Part 2 Project/Grant Budgeting

Outline

➢ What is a Project? What is a Project Budget?
➢ Key Issues to Consider
➢ Roles and Responsibilities
➢ Process – Where to start? What to do first?
➢ Project Budget Sample Review
➢ Expenses: Types of Costs and Structure
➢ Income: Types of Income and Structure
➢ Project Budget – Single Column
➢ Project Budget – Multi-column
➢ Budget Narrative Sample
➢ Q&A
➢ Post-learning Evaluation

Introduction

Most nonprofit, NGOs or community-based organizations' work is program-based. Often, each program may have multiple projects and each one has a set of activities, called plan of activities. When an organization needs to seek funding for an ongoing or multi-year project, or when there is an opportunity to develop a new project, often organizations will seek project-based funding, and begin preparing a proposal to present to donors. Proposals need to include, among other things, a logic framework, an activities plan and, usually, budgets and budget narratives. Therefore, an organization's entire staff should understand the importance of preparing a project budget, particularly Project/Program Manager, who is the leader of the whole process and the one who will ultimately prepare and is responsible for the budget. Unless you have a very small organization, the project budget is not a task to be completed by the Head of Finance, but rather by those who will be working most closely to implement the planned activities.

As you we detail in the *Grants Management* Capacity Building toolkit and online training, even a large, coordinated effort on the part of your team to produce a proposal for a project may not ensure that the proposal will be approved for funding; success will depend on the project's plan coherence with the intended outcomes, and how well they correspond to the funder's priorities. Moreover, for a proposal to be successful, organizations must include reliable and accurate financial information, including budgets, financial statements, and audit reports, among other things. In this section, we will focus on providing you with the tools and information to help ensure that you are creating strong budgets that clearly communication your organization's projects to funders and other audiences.

Learning Objectives

• To gain an understanding of the importance of a project budget and key issues to consider
• To learn roles and responsibilities of those involved in building a project budget
• To understand the project budget building process, and where to start
• To be able to read and understand a project budget
• To be able to use different budget templates for different situations

- To understand what to include and how a write a budget narrative
- To be prepared to provide donors with additional information upon request
- To understand next steps to take after getting approval for your proposal

Tools and Materials

- PPT presentation – Part 2 (*Appendix 1 –Part 2*)
- Budget Template Sample 1 - Ford Foundation (*Appendix 1.b*)
- Budget Template Sample 2 - Oak Foundation (*Appendix 1.c*)
- Budget Template Sample 3 - DfID (*Appendix 1.d*)
- Budget Template Sample 3 - USAID/OFDA (*Appendix 1.e*)
- Budget Your Way Worksheet (*Appendix 1.f*)
- Activity Budget Template Sample (*Appendix 1.g*)
- Budget Explanatory Notes Sample (*Appendix 1.h*)

Notes, Reminders, and Tips for the Facilitator

- Present the topic of the learning session
- Encourage participants to take part asking questions, sharing experiences, etc.
- Ask questions to make sure the main concepts are understood.
- Provide examples whenever possible.
- Core Contents:
  - Restart using the PPT presentation – Part 2. Announce there will be a short break before beginning the review of the budget sample.

Project and Project Budget Definitions

In this section we will talk about projects and project budgets, as well as discuss their importance when presented to funders. When you begin the process of building a project budget, it is important to keep in mind the funder (or prospective funder's) terms and priorities. This will ensure that you are 'speaking the same language' as the funder, and that you are communicating your planned project and activities in a way that is relevant to the funder, and aligns with their goals and priorities.

In this session, we encourage all participants to share their experiences and insights when it comes to developing project budgets for funder proposals.

Project and Project Budgets: Some Definitions

Project: a temporary endeavor creating a product, service or result or other specific outcome. Projects are not necessarily short-term; they can be multi-year

Project budget: the aggregation of estimated costs of an individual project and its income. It is the financial plan of the project (project income and project costs for a specific period and activities)

Importance: A project budget shows that there is a financial road map for the project, how project costs are structured (direct, indirect), and who is sharing the risk (other funders investing in the project). Donors may want to see who else is supporting the project to determine whether it is a good investment. Some donors

may even analyze the project budget first, and make funding decisions based on consistency and presentation of the project budget

Roles and Responsibilities

As you begin to draft a project budget for a funder proposal, it is important to consider, who will be involved in planning and implementing the project itself, and making sure that they are involved in, if not ultimately responsible for preparing the project budget.

Often, the Project Manager is who leads the process and delegates the roles and responsibilities of the other members of the team; including Managers, Head of Finance, Head of Programs and Executive Director.

Roles and Responsibilities Reference List – may vary based on the size and nature of the project, and the size of your organization

Executive Director: Final review and approval

Head of Programs: Reviews the project budget prior to its presentation to the Executive Director

Head of Finance: Provides preliminary information, historical data, and secured income in case other donors are also funding the project; incorporates the project budgets into the consolidate budget

Head of Programs: Leads the project budgeting process, prepares the budget and makes sure it accurately reflects the project plan and the terms for the proposal.

The rest of the project team: Depending on their position within the department, they can gather information, keep track of calendars, make calculations, enter data, ask for quotes, prepare preliminary data, etc.

Building a Project Budget

To build a strong and accurate project budget, it is important to determine key tasks and establish a clear, achievable timeline. Then you can delegate roles and responsibilities as well as set deadlines to keep the team on track and ensure that you will complete the project budget with plenty of time to submit as part of your proposal. In this section, we will walk through the outline of a project budgeting process, step by step, and highlight key activities. Remember, it is of critical importance to submit the proposal to the donor according to their deadline.

Following establishing a timeline and delegating responsibilities and deadlines, the process of building a budget should start determining project expenses, followed by identifying income sources (if there is more than one). The final step is the budget narrative.

Outline of a Project Budgeting Process:

- *Determine key tasks*
- *Set up a time-line and delegate responsibilities based on deadlines.* Start early and communicate clearly!

- ***Write draft narrative proposal***. A draft narrative proposal will allow you understand and anticipate the resources needed for success.
- ***Agree on goals***. Make sure the project team understand the activity plan and objectives, and agrees on specific goals (e.g. amount to request to a donor, number of beneficiaries reached, number of workshops to be held, key dates, etc.).
- ***Prepare the initial budget***: Start with any historical data and information about secured funds, then, begin calculating the costs the project will incur on (Expenses), followed by sources of needed funds (Income). Write the Budget Narrative using the preliminary calculations of the resources to be used and details about the income to be received (include in-kind donations).
- ***Review draft budget and adjust***: Once the draft budget is completed, review it with the team and make modifications as needed. At this stage, the draft budget may require a review by the Head of Finance for consistency.
- ***Get approval***: Depending on your organization's size and structure, seek approval of the project budget from the Head of Programs or (in many cases), the Executive Director.
- ***Double check donor's requirements***: The entire team should be familiar with the terms, priorities, and requirements for the funder proposal. Check often to ensure that your proposal is in line with what the funder is asking for.
- ***Document decisions***: It is critical to document all the major decisions related to the project (e.g. who participates in the project and her/his role, who makes changes in the plan and when, what resources are used). This documentation may be needed by decision makers and implementers to revisit actions taken, but it will also be helpful as a reference for future projects.
- ***<u>Submit proposal on time</u>***: While the Project Manager oversees the whole process of gathering information, other members of the team may be assigned to keep track of details and keep the PM informed about progress. You may want to assign some member of the team to keep track of the schedule and make sure everyone is on target to meet upcoming deadlines. Keeping the team on schedule will help everyone identify any missing pieces, and how to allocate resources or adjust responsibilities to make sure everything is completed on time. After all the effort deployed, it would be disappointing to miss the donor's deadline.
- ***Final step***: Congratulation! You were successful, and the funder approved your request! Sign and return the grant letter, and ensure that necessary and ongoing monitoring and evaluation processes are in place to allow you to report your accomplishments back to the funder as needed.

Sample Project Budgets

Some funders provide project budget templates that you can use (some even require that you use them!) for your project proposal. In this section, we will briefly review four different project budget templates from four different donors: Ford Foundation, Oak Foundation, DfID (Department of International Development of the United Kingdom), and USAID (the United States Agency for International Development) (*Appendix 1.a to 1.d*).

We will walk through those templates to demonstrate the different types of information required and the different levels of complexity between them.

We will also discuss the importance of reviewing donors' templates before getting started, so you know beforehand what kind of information to include in the budget as opposed to the one needed to include in the financial report (at the end of the project).

Budget Templates:

Ford Foundation: Ford Foundation uses a very simple format and doesn't request a lot of calculations, nor a budget narrative. The template provides clear and simple guidelines. If needed, the project budget can provide additional information (e.g. detailed calculations of consultants' costs such as daily rates and number of days, etc.).

Oak Foundation: The Oak Foundation uses a more complex template in a multi-sheet Excel format. They request detailed information about organizational sources of funds (historical and multi-year), a list of donors, detailed calculations of costs per year (for a multi-year project) and personnel costs, etc. It includes a reasonable set of guidelines, but it may be too complex for a Project Manager to fill it out without a close collaboration from a finance person.

DfID: This entity, as a unit of the United Kingdom government, requests the financial information to be presented in sterling (or pounds); this means, organizations will need to convert their figures from their local currency using an estimated future exchange rate (may be based on historical data plus analysis of currency fluctuation trends). Their template looks simple but it request to provide information by type of costs with an important level of detailed data: such as unit costs, number of units and to split total costs in local (in-country) and international (off-shore). It is not unusual that also other donors request organizations to distinguish those in-country and off-shore costs because they want to make sure the biggest portion of their contribution will be spent in the country or region the funds were requested for. Same as Oak Foundation, DfID funds multiyear project and they request to present the yearly information in additional columns (some donors may request one specific budget per year). It is not mandatory to present it in an Excel document; however, regardless how it is presented, it is highly recommended it is prepared in an electronic spreadsheet. If the project is complex, some additional schedules can be presented to support the costs calculations.

USAID-OFDA (Office of U.S. Foreign Disaster Assistance): Their template looks much more complex, but as soon as the organization's team start and enter the data, the costs calculations are automated, which makes it easy to do adjustments. The Excel spreadsheet is designed in a way that users can prepare and present the information by type of costs and by objective, using detailed information such as quantity, units, cost per unit and per objective, and total costs. This donor requests to organizations to present their costs classified in 13 groups: salaries, fringe benefits, other short-term non-employee labor, travel and transport, overseas allowances, program supplies, other direct costs, beneficiary training, USAID branding and marking, contractual/sub-awards, equipment, audits and indirect costs. Note that for groups of costs 1 and 4 (salaries and travel/transport) USAID requests a greater detail of information. For salaries, organizations need to provide salary levels, number of months by individual positions, and for travel/transport hey need to know costs for international and in-country air travel, international and in-country per diem, and in-country ground transportation. This way, the donor can easily make a financial analysis and approve or reject proposals and also monitor approved projects and enforce applicable rules

and laws' compliance (one good example is to track the prior approvals of air travel costs). Another note; see at the bottom of the template, it shows the donor clearly wants to know if the organization is sharing the costs with their own funds or with other donor's money. They also want to know if the intended program/project will generate its own income, so, this can be used to cover part of the project's costs. Just this donor's requirements would be enough to be studied in one or two learning sessions, specially their reporting requirements; however, as that is not possible in this program, to avoid painful experiences of getting proposals rejected due to poor financial information preparation, reading their instructions and follow them, is a must. A good practice, while the preparation of a big proposal is in progress, is to get one team of reviewers, who, with fresh eyes, can take another look, finds mistakes and minimizes the possibility of presenting proposal to donors with errors.

Budget Your Way: For donors which do not provide specific templates, organizations can create their own based on their requirements or use some suggested templates such as the one included as Appendix 1.f. That template is a multi-sheet Excel document and each tab has its own purpose and formulas. While the first tab is helpful to calculate income projections by category, the second one is to calculate both income and expenses. The following tabs show the budget details, which are used as source information to produce the consolidated budget. While this template is meant for organizational budget, it can still be used for project purposes, specially when the potential donor may fund a big portion of that budget they request to receive the full budget broken-down by program or sources of funds. This suggested template can be adapted to the needs.

Expenses

When it comes to monitoring and planning your expenses in your budget, there are two primary expense categories: direct expenses and indirect expenses.

Direct expenses can be applied to a specific activity (but not necessarily exclusively, meaning, you may apply a direct expense to more than one specific activities) and include both personnel costs as well as non-personnel costs. Personnel costs are all costs related to staff (salaries, taxes and benefits). Non-personnel costs include travel expenses, materials, consultants (though, some organizations choose to classify consultants as personnel costs), etc.

Indirect expenses (sometimes also called overhead expenses) are expenses that incur to multiple programs and across the organization, and cannot be directly assigned to just one, specific program. They may include costs such as audit and accounting fees, liability and insurance, the organizational annual report (as opposed to program- or project-specific annual reports). Indirect expenses are often allocated to project areas based on a formula or method developed by the management, and sometimes is presented as a percentage of total core or indirect expenses. You should be able to obtain the indirect expenses allocated to your project from the finance department or management.

An Overview of Expenses

Direct Expenses: All costs directly attributable to the project.

Personnel Expenses: Project Team (PM, Assistant, Facilitators, Interns); Shared personnel (ED, Programs Director, Finance Director)

Non-Personnel Expenses: Consultants, Trips, Training, Equipment, Software, Postage, Printing, Telephone, Miscellaneous Non-Personnel (for example: Project-specific Design, Monitoring, & Evaluation consultants; Facilitators; Travel & Meals; Equipment & Software; Printing & Supplies; Materials; Marketing expenses, etc).

Indirect or Overhead Expenses: Costs which affect the overall organization (General Management, Fundraising, M&E), or are assigned to all units (Rent, Utilities, Personnel costs including insurance, taxes, etc.). Indirect expenses are determined as a percentage of total core costs or indirect administrative costs.

Income
Almost all organizations have two sources of income: support and revenue.

Support is income that is in the form of donations, financial contributions, grants or tenders, and in-kind support of non-cash contributions including volunteer time, donated goods, supplies, materials, equipment, software, free use of space, etc.

Revenue is income that the organization generates through its work, such as fee-based services, sale of materials, etc.

The most typical sources of funding for a project comes in the form of project-based grants, individual donations, and in-kind donations.

Overview of Income

- **Support:** Contributions (cash or in-kind) coming from foundations, institutions, governments, or individuals.
  - o **Grants & Contributions:** Institutional funds usually spanning one or more periods.
  - o **Individual Gifts:** Cash contributions from individuals
  - o **In-kind Support:** Non-cash contributions (time from volunteers, materials, equipment, and software). There are different ways to calculate volunteers' contributions; one is to use historic information (cost paid from similar products/activities). there are other sources to use as a reference and this manual includes two useful documents for participants' future use (Appendix 1.j and 1.k). Whichever source is used, it is important to keep on mind the volunteer cost/contribution should be calculated based on the activity the volunteer is performing, never based on the volunteer's academic background.
- **Revenue**: Income generated from operations *(Revenue is often counted as part of the organizational budgets).* Income generated by a specific project (sale of project-specific materials or publications, fee-based services, etc) are usually allocated directly back to that project, but can also be allocated to other program areas.

Deficit/Surplus
Sometimes, a project, or organization, will operate at a surplus, meaning there is cash leftover at the end of a period once all the expenses have been subtracted from income. In other words, a surplus is the difference between income and costs when the actual income is higher than actual costs. This may be the

result of receiving more grants or contributions than projected, or if revenue-generating activities earned more money than anticipated, or that the project didn't cost as much as projected.

Other times, a project, or organization, will operate at a deficit, meaning there was not enough cash to cover all of the project-related expenses. In other words, a deficit is the difference between income and costs when the actual costs are more than the actual income. This may be the result of unforeseen costs that arose during the project implementation, an increase of costs, or lower than expected contributions or revenue. You may be able to cover the deficit by drawing funds from other program areas, or from reserves. You may not be able to cover the deficit, and may need to consider either curtailing the scope of the project to save money, or returning to the donor to request funding to cover the deficit.

It is important to communicate any programmatic changes you make to a donor, particularly if you are scaling back what you promised to deliver in your proposal, or asking for additional funding to cover the deficit.

Deficit/Surplus

Deficit: Difference between Income and Costs (income is less than costs).

Surplus: Difference between Income and Costs (income is greater than costs).

Break-even: When Income and Costs are equal.

Project Budget: Single-Column and Multiple-Column

There are two common budget formats organizations often use to provide details about a project budget: Single-Column and Multiple-Column. In a single-column budget, both the income and expenses are listed in one column, and the total costs are shown as a lump sum, while in a multiple-column budget, the costs are broken down and given in more detail (by type of expense, as well as by funding source). The single-column project budget (Figure 2) shows the deficit, or how much you are requesting from the funder, while the multiple-column budget (Figure 3) does not show the budget deficit.

Many organizations prefer to present project budgets using a single-column budget, because it can provide the organization with greater flexibility in applying project support to cover expenses across the project budget. Because a multiple-column budget provides more details about the costs, organizations may have less flexibility in applying funding to expenses as needed, but may face more restrictions by the funder.

Two ways to present a project budget

Single-Column Project Budget: Simple. Regardless the sources of funds, all income and expenses are presented in one column. The requested funds are presented as Deficit. In this format, costs are presented as a lump sum (with no details). The single-column format is better because it allows the project to use the funds with more flexibility.

Details	$ (000)
INCOME	
Support	60
Revenue	2
TOTAL INCOME	62
TOTAL EXPENSES (copy from last row)	112
DEFICIT (Funds requested to ABC Foundation)	(50)
EXPENSES	
Direct Expenses	110
Indirect Expenses (OH)	12
TOTAL EXPENSES	112

Figure 2: Single Column Project Budget

Multiple-Column Project Budget: Costs are broken down by source of funds. While the total costs are presented in the second column (Total), the funds to be requested in the proposal are presented in the last column and broken down by type of costs. Notice the difference with the single-column format; in the single-column format, costs are presented as a lump sum (with no details). The multiple-column format does not allow for project to use the funds with as much flexibility.

Details	TOTAL $(000)	NGO & Other Donors	Requested to ABC
INCOME			
Support	110	60	50
Revenue	2	2	
TOTAL INCOME	**112**	**62**	**50**
EXPENSES			
Direct Expenses	110	55	45
Indirect Expenses (OH)	12	7	5
TOTAL EXPENSES	**112**	**62**	**50**

Figure 3: Multiple-Column Project Budget

Activity budget

An activity budget is just what it sounds like: a budget that you create for a specific activity within a project or program, which helps you calculate the overall costs of the project budget. Organizations have different ways to produce Activity Budgets. See the Activity Budget Template (*Appendix 1.g*) which you can use to help you facilitate calculations. We won't go into activity budgets in detail here, but we encourage you to use the Activity Budget Template for your own purposes and adapt it, as needed.

Budget Narrative

A budget narrative is used to explain any unusual line items in the budget and while some funders require a budget narrative, it is not always needed. If costs are straightforward and the numbers tell the story clearly, explanations are redundant. If you decide to include a budget narrative, it is very important to keep preliminary income and expense calculations because these are what you will use to write the budget narrative. The budget narrative should show the details behind the calculations of each cost category (at least the most significant details).

The budget narrative sample below shows the different ways you can present detailed information, either through a table or writing a paragraph or a combination of both.

<u>*Budget Narrative Sample*</u>

Income

- **Grants & Contributions** – Grant received from XYZ Foundation to support this project during 2015.
- **Individual Donors** –Funds from various anonymous donors
- **In-kind donation** –Support from a Volunteer Consultant (time to support this project).   See Expenses for calculations.
- **Publications** –Sold publications produced in the project: 100 units; $20 each

Expenses

Direct Costs – Personnel Costs

- **Salaries and benefits** –Costs calculated based of timesheets of personnel participating in the project. Taxes and Benefits are added as a percentage of the total cost of salaries. Calculations are shown in the table below (figure 3):

Details	Annual Salary $	Project %	Project $
Project Manager	32,000	50%	16,000
Facilitator	25,000	40%	10,000
Project Assistant	12,000	100%	12,000
Executive Director	60,000	6%	3,600
Program Director	40,000	105	4,000
Finance Director	40,000	6%	2,400
SUB TOTAL - Salaries			**48,000**
Taxes and Benefits (25% of Salaries)			12,000
TOTAL PERSONNEL COSTS			**60,000**

Direct Costs – Non-Personnel Costs

- ***Consultants***: Two consultants will be hired to support design and evaluation activities, whose costs will be $8,000 and $7,000 respectively.

- ***Volunteers***: A facilitator will donate her time to the project to facilitate 5 events, 4 days each. $8,000.
- ***Travels & Meals***: Project Manager trips (3) $4,000 (transportation, meals and hotel). Meals for 40 participants in 5 events $4,000
- ***Equipment & Software***: 2 laptops $2,000; One printer/copier machine $2,000; Video camera $1,000; Software $3,000.
- ***Printing & Supplies***: This figure represents the final publication printing cost $2,000 and costs of material provided to participants to 5 events $1,000 ($5 each)

Indirect Cost Ratio (ICR)

- 12% of direct cost. It represents an allocated portion of the organization's costs related to: General Management, Fundraising and M&E. This percentage is allocated proportionally to all programmatic units.

"Budget Explanatory Notes" (*Appendix 1.h*) is yet another way you can present the budget narrative to donors.

Additional Information Frequently Requested by Donors

Virtually all organizations which receive support from funders know that a donor may request many different kinds of additional information. Think to your own experience with funding partners: what are some of the kinds of additional information you have been asked to provide? We invite you to share your experiences with the kinds of additional documents that your funders frequently request from you.

Below, we have provided a list of some of the items different funders most frequently request. What would you add to this list?

Frequent Requests

Financial Information:
- Financial Statements: for 1-2 prior periods.
- Audit Reports: for 1-2 prior periods.
- Organizational Budget: for 1-2 prior periods.
- Actuals year-to-date (YTD): Income and Expenses for the current period.
- Budget Narrative for proposal's budget.

Other legal/organizational
- Articled of Incorporation, Organizational Constitutional Documents, Bylaws, and other permanent documents.
- Proof of nonprofit status (normally granted by the tax authority in your country).
- Strategic and Operational Plan: strategic, last version; operational, current period.
- Operational Policies (HR + financial): updated.
- Organizational Structure (Board, Executive Leadership, Staff, Volunteers, etc): updated.
- Bios: brief description of the key staff members who will be working on/contributing to the project.
- List of Donors: prior and current period. Some donors may want to know how much each donor is contributing to the organization and/or to the project.

Grant Approval – Next Steps

Congratulations! Your proposal has been accepted and your funder is providing you with financial support for your project! Before starting the celebration, it is critical to review the grant letter to ensure there is no need to make any essential adjustments that may impact the overall project.

One strategy is to prepare a check list to avoid taking those matters into consideration.

What do to before celebrating?

- Carefully review the grant letter to be aware of the terms and conditions.
- Double check grant's period and adjust the plan and calendar of activities, if necessary. Sometimes the supported budget period doesn't coincide with the one requested, which may create additional recalculations.
- Review reporting requirements, which typically include budget versus actual comparisons and sometimes submission of receipts as proof of incurred expenses.
- Confirm whether there is a requirement for pre-approval of any expenses (sometimes called prior-approval). Variances higher than 10% often require approval. Be aware of that because you may need to contact the donor during the project's implementation.
- Send a signed acceptance letter, and be sure to *thank* the funder for their support.
- Get ready for the challenge and ……… Celebrate!

Questions and Answers

- Check your level of overall understanding of the information presented in this section. Is anything still unclear, or do you need further clarification or explanation of any of the points covered?
- Do you have any additional questions? If there is some time left in the training session, are there any other related topics you would like to cover?
- Review the learning objectives together with the facilitator and your fellow participants: did the session cover all the topics that were listed as part of the learning objectives?
- Congratulations, and get ready for the next session!

Additional Reading material

- Budgeting: A Guide for Small Nonprofit Organizations –Virginia Society of Certified Public Accountants
- Budget Your Way Worksheet
- Activity Budget Template Sample
- Budget Explanatory Notes Sample
- Online Grant Applications and Reporting: Practical Wisdom and Recommendations for Grantmakers –Foundation Center (*Appendix 1.i*) Calculating the Economic Impact of Volunteers (Appendix 1.j)
- Value of Volunteer time – Independent Sector (Appendix 1.k)

Session 2 – Project/Grant Budgeting – Case Study

Session 2 – Project/Grant Budgeting – Case Study

Outline

- ➢ Part One: Background and information
  - o Organizational Background
  - o Project Background
  - o Preliminary information for staff and consultants
  - o Indirect cost rate / Overhead
  - o Pending Costs and Income
- ➢ Checklist of what you need to know to prepare the budget – template
- ➢ Checklist – Completed in Part One
- ➢ Part Two: Information
  - o Additional information for staff and consultants' costs
  - o Information for Other direct costs
  - o Secured income information – grants and in-kind donations
- ➢ Checklist template Filled Out with Part Two
- ➢ Budget Template
- ➢ Project/Grant Budget
- ➢ Budget Narrative
- ➢ Budget Review and Approval
- ➢ Q&A Session
- ➢ Post-learning Evaluation

Introduction

While some theory is important as a base for learning, practice is critical for capacity building. In Session 1, we provided some theory and shared some "real life" experiences which will be useful for Session 2, and will serve as reference material for the sample case study we will be working to complete this session. This is a process to be enriched by the combined use of:

- Assumptions and information provided
- Theory to analyze and decide how and when to use the information provided
- *Excel* as a tool to enable accurate calculations
- The experiences of the facilitator and the participants

Learning Objectives

- Put participants' project budgeting knowledge into practice
- Learn how to use tools to gather information needed to prepare the project budget
- Acquire/reinforce practical knowledge by participating in a project budgeting process
- Gain more confidence to participate in their own organizations' project budgeting process

Tools and Materials

- Microsoft Excel, a spreadsheet application **(1)**
- Case Study: COD Non-profit Organization – Online Training Project (OTP) –Background and Information (*Appendix 2*) **(2)**
- COD-OTP Budget Template (*Appendix 2.a*) **(2)**
- COD OTP Checklist filled out with Part One (*Appendix 2.b*) **(3)**
- COD OTP Information Part Two (*Appendix 2.c*)

- COD OTP Finalized Checklist filled out with Part Two (*Appendix 2.d*) **(3)**
- COD-OTP Background and Information, and Checklist COMPLETE (*Appendix 2.e*) **(3)**
- COD-OTP Project/Grant Budget and Budget Narrative (*Appendix 2.f*) **(3)**

*Important Notes:
(1) <u>Basic Knowledge of *Excel* Required</u>
Before the session, all participants should know how to:
   ✓ Copy data from different cells in the same sheet; import data from one sheet to another; and from one document to another.
   ✓ Use basic Excel functions to produce formulas: addition, subtraction, multiplication, division, equal, percentages.
(2) Participants will receive Appendices 3 and 3.a at least 2-3 days in advance of the start of Session 2. It is important for participants to review all formulas throughout the Budget Template.
(3) Appendices 3.b, 3.c, 3.d, 3.e, and 3.f will be provided to participants during the course of the training.

Notes, Reminders, and Tips for the Facilitator

- Greet and welcome to the participants and training support team. It is a good idea to make small talk with participants before the training session begins: this allows participants to continue to get comfortable with the technology, eliminates 'dead air' and allows you to address any outstanding questions that participants may have before launching into the next session. Also consider starting with an ice-breaker activity. This can help participants to feel at ease, and also can help buy time at the start of the session while participants are either logging in late or addressing technical issues.
- Present the case study for the learning session.
- Remind the participants this is a safe and open forum for everybody and invite/encourage them to participate by asking questions, sharing experiences, etc.
- Remind them it is best if all participants have read the background and information before the learning session starts and have taken a look to the Checklist and Budget Templates.
- Ask questions to make sure the calculations and steps taken are understood.
- Provide other examples whenever possible.
- Core Materials: Case Study
   o Start using the Case Study Background and Information, and Checklist along with the Budget Template. In Part Two, provide the information and completed Check lists. Finally present the Budget and Budget Narrative.

Getting Started

Before beginning this session, we strongly encourage participants to have read the Case Study and Budget Template provided. This will ensure that everyone is starting from the same place, and ready to move forward in the training. We will not be allocating time for participants to read through the case study during the session.

To start, please open Appendix 2, **"COD-OTP Background and Information Part 1"** (*Appendix 2*). First, we will review the instructions on page 1 as well as the Checklist Template on page 2.

Step 1 – Instructions: Background and Information Part One and Checklist Template

Next, please also open the document **"COD-OTP Budget Template"** (*Appendix 2.a*). You will be referring to both of these documents during the session, so it is best if you can have them open on your computer. We will start by reviewing the information on the Checklist:

- Staff information
- Other services hired
- Other direct costs
- In-kind donations
- Overhead (OH)
- Pending costs and income

Staff Information, Other services hired, Other direct costs and In-kind donations

Using the information provided in the Case Study (*Appendix 2*), begin to fill out the Checklist (sections 1 to 5). As you do this, try to begin to assess what additional information you will need to gather to complete the calculations. Also add the needed columns to the tables on the check list and leave them empty; the information will be provided later. You may want to invent the names of the staff you were not provided with.

Overhead (OH)

For now, just include the percentage of Overhead on the Checklist (section 6). As the total direct cost is still unknown, the overhead will be calculated later.

Pending Costs and Income

In section 7, include some notes to request information from finance or other departments for information such as salaries, time allocations for key personnel, cost per hour of recurrent consultants, the value of any in-kind donations, secured income sources, potential donors, etc.

Step 2 – Reviewing and Using Background and information Part Two plus Checklist Template

Now we will review an example of this same document, as it might have been completed in the Case Study. Please open the document **"COD-OTP Checklist filled out with Part One"** (*Appendix 2.b*) and take a couple of minutes to compare with what you have produced for your benefit. For the case study purposes, continue using the one you were just given now (Appendix 2.b).

Please open also document **"COD-OTP Information Part Two"** (*Appendix 2.c*). Using Information Part Two, in the Checklist, calculate the following costs and income:

- Staff costs
- Other services hired
- Other direct costs
- In-kind donations
- Overhead
- Income: Secured and Still to raise

Calculations of Direct Costs

- First, we will complete the table in section 2, calculating project costs based on annual costs and the percentages of staff time dedicated to the project.
- Next, we will complete the table in section 3, calculating consultants, volunteer and internal costs based on the data provided, including number of hours and hourly rate or fees per activity.
- Next, we will complete the table in section 4, calculating communications and miscellaneous costs based on the data provided: cost per month and/or per year.

- Finally, try to calculate the Total Direct Costs by adding up: personnel costs + consultants/volunteers/intern costs + other direct costs.

Calculation of Overhead

After you have calculated the Total Direct Costs, try to calculate the Overhead (Total Direct Costs * % of Overhead) and the Total Project Costs (Total Direct Costs + Overhead) in section 6.

Calculations of Income

- Complete the table in section 5 by using the information provided regarding the volunteer assistant facilitator (number of hours and estimated value per hour). This amount will be included later in the budget in both the income and expenses sections. For the purpose of the case study, the volunteer hourly cost is provided in Information Part Two.
- Now, update section 7 in the Checklist by inputting the available secured funds + In-kind Donations and calculating the "Still to Raise" funds (remaining deficit).

Step 3 – Using Completed Checklist and Budget Template to prepare the Project Budget

For the next steps, we will be comparing the information in the Finalized Checklist in document **"COD-OTP Finalized Checklist filled out with Part Two"** (*Appendix 2.d*) with the information you filled out in your exercise.

Please refer back to document **"COD-OTP Budget Template"** (*Appendix 2.a*), which you already have opened. We will use this document again to produce the Budget and Budget Narrative. Using Information in the Finalized Checklist, next, begin filling it out:

- Income
- Costs
- Amount Still to Raise
- Budget Narrative
- Budget Review

Income

- Add In-kind Donations and Committed to Date income (rows 5 and 6) under the section called "Support".
- You should see that this total is already calculated by the *Excel* formula in cell G8.

Costs

- Now, enter Personnel Costs (collapsed or detailed by employee in rows 14 and 15). When providing data on personnel costs, it is best not to provide too many details, unless required by the potential donor.
- Next, enter the other direct costs, including consultants (rows 19 to 26),
- Again, you should see the Total Direct Costs automatically generated in cell G29.
- Using cell G29 and the percentage of organizational overhead costs (enter 18% in cell E31), calculate the Overhead allocated to the project. That information is calculated in cell G31.
- You should see the total is already calculated by formula in cell G33.

Amount Still to Raise

As you should see in row 10, the Amount Still to Raise is also calculated by formula: Total Costs (G33) minus Total Secured Income (G8).

Budget Narrative

You will be able to write the Budget Narrative based on the information you have in the Budget and the Finalized Checklist (*Appendix 2.d*).

Finalized Version of Budget and Budget Narrative

Once you have finished the tasks, open the document **"COD-OTP Project/Grant Budget and Budget Narrative"** (*Appendix 2.f*). Your documents should look like this one.

Budget Review and Approval

- Now that the budget is produced, it will need to be reviewed first by the project team for coherence with the plan and goals.
- As soon as the team is in agreement with the adjusted figures, the document needs to be reviewed by the Finance Director for alignment with organizational priorities and institutional (consolidated) budget.
- Finally, the Executive Director, with recommendations from the project team and advice from the finance department will approve it and the budget will be ready to be submitted to the potential donor.

End of Case Study

Questions and Answers

- Check your level of overall understanding of the information and exercise presented in this section. Is anything still unclear, or do you need further clarification or explanation of any of the points covered?
- Do you have any additional questions? If there is some time left in the training session, are there any other related topics you would like to cover?
- Review the learning objectives together with the facilitator and your fellow participants: did the session cover all the topics that were listed as part of the learning objectives?
- Shared reflection: In addition to the evaluation survey you will be receiving (see below), are there any thoughts, reflections, comments, questions, or concerns you'd like to share about today's session?

Post-learning Evaluation

- There will be a post-learning evaluation (for sessions 1 and 2). You will receive a link to a survey after the session is over.
- Please take a few moments to complete this evaluation. Your feedback is important to improve WLP's future learning sessions.

Session 3 – Organizational Budgeting

Session 3 – Organizational Budgeting

Outline

➢ What is an Organizational Budget?

➢ Roles and Responsibilities

➢ Income – Types of income; restricted vs. unrestricted funds

➢ Income Budget

➢ Expenses – Cost Categories

➢ Expense Budget

➢ Assumptions

➢ Deficit/Surplus

➢ Tips for Organizational Budgeting

➢ Budget Calendar Sample

➢ Annual Budgeting Checklist

➢ Organizational Budget Sample

➢ Q&A Session

➢ Brief Session Assessment

Introduction

Non-profit organizations have to continually improve their operations and make them more efficient, especially during periods of economic uncertainty. Organizations must also constantly strive for sustainability. A well-prepared organizational budget focuses on the primary goals and organizational objectives. As important as it is to determine the organizational priorities and plans, it is also critical to develop an accurate budget that will allow you to maximize sustainability.

An organizational budget needs to be in line with the priorities and strategic plan; in other words, you cannot prepare a budget that ignores the objectives and the planned activities.

An organizational budget is a tool to be used for both internal and external purposes. The organizational budget building process is extensive and may involve virtually all members of the organization, depending upon the size of your organization.

Learning Objectives

• To know the importance of an organizational budget

• To learn the team's roles and responsibilities in building the budget

• Become familiar with income categories used in Income Budget building

• Become familiar with cost categories used in Expense Budget

• To be able to identify assumptions used to build a budget.

• To learn some important budget-building tips

• To learn the importance of a calendar to keep track of the progress

• To get an overall picture of the budgeting process through reviewing a checklist

• To be able to read and understand an organizational budget

Tools and Materials

- PPT presentation (*Appendix 3*)
- 10 Step Annual Budgeting Checklist – Nonprofit Assistance Fund (*Appendix 3*)
- Organizational Budget Sample (*Appendix 3*)

Notes, Reminders, and Tips for the Facilitator

- Greet and welcome to the participants and training support team. It is a good idea to make small talk with participants before the training session begins: this allows participants to continue to get comfortable with the technology, eliminates 'dead air' and allows you to address any outstanding questions that participants may have before launching into the next session. Also consider starting with an ice-breaker activity. This can help participants to feel at ease, and also can help buy time at the start of the session while participants are either logging in late or addressing technical issues.
- Present the case study for the learning session.
- Remind the participants this is a safe and open forum for everybody and invite/encourage them to participate by asking questions, sharing experiences, etc.
- Remind them it is best if all participants have read the background and information before the learning session starts and have taken a look to the Checklist and Budget Templates.
- Ask questions to make sure the calculations and steps taken are understood.
- Provide other examples whenever possible.
- Core Contents: Start using the PPT presentation. Announce there will be a short break before starting the budget sample's review.

Organizational Budget Definition

An *organizational budget* is not much different, in terms of definition, than a *project budget*, in that both are financial expressions of a set of activities. An organizational budget has more components than most project budgets, because it is the overarching financial expression of the entire organization.

Because organizational budgets are complex, and take into account many different things, it is recommended that organizations should begin the annual budgeting process at least 3 months before the fiscal year begins. Consider this recommendation, and compare it to what your organization currently does. How far in advance does your organization typically begin the annual budgeting process?

Organizational Budget: A Definition

http://en.wikipedia.org/wiki/Budget

A budget is a quantitative expression of a plan for a defined period of time. It may include planned income, resource quantities, costs and expenses, assets, liabilities and cash flows. It expresses strategic plans of business units, organizations, activities or events in measurable terms.

A budget is a quantified financial plan of an organization for a forthcoming period. It shows what it expects to accomplish during that period and what resources it counts on.

The operating budget is associated with the Profit & Loss, and involves projecting income and expenses for a period to accomplish an organization's immediate mission agenda. The budget can be projected over

multiple years as part of a strategic plan to include the budget impact of identified strategic initiatives. In building an effective operating budget it is necessary to understand some terminology and concepts.

Roles and Responsibilities

Just as in creating a project budget, there are numerous roles and responsibilities when it comes to organizational budgeting. Also, same as with project budgets, organizational budgets are most accurate when the budgeting process is participatory and transparent. When staff members have a clear understanding of their roles and responsibilities in the budgeting process, they are more likely to feel their ideas, opinions, and concerns are represented, and they are more likely to take ownership over the budget and work to follow it. Think about previous annual organizational budgeting activities you have been involved in with your organization: What was your role? Who was the process leader? Who were the other involved participants?

Review the list of common roles and responsibilities, and see if these roles and responsibilities seem familiar or accurate to you.

Organizational Budgeting: Roles and Responsibilities List (may vary depending on the size of the organization

Board of Directors: Final review and approval

Executive Director: Reviews before it is sent to the Board; She also leads the budgeting process

Head of Finance: While the Executive Director oversees the budget, the Head of Finance is who *coordinates* the entire process. She is responsible to produce timelines, check lists, delegate tasks and assign roles, follow-up on deadlines, elaborate program budgets, and produce the consolidated budget. Together with the Executive Director, she presents and explains the budget figures to the Board.

Managers: Responsible for leading their units' budgeting process

The rest of the team: depending on their position within the organization, they can gather information, keep track of calendars, provide historical data, make calculations, enter data, ask for quotes, prepare some preliminary data, etc.

Income

As we discussed in the *project budget* section, there are usually just two primary income categories in organizational budgets: support and revenue. The table below illustrates the most frequent sources of funds (grants, individual donations, in-kind donations).

Types of Income

By source	***Support***: Income from contributions provided by foundations, governments, or other institutions (such as grants) or by individuals.	***Revenue***: Income generated from operations (e.g. fees for services, interest, sale of goods such as promotional material, publications, etc.)
By type of resource	***Cash donation***: Monetary funds given directly to the organization through a check or wire transfer.	***In-kind donation***: Non-cash contributions (e.g. volunteer time consultants, donated equipment, software and office supplies)
By restriction	***Unrestricted***: Flexible funds, mostly received to support core operations (e.g. management & general operating, fundraising, and reserves)	***Restricted***: Funds received for a specific purpose and/or period. Usually referred to as restricted by purpose (e.g. activity, project) or restricted by period (e.g. one month, a quarter or one specific fiscal year).

Figure 4: Income Types

Income-Based Budget

Just as we discussed earlier, an income-based budget is based on realistic, probable income projections. Organizational income-based budgets are naturally more complex than income-based project budgets, and will take more time planning and preparing. Keeping in mind what we have already learned about income-based budgeting, take a moment now to think about what is needed to get started for an organizational income-based budget. The list below provides helpful information about what you might need to do in order to prepare for developing the income-based budget for your organization.

Getting ready to start the income-based budget

List of Sources: Information from current and recurrent donors: foundations and individuals (e.g. names, contact person, emails, organizational priorities, current funding to the organization, etc)

Past information: Review past history (e.g. last three years) to determine trends

Likelihood of sources renewing: Use your analysis of the past history and funding trends to determine the probability of renewed funding

List of potential new donors: Foundations, governments, institutions, and individuals (e.g. names, contact person, emails, organizational priorities, current funding to the organization, etc). Identify them through their websites, annual reports from similar organizations, or from previous lists.

Expenses

While studying costs, we may find different classifications. Below, we present three of them:

Fixed and Variable Costs
All the costs faced by companies can be broken down into two main categories: **fixed costs and variable costs**. **Fixed** are costs that are independent of output. These remain constant throughout the relevant range and are usually considered sunk for the relevant range (not relevant to output decisions). Fixed costs often include rent, buildings, machinery, etc. In the nonprofit industry, the costs of some staff (such as the Executive Director and administrative personnel) are commonly included as fixed costs. **Variable** are costs that vary with output. Generally variable costs increase at a constant rate relative to labor and capital. Variable costs may include wages, utilities, materials used in production, etc. In the nonprofit industry, a common example is the consultancy costs. In accounting they also often refer to mixed costs. These are simply costs that are part fixed and part variable. An example could be electricity--electricity usage may increase with production but if nothing is produced a factory still may require a certain amount of power just to maintain itself (*).

(*) Adapted from http://economics.fundamentalfinance.com/micro_costs.php

Cost categories for accounting and budgeting purposes
There are three main cost categories for organizational budget: Personnel Costs, Office Costs, and Activity-Travel-Events. These costs often fall into *Natural Accounts.* See table below for an illustration of this.

Cost Categories	Natural Accounts
Personnel costs	Salaries, Benefits and Related Taxes Audit, IT and Accounting services (outsourced)
Office Costs	Office Supplies Telephone & Fax Printing and Copying Miscellaneous Rent Equipment Reserve

	Consultants
	Airfare
	Hotel & Meals
Activities: mainly related to programmatic events such as workshops, training, meetings, etc.	Ground transportation
	Materials & Publications
	Venue & Equipment Rental
	Communications

Figure 5: Cost Categories and Natural Accounts

Direct and Indirect costs

Here also there are two types of expenses, Direct and Indirect. We discussed the differences between Direct and Indirect costs earlier. Direct costs are made up of two different cost categories, personnel costs (all costs related to staff including salaries, taxes, and benefits) and non-personnel costs (all the other direct costs, including consultants, trips, etc.). Indirect costs (also called overhead) are expenses that benefit multiple programs and are determined and allocated to each project based on a method approved by the management. Indirect costs can be presented to the project manager as a percentage of total core costs.

	Personnel costs: costs related to staff involved with programs.
	Full-time dedicated to programs: programmatic and project teams
Direct costs: all costs directly attributable to programs	*Shared personnel*: Staff that partially dedicate time to programmatic activities: management (e.g. Executive Director, Head of Finance and Operations, Head of Programs) and other support personnel (e.g. accounting, IT)
	Non-Personnel costs: other programmatic costs (e.g. consultants, trips, equipment, software, postage, printing, miscellaneous, shared office costs)
Indirect Expenses: also called Overhead, are the costs incurred by core organizational activities (management & general administrative staff, fundraising), and	**Personnel Costs**: typically shared costs for their time dedicated to core activities: management (e.g. Executive Director, Head of Finance and Operations, Head of Programs) and other support personnel (e.g. accounting, IT)

needed to keep the organizations' doors open. Indirect expenses are sometimes presented as a percentage of total core/indirect costs and called ICR (indirect cost ratio). Determined by the Finance Department and allocated to each Unit (department, program or project) based on a method approved by the management.	***Non-Personnel costs***: other core costs shared (e.g. office costs, equipment, software) and non-shared costs (e.g. reserves, fundraising consultant)

Figure 6: Types of Expenses

Expense Budget
Below are some of the things you should do to prepare your Expense Budget.

Getting ready for Expense Budget

Align revenue sources to functional expenses: it is critical to make sure each type of cost is related to its own income source and there is enough income to cover it (e.g. core funding to cover reserve or fundraising activities)

Review line item expenses (natural accounts/chart of accounts): it is important to make sure that the chart of accounts is updated and responds to the current needs

Allocate shared costs and overhead: Shared costs and overhead are not the same. While shared costs refer to the costs of shared resources (personnel or non-personnel) directly affecting programmatic activities, shared overhead are the core costs split up into different programmatic areas.

Assumptions
Assumptions are basically your expectations around presumed income or expenses, and often based on historical data about previous budget cycles' income and expenses, but should also take into consideration external factors such as changes in the economy, changes in funder priorities, and even things like conflict, war, natural disasters, etc. When you are developing your budget, you will be basing your figures off of different assumptions. Review the list of assumptions below. Are there any assumptions that you would add to this list?

Common Assumptions Necessary for Budgeting

Organizational priorities: These are what the organization wants to achieve, the most important goals during a certain period (e.g. assign more resources to women and environmental programs because of increased more funding opportunities; improve talent retention by increasing salaries of top managers to level them up to industry standards; get new partners/allies to implement an existing or a new program; strengthen internal control systems by hiring audit services, upgrading the accounting system, getting IT services, hiring a consultant to develop a fundraising strategy, etc).

- set clear goals,
- develop an action plan, and
- determine resources needed.

Overall projected growth: While some organizations want to set projections as a percentage (e.g. 10% growth compared to prior period), some others may want to proceed with a deeper review of each program to project their growth after that

Staffing projections: Based on the assumptions above, management will determine if there is a need to hire more staff or not (e.g. a manager for a new project)

Plan of new projects, new offices, or new activities: All of these additions will also increase the costs, which needs to be taken into account.

While the previously listed assumptions are all internal, organizations may want to consider and list some external assumptions too such as: inflation rate, devaluation rate, changes in cost of living, major donors priorities shifts, economic stability, even some political changes in the regions or countries where the organization works, which can greatly affect the level of activities to be implemented.

Deficit/Surplus

We discussed the difference between a budget *deficit* and a budget *surplus* earlier. The same logic applies here.

Organizations first need to determine their bottom line (deficit/surplus) and they may need to decide whether they want to get the budget approved with a surplus, deficit or if they want a balanced, or even budget. For example, you may have projected income of $50K but your projected expenses may only total $40K. In that case, you would then have a budget surplus of $10K. Your organization can then make a strategic decision what to do with the surplus (allocate to the organization's reserves, spend the funds on new or upgraded equipment, expand a project, etc.). To adequately prepare for unforeseen financial challenges or opportunities, it is wise for the Head of Finance to prepare at least two (and better yet, three) budget scenarios so that the organization has guidance about how to proceed in the event of a budget surplus or budget deficit.

If the organizational budget is also to be sent to funders (donors who fund core activities or multi-programs almost always request a copy of the organizational budget, usually board-approved) you must be prepared to clearly explain and provide strong justifications for presenting a budget with a deficit (for example, the proposal in question may cover that deficit).

Often, organizations are very keen on having a balanced budget. For an interesting take on why that's not necessarily a requirement, read the article Nonprofit Budgets Have to Balance: False! By US-based nonprofit think tank Blue Avocado (Appendix 3.a).

Deficit/Surplus

Deficit/Surplus: is the difference expressed in monetary units, between income and expenses: surplus, when income is greater than expenses; deficit when income is lower than expenses.

Budget Scenarios: are different versions of the budget prepared to facilitate decision making in the event of a budget deficit or surplus. For example: Scenario 1 may be the same as previous period's budget, while Scenario 2 may be a budget showing a 10% increase in the overall activities. Scenario 3 may be presented, for instance, when the organization wants to add a new program, which will show the need for even more additional funding. Organizations may also choose to present a less ambitious budget with reduced activities. While the budget is being discussed for approval, usually the Board of Directors will ask questions about an idealistic budget, therefore it may be useful for the presenter to have the other versions handy.

Tips for Building an Organizational Budget

Because so much can go into preparing for and building your organizational budget, we've provided some helpful tips. Review the list below. What would you add to this list?

List of tips

- When designing Budget templates **always revisit internal** (Board, management, programmatic units) **and external** (donors, partners, auditors) **reporting needs**.
- Whenever possible **implement a time reporting system**. Timesheets are a powerful tool which help to make "a case" with a donor (e.g. to proof Executive Director dedicated some of her/his time to a specific program)
- **Build a Reserve** and include it as a line item in the Expense Budget. Secure a minimum of 3-months cost coverage. Ideally 6, or even 9 months.
- Try to secure as many **Unrestricted Funds** as you can. Having unrestricted funding will help you to manage financial resources with more flexibility. Try not to use them on activities, but to cover overhead.
- Don't forget to **include "carry over"** as secured funding. Carry over are the remaining funds from previous periods; unused funds for some delayed activities, or left over/saving in costs of other activities or resources. Unrestricted funds raised from individual donors and not used in the prior period are also a good example of carry over.
- Don't forget to include **costs of delayed activities** from current year into the next year's budget.
- Always **prepare budget scenarios** (at least two). Some Board members may want to ask "what if?"
- **Budget package contents**: review what you want/need to include in your budget package, such as tables, charts, financial analysis, comparatives, budget narrative, detailed budget, etc.

Budget Calendar/Timeline

We have discussed the importance of creating a calendar, or timeline, for your budget. Again, having a well-defined budget calendar can help you ensure that you will have enough time to gather needed information from all units/programs/departments and address any questions that may arise in the review processes. Below, we have included a sample budget timeline with just some of the key activities you may need to consider. Take a look at the table below, and add any additional critical activities and/or dates that you think would apply to your organization.

Sample Budget Timeline

Major Tasks	Deadlines	Responsible
- Review priorities and draft the annual plan	Sep 1	Senior Management Team/ Board of Directors
- Communicate priorities to staff		Executive Director (ED)
- Set Budget goals		Executive Director
- Provide templates to team leaders and preliminary information (secured income and shared costs)		Head of Finance (HF)
- Get draft budget prepared		Team Leaders
- Consolidate budget and allocate OH costs		HD
- Get the budget reviewed		ED, HF, Head of Programs
- Send budget to Board of Directors (package)	Nov 1	HF/ED
- Get the budget approved	Nov 10	HF/ED

Figure 7: Sample Budget Timeline

Annual Budget Checklist – Process of Building a Budget

In order to make sure that you don't miss any vital pieces of information or skip any critical steps in building your organizational budget, it is a wise idea to prepare an annual budget checklist.

Does your organization currently prepare a budget checklist? What is the process you follow to develop and monitor it? Who is responsible for the different tasks, oversight, review, etc?

Let's now review the *10-Step Annual Budgeting Checklist from the Nonprofit Assistance Fund* (*Appendix 3.b*). This list is just a reference, but it can give you an idea of how to start and what to include. Organizations need to prepare an annual budgeting checklist that responds to their needs. For larger organizations, the checklist may be extensive. Small organizations' process may be less complex.

Regardless of the size of your organization, the process of building the budget should start by determining the expenses, followed by identifying the income sources (if there is more than one), and then finishing with the budget analysis and notes.

Organizational Budget Format

As with project budgeting, there are different format options you can use to present the budget information. Think about the organizational budget your organization has prepared in the past. Do you know the format? Is your organizational budget easy or difficult read and understand?

In the example below (also included as *Appendix 3.c*), we have provided an income based budget, and an expense based budget. We are using a multiple-column budget, which includes Core Units and Programs. It includes three main sections: Income, Deficit/Surplus by Unit, and Expenses. Additionally, you can see that it includes calculations of secure funding, percentage of secure funding over expenses, probable funding, and costs by category.

Organizational Budget Sample- Income and Deficit/Surplus by Program/Unit

GHI Non-Profit Organization

CONSOLIDATED ANNUAL BUDGET

	GRAND TOTAL	OH / CORE			PROGRAMS					
		M&G	Fund-raising	Total CORE	M&E/Com/Res	Program 1	Program 2	Program 3	Program 4	Total Programs
INCOME										
Opening Balance	**$70,000**	**$10,000**	**$6,000**	**$16,000**	**$12,000**	**$20,000**	**$7,000**	**$8,000**	**$7,000**	**$54,000**
Donor 1	$30,000	$3,000	$2,000	**$5,000**	$5,000	$5,000	$5,000	$5,000	$5,000	**$25,000**
Donor 2	$20,000	$5,000	$2,000	**$7,000**	$5,000	$1,000	$2,000	$3,000	$2,000	**$13,000**
Donor 3	$20,000	$2,000	$2,000	**$4,000**	$2,000	$14,000				**$16,000**
Receivables	**$400,000**	**$45,000**	**$29,000**	**$74,000**	**$61,000**	**$72,000**	**$80,000**	**$65,000**	**$48,000**	**$326,000**
Donor 1	$150,000	$15,000	$10,000	**$25,000**	$20,000	$5,000	$50,000	$35,000	$15,000	**$125,000**
Donor 2	$100,000	$20,000	$12,000	**$32,000**	$30,000	$3,000	$12,000	$15,000	$8,000	**$68,000**
Donor 3	$80,000	$7,000	$5,000	**$12,000**	$4,000	$64,000				**$68,000**
Donor 4	$40,000	$3,000	$2,000	**$5,000**	$2,000		$18,000	$15,000		**$35,000**
Donor 5	$30,000	$0	$0	**$0**	$5,000				$25,000	**$30,000**
SECURE FUNDING	**$470,000**	**$55,000**	**$35,000**	**$90,000**	**$73,000**	**$92,000**	**$87,000**	**$73,000**	**$55,000**	**$380,000**
% of Secured Funds/Total Expenses	*65%*	*87%*	*87%*	**87%**	*79%*	*61%*	*62%*	*59%*	*48%*	**61%**
Likely	**$150,000**	**$6,000**	**$4,000**	**$10,000**	**$17,000**	**$37,000**	**$33,000**	**$20,000**	**$33,000**	**$140,000**
Donor 6	$50,000	$3,000	$2,000	**$5,000**	$5,000	$20,000			$20,000	**$45,000**
Donor 7	$20,000	$1,000	$1,000	**$2,000**	$2,000		$16,000			**$18,000**
Individual Donors	$25,000	$1,000	$1,000	**$2,000**		$10,000	$5,000	$8,000		**$23,000**
Fee for Services	$11,000	$1,000		**$1,000**	$10,000					**$10,000**
In-kind Donations-Facilitators	$30,000			**$0**		$5,000	$8,000	$10,000	$7,000	**$30,000**
In-kind Donations-Consultants	$4,000			**$0**		$2,000		$2,000		**$4,000**
In-kind Donations-Equipment	$10,000			**$0**			$4,000		$6,000	**$10,000**
Prospect	**$106,700**	**$2,011**	**$1,164**	**$3,175**	**$2,460**	**$22,798**	**$21,423**	**$29,946**	**$26,897**	**$103,525**
Donor 8	$17,700	$1,011	$164	**$1,175**	$460	$2,798	$1,423	$9,946	$1,897	**$16,525**
Donor 9	$42,000	$1,000		**$1,000**	$1,000	$20,000		$20,000		**$41,000**
Donor 10	$47,000		$1,000	**$1,000**	$1,000		$20,000		$25,000	**$46,000**
LIKELY AND PROSPECTS	**$256,700**	**$8,011**	**$5,164**	**$13,175**	**$19,460**	**$59,798**	**$54,423**	**$49,946**	**$59,897**	**$243,525**
TOTAL INCOME	**$726,70**	**$63,011**	**$40,164**	**$103,17**	**$92,460**	**$151,79**	**$141,42**	**$122,94**	**$114,89**	**$623,52**

		0			5		8	3	6	7	5
	TOTAL EXPENSES	$726,70 0	$63,011	$40,164	$103,17 5	$92,460	$151,79 8	$141,42 3	$122,94 6	$114,89 7	$623,52 5
	SURPLUS / (DEFICIT)	($0)	$0	($0)	$0	($0)	($0)	($0)	($0)	$0	($0)

Organizational Budget Sample- *Detailed Expenses by Program/Unit*

GHI Non-Profit Organization

CONSOLIDATED ANNUAL BUDGET

		GRAND TOTAL	OH / CORE			PROGRAMS					
			M&G	**Fund-raising**	**Total CORE**	**M&E/ Com/Res**	**Program 1**	**Program 2**	**Program 3**	**Program 4**	**Total Programs**
	EXPENSES										
	Personnel	**$240,000**	**$34,425**	**$36,375**	**$70,800**	**$83,738**	**$30,881**	**$23,025**	**$16,706**	**$14,850**	**$169,200**
	Executive Director	**$49,500**	$7,425	$11,138	**$18,563**	$22,275	$3,713	$1,856	$1,856	$1,238	**$30,938**
	Program Director	**$36,000**	$2,700	$8,100	**$10,800**	$16,200	$3,600	$2,250	$1,800	$1,350	**$25,200**
	Program Manager A	**$30,000**	$750	$2,250	**$3,000**	$6,000	$13,500	$0	$7,500	$0	**$27,000**
	Program Manager B	**$28,500**	$713	$2,850	**$3,563**	$6,413	$0	$11,400	$0	$7,125	**$24,938**
	Program Coordinator	**$27,000**	$338	$2,363	**$2,700**	$24,300	$0	$0	$0	$0	**$24,300**
	Program Assistant	**$16,500**	$1,650	$825	**$2,475**	$4,125	$3,713	$2,475	$2,063	$1,650	**$14,025**
	Finance Director	**$36,000**	$12,600	$7,200	**$19,800**	$3,600	$4,500	$3,600	$2,250	$2,250	**$16,200**
	Administrative Assistant	**$16,500**	$8,250	$1,650	**$9,900**	$825	$1,856	$1,444	$1,238	$1,238	**$6,600**
	Activities, Events & Trips	**$421,500**	**$0**	**$0**	**$0**	**$0**	**$114,500**	**$112,000**	**$102,500**	**$92,500**	**$421,500**
P1	Annual Regional Workshop	**$41,000**			**$0**		$41,000				**$41,000**
P1	5 Follow up meetings	**$61,000**			**$0**		$61,000				**$61,000**
P1	Publications	**$10,500**			**$0**		$10,500				**$10,500**
P1	Evaluation Consultant	**$2,000**			**$0**		$2,000				**$2,000**
P2	TBD	**$50,000**			**$0**			$50,000			**$50,000**
P2	TBD	**$50,000**			**$0**			$50,000			**$50,000**
P2	Publications	**$10,500**			**$0**			$10,500			**$10,500**
P2	Research Consultant	**$1,500**			**$0**			$1,500			**$1,500**
P3	TBD	**$50,000**			**$0**				$50,000		**$50,000**
P3	TBD	**$40,000**			**$0**				$40,000		**$40,000**
P3	Publications	**$10,500**			**$0**				$10,500		**$10,500**
P3	Evaluation Consultant	**$2,000**			**$0**				$2,000		**$2,000**
P4	TBD	**$50,000**			**$0**					$50,000	**$50,000**
P4	TBD	**$30,000**			**$0**					$30,000	**$30,000**
P4	Publications	**$10,500**			**$0**					$10,500	**$10,500**
P4	Research Consultant	**$2,000**			**$0**					$2,000	**$2,000**
	Office Costs	**$65,200**	**$28,586**	**$3,789**	**$32,375**	**$8,723**	**$6,417**	**$6,398**	**$3,740**	**$7,547**	**$32,825**
	Audit	**$5,000**	$717	$758	**$1,475**	$1,745	$643	$480	$348	$309	**$3,525**
	IT services	**$2,400**	$344	$364	**$708**	$837	$309	$230	$167	$149	**$1,692**
	Legal services	**$2,400**	$344	$364	**$708**	$837	$309	$230	$167	$149	**$1,692**
	Rent & Utilities	**$12,000**	$1,721	$1,819	**$3,540**	$4,187	$1,544	$1,151	$835	$743	**$8,460**
	Telephone	**$1,200**	$172	$182	**$354**	$419	$154	$115	$84	$74	**$846**
	Office Supplies	**$1,200**	$172	$182	**$354**	$419	$154	$115	$84	$74	**$846**
	Miscellaneous	**$800**	$115	$121	**$236**	$279	$103	$77	$56	$50	**$564**
	Equipment	**$15,200**			**$0**		$3,200	$4,000	$2,000	$6,000	**$15,200**
	Reserves	**$25,000**	$25,000		**$25,000**						**$0**
	TOTAL EXPENSES	**$726,700**	**$63,011**	**$40,164**	**$103,175**	**$92,460**	**$151,798**	**$141,423**	**$122,946**	**$114,897**	**$623,525**

Questions and Answers

- Check your level of overall understanding of the information and exercise presented in this section. Is anything still unclear, or do you need further clarification or explanation of any of the points covered?

- Do you have any additional questions? If there is some time left in the training session, are there any other related topics you would like to cover?

- Review the learning objectives together with the facilitator and your fellow participants: did the session cover all the topics that were listed as part of the learning objectives?

- Shared reflection: In addition to the evaluation survey you will be receiving (see below), are there any thoughts, reflections, comments, questions, or concerns you'd like to share about today's session?

Additional Resources

Nonprofit Budgets Have to Balance: False! –Blue Avocado (*Appendix 3.a*)

Session 4 – Organizational Budgeting – Case Study

Session 4 – Organizational Budgeting – Case Study

IMPORTANT NOTE FOR FACILITATOR:

This learning session is divided into 5 steps. After finalized each step, there will be a short break. Keep on mind that, based on the level of the participants and how the process progress, this exercise may be split up into two 2-hour sessions or may be extended to a 3-hour session.

It is expected all participants have read the Case Study Directions before the learning session starts and took a look of the Time Reporting System and the Budget Template (Rev 0). It may be good to send a reminding message one day before the learning session starts.

Outline

  ➢ Directions and Data
  ➢ Plan the Process
  ➢ Determine context and goals
  ➢ Time Reporting System
  ➢ Personnel Costs Calculations
  ➢ Non-Personnel Costs Calculations
  ➢ Income Budget
  ➢ Expenses Budget
  ➢ Shared Costs – Calculations and Allocations
  ➢ Reserves
  ➢ Activity Costs to Budgets
  ➢ Activity Costs as In-kind Donations to Consolidated Budget (Income)
  ➢ Preliminary Financial Analysis –Secure Funding, Income, Expenses, Deficit/Surplus
  ➢ Activity Costs in Programmatic Units
  ➢ Funds Allocation from Donors Supporting Overall Organization
  ➢ Overhead –Allocation to Programs
  ➢ Deficit/Surplus Total and by Unit
  ➢ Plan for additional Funding for Each Unit
  ➢ Basic Financial Analysis
  ➢ Q&A Session
  ➢ Post-learning Evaluation

Introduction

While some theory is important as a basis for learning, practice is critical for capacity building. In Session 3, we focused on providing some theory and we also shared some "real life" experiences. The information from the previous Sessions will be useful and serve as a reference as we work together to complete this case study exercise in Session 4. This is a process to be enriched by the combined use of:

  • given information and assumptions,
  • theory to analyze the given information and decide how and when to use it,
  • *Excel* as a tool to facilitate calculations and to transfer information from prior sources,

- facilitator and participants' experiences

Learning Objectives

- Put in practice participants' knowledge –prior and acquired during this training- about organizational budgeting.
- Learn to determine a budget process's steps according to the needs.
- Acquire/reinforce practical knowledge by participating in a budgeting process.
- Gain more confidence to participate in their organizations' budgeting process.

Tools and Materials

- Microsoft Excel, a spreadsheet application **(1)**
- Case Study Directions: ABC Non-profit Organization –Directions and Time Reporting System (*Appendix 4*) **(2)**
- ABC Organizational Budget –Multi-page Template or Rev0 (*Appendix 4.a*) **(2)**
- ABC Organizational Budget –Rev1 (*Appendix 4.b*)
- ABC Organizational Budget –Rev2 (*Appendix 4.c*)
- ABC Organizational Budget –Rev3 (*Appendix 4.d*)
- ABC Organizational Budget –Rev4 (*Appendix 4.e*)
- ABC Organizational Budget –Rev5 -FINAL (*Appendix 4.f*)

Notes:

(4) <u>Basic Level Required</u>.
Before the session, participants need to know how to:
  - ✓ Copy data from different cells in the same sheet; import data from one sheet to another; and from one document to another.
  - ✓ Use basic Excel functions to produce formulas: addition, subtraction, multiplication, division, equal, percentages.

(5) To be provided to participants at least 2-3 days in advance. Need to request participants to review the formulas in all spreadsheets, especially in *"Summary Costs"* tab located in the document.

Notes, Reminders, and Tips for the Facilitator

- Present the topic of the learning session
- Encourage participants to take part asking questions, sharing experiences, etc.
- Indicate that this learning session will be split in 5 parts after: Reviews 1, 2, 3, 4 and 5.
- Remind them it is best if all participants have read the directions before the learning session starts and have taken a look to the Time Reporting System and the Budget Template (Rev 0).
- Announce after finalizing each part, or review, that there will be a short break. If the decision is to split it in 2 2-hour sessions, remind them and mention that the present session will stop after finalizing Review 2 and it will be resumed in the following one.
- Ask questions to make sure the calculations and steps taken are understood.
- Provide other examples whenever possible.
- Core Contents: **Case Study**

- Start using the Case Study Directions (*Appendix 4*). Later, introduce the Time Reporting System and finally the Budget Reviews (0 to 5).

Getting Started

For our case study exercise to be successful, it is best if everyone has read the materials in preparation for Session 4. Before we get started, share any questions you may have about the resources you read for this session. Does anything from the readings remain unclear or need clarification?

Throughout Session 4, we will be referring to document 4 **"ABC Directions and Timesheets."** We recommend that you have it open on your desktop, and keep it open for the duration of this session. As you can see, this is an Excel spreadsheet. You can review the directions for today's activities in the first two tabs called *"Directions-part A"* and *"Directions-part B"*. Review the instructions briefly, and let's get started!

The individual monthly timesheets, together with the Summaries, are part of the Time Reporting System and they are the source of information you will use to calculate the Personnel Costs.

Step 1 – From Review 0 to Review 1

Below, we have provided a brief explanation of each component we will be reviewing in Step 1. We will be using **"ABC Organizational Budget–Multi-page Template or Rev0"** (*Appendix 4.a*) to give us all of the data we need to include. This document explains how we will input and use the following information, which we will go through step-by-step:

- Directions and Data
- Planning the Process
- Determine context and goals
- Time Reporting System
- Personnel Costs Calculations
- Non-Personnel Costs Calculations
- Income Budget
- Expenses Budget

We will be using many of the Excel functions that we outlined in the above Notes:

Step-by-step Guidance For Facilitators:

This is a full, complex exercise. Facilitators can choose to cut this down and adjust it to the specific needs of the participants. Facilitators have the option to choose fewer of the exercises, or fewer reviews, etc.

Personnel Costs Calculations

We will be taking information from Appendix 4.a **"ABC Organizational Budget–Multi-page Template or Rev0"** and putting it into the same document but into different tabs. We will also take information from Appendix 4 and put it into Appendix 4.a, as follows:

- Go to Appendix 4.a **"ABC Organizational Budget–Multi-page Template or Rev0"**, and locate the tab *"Personnel Costs."* Go to **row 46**. You will see table called *"A Salaries Costs"* (which it is originated on timesheets file).

- o Now, using formulas, we will copy data in the same tab from table A into table *"B Monthly costs calculations"* (empty table located in **row 34**).
- o Start filling in table B, **column C** in –**rows 35 to 42**- with staff positions' names (copying from Appendix 4 **"ABC Directions and Timesheets"**), Tab *"Part A"*: Executive Director, Program Director, etc.
- o Then, continue in Appendix 4.a, Tab *"Personnel Costs"*, table B copying data in all columns from **F** to **N** and rows **35** to **42**.
- o Once it is done, make sure cell **E43** (total) in table B, equals to cell **E65** in table A, **(Appendix 4.a)**.
- o Then, continue in Appendix 4.a, **Tab "Personnel Costs"** and copy staff positions' names from cells C35 to C42, table B into table *"C1 Yearly Personnel Costs"*, cells C10 to C17.
- o Note that there are other two tables already formatted (C2 and C3 Allocations) with some formulas; leave them as is for now and we will come back to them later.

Non-Personnel Costs Calculations
- We will take information from Appendix 4 **"ABC Directions and Timesheets"** and put it into Appendix 4.a **"ABC Organizational Budget–Multi-page Template or Rev0"**, as follows: In Appendix 4.a **"ABC Organizational Budget–Multi-page Template or Rev0"** locate Tab *"Non-Personnel Costs"*.
  - o Now, using formulas, we will copy data from Appendix 4 **"ABC Directions and Timesheets"** Tab *"Part A"* into Appendix 4.a **"ABC Organizational Budget–Multi-page Template or Rev0"**, Tab *"Non-Personnel Costs"*, table *"D1 Yearly Non-Personnel Costs"* (empty table D1 located in **row 8**).
  - o Start filling in Table D1, **column C** in –**rows 10 to 16**- with types of costs (copying from Appendix 4 **"ABC Directions and Timesheets"**, Tab *"Part A"*): Audit, IT Services, etc.
  - o Continue copying data in Appendix 4.a, Tab *"Non-Personnel Costs"*, columns **D** and **E** from column **D (33-39)** in Appendix 4, Tab *"Part A"*.
  - o Once it is done, revisit calculations.
  - o Note that there are other two tables already formatted (D2 and D3 Allocations) with some formulas; leave them as is for now and we will come back to them later.

Consolidated Annual Budget
- Now go to Appendix 4.a **"ABC Organizational Budget–Multi-page Template or Rev0"**, and locate the Tab called *"BUDGET"*. This is the consolidated budget, to be completed by the Finance Director, which shows the aggregated figures from all programs and units.
- It is formatted as multicolumn with color code (by type of unit). It also includes sum up formulas to get vertical and horizontal Totals. It has 3 sections: Income, Deficit/Surplus and Expenses.

Income Budget
- In the Appendix 4.a **"ABC Organizational Budget–Multi-page Template or Rev0",** same Tab *"BUDGET"*, see Income is classified as Secure, Likely and Prospects. *Secure* funds are the ones already received or committed (e.g. grants signed). *Likely* are the funds that the organization will most probably receive (e.g. renewals, future proposals). *Prospects* are prospective funds from potential donors.

- In the same Tab **"*BUDGET*",** into column **D**, copy donors' data from Appendix 4 **"ABC Directions and Timesheets"** Tab *"Directions-part B"*, table 17.a *"Income-Secure and Likely Funding"*; 17.b *"Secure Funding-Receivables and Committed"* and 17.c *"Likely Funding –Renewal recurrent donors + proposals sent to new donors"*.
- Refer to information in Appendix 4, Tab *"Directions-part B"*, tables 17.a, 17.b and 17.c to start allocating funds to each unit into Appendix 4.a Tab **"*BUDGET*"**. E.g. From funds of donor 3, from table 17.a, 70% will go to Program 1 and 30% will go to support M&G, Fundraising and M/E/C/R, $2,000 to each one.
- Where it says allocate later, leave it there and we will come back later.

Expense Budget
- In the Appendix 4.a **"ABC Organizational Budget–Multi-page Template or Rev0",** same Tab **"*BUDGET*"**, see Expenses are classified by group of costs (Personnel; Activities, Events & Trips; and Office Costs). Each group of costs has a list of natural accounts, which we will see later.
- We will come back later to fill this section in.

Program Budgets
- In 4.a **"ABC Organizational Budget–Multi-page Template or Rev0"**, see Tabs **"*P1", "P2", "P3"*** and **"*P4"*,** which are budget templates for Programs 1, 2, 3, and 4.
- Locate Tab **"*P1"* and open it.** You will see it is a multiple-column format which includes costs by type, total costs as well as funding for each item (or group of items). Take a look at the sections (from I to IX); they include activity costs, personnel costs and other costs. So far, the format includes activities but not figures yet. We will come back to this later.

Step 2 – From Review 1 to Review 2

Step-by-Step Guidance for the Facilitators
- If participants finalized Rev0, they can continue using document 4.a **"ABC Organizational Budget–Multi-page Template or Rev0".**
- If they didn't finalize Rev0, ask them to <u>close</u> document 4.a **"ABC Organizational Budget–Multi-page Template or Rev0"** and to <u>open</u> document 4.b **"ABC Organizational Budget–Rev1"** (*Appendix 4.b*). They will see that this document contains all work done in Rev0. In document 4.b we will enter the following information:
  - ➕ Shared Costs – Calculations and Allocations
  - ➕ Reserves

Instructions for the Participants:

Now that we have completed review 1, open Appendix 4.b ABC Organizational Budget Rev.1, which includes all work done in prior steps, and compare it with your work. Correct your work and continue using Appendix 4.b.

Shared Costs – Calculations and Allocation
Monitoring & Evaluation/Communications/Research (ME/C/R) Costs Allocation to Programs

- To finalize tables C2 and C3, in Appendix 4.b, go to Tab **"Personnel Costs".** First, in row 19, calculate the percentages of each unit of Total Year (e.g. in cell F19 you will see F18/E18). Total percentages should equal 100%.

- In cell G20, get Total Overhead Costs by adding Total Management and General (M&G) + Total Fundraising (FR).

- Go to row 23 and calculate the percentage of each Program (P1, P2, P3, and P4) of Total Programs (e.g. in cell K23 you will have K18/O18). Total percentages should equal 100%. These percentages will be used to allocate ME/C/R and Overhead costs to Programs.

- To complete table C2, multiply total **ME/C/R**, one by one by the percentages got in row 23 (e.g. for P1 –in cell K24- you will have H18*K23 as ME costs). Continue with C and R and finalize calculations for all programs.

- To complete table C3, multiply total **Overhead** (no need to do it one by one) with the percentages got in row 23 (e.g. for P1 –in cell K29- you will have G20*K23 as Overhead cost).

- To finalize tables D2 and D3, Go to Tab **"Non-Personnel Costs"**, into row 9, copy the percentages calculated in tab "Personnel Costs", row 19; that will facilitate the remaining calculations. From there, repeat the same process followed to complete tables C2 and C3.

Personnel Costs Allocation

- In Appendix 4.b, go to Tab *"Budget"*. Get into column **D** (rows 45 to 52), copy **personnel cost** from Tab *"Personnel Costs"* (in the same appendix 4.b), table C1. Continue copying data by units into the columns.

- Copy the same information **(personnel costs)** into **Program Budgets**: Tabs P1, P2, P3 and P4 (e.g. in Program 1, Tab P1, copy Program 1 costs into column D, sections V, and VI).

Non-Personnel Costs-Office Costs Allocation

- In Appendix 4.b, go to Tab *"Budget"*. Into column **D** (rows 73 to 79), copy **office cost** from Tab *"Non-Personnel Costs"*, table D1. Continue copying data by units into the columns.

- Copy the same information **(office costs)** into **Program Budgets**: Tabs P1, P2, P3 and P4 (e.g. in Program 1, Tab P1, copy Program 1 costs into column D, section VII).

M&E/C/R Costs Allocation to Programs

- In Appendix 4.b, copy ME/C/R costs into **Program Budgets**: Tabs P1, P2, P3 and P4. For that purpose, we will need to add personnel and non-personnel costs (e.g. in Program 1, Tab P1, copy Program 1 costs into column D, section IV as follows: cell K24 from Tab "Personnel Costs" + cell K24 from Tab **"Non-Personnel Costs"**).

Reserves

- In Appendix 4.b, go to Tab *"Budget"*, cell D81, and copy **Reserves** from Appendix 4 **"ABC Directions and Timesheets"**, Tab **"Directions-part A"**, row 42. Reserve is and overhead cost -not a shared cost- and it is allocated to M&G, cell G81.

Step 3 – From Review 2 to Review 3

Step-by-step Guidelines for Facilitators:

- If participants have finalized Rev1, they can continue using document 4.b **"ABC Organizational Budget–Rev1".**
- If they didn't finalize Rev1, ask them to <u>close</u> document 4.b **"ABC Organizational Budget–Rev1"** and to <u>open</u> document 4.c **"ABC Organizational Budget–Rev2"** (*Appendix 4.c*). They will see that this document contains all the work done in Rev1. In document 4.c we will enter the following information:
  - Activity Costs to Budgets
  - Activity Costs as In-kind Donations to Consolidated Budget (Income)
  - Preliminary Financial Analysis –Secure Funding, Income, Expenses, Deficit/Surplus

Instructions for Participants:

Now that we have completed review 2, open Appendix 4.c ABC Organizational Budget Rev.2, which includes all work done in prior steps, and compare it with your work. Correct your work and continue using Appendix 4.c.

Activity Costs to Budgets
Activity Costs to Programs Budgets

- We are going to start with the work of Program Managers, who need to build their own budgets (Tabs P1, P2, P3 and P4, Appendix 4.c "ABC Organizational Budget Rev.2"). Now they need to include their units' activity costs into their own budgets.
- Let's start with Program 1. In Appendix 4.c, go to Tab **"P1"** Copy all activity costs from "Directions-part B" in document **"ABC Directions and Timesheets"**, rows 52 to 90. You will see all activity costs there (transportation, hotel, consultants, equipment, office costs, etc).
- Continue with Tabs P2, P3 and P4.
- Once the work is done, it is supposed for Program Managers to send their budgets to the Finance Director for her/him to include that information into the Consolidated Budget (Tab **Budget"**).

Activity Costs to Consolidated Budget

- Now, we are going to restart with the work of Finance Director, who needs to continue working on the consolidated budget in Tab **"Budget"**, located in Appendix 4.c
- Go to Tab **"Budget"**. From Tab **"P1"**, rows 5, 16, and 27, copy totals by activities (annual regional workshop, 5 follow up meeting, publications) into section Activities, Events & Trips; from row 39, copy evaluation consultant into the same section; and from rows 54 and 55 copy equipment into section Office Costs. This information needs to be copied into column D.
- Continue with P2, P3 and P4. Them allocate by program (copy them into columns K to N).

Activity Costs as In-kind Donations to Consolidated Budget (Income)

- Go to Appendix 4 **"ABC Directions and Timesheets"**, Tab **"Directions-part B"**, column F (starting in cell F52, tables 19.a, b, c and d). You will see there are some notes about in-kind donations. Copy

those figures into Appendix 4.c, Tab **"Budget"**, section Income, Likely, columns D. Then allocate the Income by program (copy them into columns K to N).

Preliminary Financial Analysis –Secure Funding, Income, Expenses, Deficit/Surplus

- At this point, the Finance Director can perform some preliminary financial analysis and determine if potential challenges may be presented. Remember**, funds from donors supporting overall organization**, unrestricted or partially restricted (Donors 1 and 2) are not allocated to units yet.
- In Appendix 4.c, go to Tab **"Budget"**. In column E formulas are already included to show **percentages of total** secure funding versus non-secured, income by groups, expenses by group of costs (personnel; activities, events and trips; and office costs). It is also possible to see, in row 22, the percentage of secure funds by each unit and program. This is called vertical and horizontal analysis and it is possible to set up additional formulas, as needed.
- Using this information the Finance Director can request units to revisit their budgets and make some adjustments, or even start the review with Executive Director.

Step 4 – From Review 3 to Review 4

Step-by-Step Guidance for Facilitators:

- If participants have finalized Rev2, they can continue using document 4.c **"ABC Organizational Budget–Rev2".**
- If they didn't finalize Rev2, ask them to close document 4.c **"ABC Organizational Budget–Rev2"** and to open document 4.d **"ABC Organizational Budget–Rev3"** (*Appendix 4.d*). They will see this document has all the work done in Rev2. In document 4.d we enter the following information:
    - Funds Allocation from Donors Supporting Overall Organization
    - Overhead – Allocation to Programs
    - Deficit/Surplus Total and by Unit
    - Basic Financial Analysis

Instructions for Participants:

Now that we have completed review 3, open Appendix 4.d ABC Organizational Budget Rev.3, which includes all work done in prior steps, and compare it with your work. Correct your work and continue using Appendix 4.d.

Funds Allocation from Donors Supporting Overall Organization

- The Finance Director, based on grant letters and needs coming from all units and further discussions/agreements with the Executive Director, starts allocating funds from donors who support overall-organization's operations (Donors 1 and 2). Remember there are carry over funds from prior period (opening balance) as well as fresh funds for the current budget period.
- The Finance Director starts with opening balance (carry over) then continue with receivables.

Overhead –Allocation to Programs

- In Appendix 4.d, the Finance Director inserts the overhead costs into programs' budgets, Tabs P1, P2, P3 and P4, which are personnel and non-personnel costs.

- **Overhead -Personnel Costs**: Go to Tab *"P1"*. In cell D70, copy **overhead personnel cost** from Tab *"Personnel Costs"*, table C3, cell K29. Do the same for P2, P3 and P4.
- **Overhead –Non-Personnel Costs**: Go to Tab *"P1"*. In cell D71, copy **overhead non-personnel cost** from Tab *"Non-Personnel Costs"*, table C3, cell K29. Do the same for P2, P3 and P4.
- Once this step is done, the Finance Director provides to programs' leaders the finalized programs' budgets, with all costs included.

Deficit/Surplus Review –Total and by Unit

- In Appendix 4.d, go back to Consolidated Budget, Tab **Budget"**, to take a look again at the deficit/surplus: total and by units. At this stage, all secured and likely funds are assigned to all units; therefore, Income should have no unassigned funds.
- The Finance Director reviews the Consolidated Budget again and takes note of the main challenge: <u>deficits are presented in all units</u>. Deficits are shown in Tab *"Budget"*, row 42.
- The Finance Director then will meet with the Program Director and Executive Director to review deficits at the consolidated and unit levels and discuss further actions to be taken.
- Available options: expenses cutting or income increasing or a combination of both; usually, organizations decide for a combination of both.
  - To reduce expenses it will be necessary to go back to Program Managers and discuss what costs should be cut.
  - To increase income, fundraising's plans may need to be revisited. This plan together with new and historical information can help the organization to decide which donors (current or new) to approach. Once this is done, the fundraising plans will need to be updated.
  - Once the figures are reviewed, FD, PD and ED will need to make some decisions that will affect the budget.

Step 5 – From Review 4 to Review 5 –FINAL

Step-by-Step Guidance for Facilitators:

- If participants finalized Rev3, they can continue using document 4.d **"ABC Organizational Budget–Rev3".**
- If they didn't finalize Rev3, ask them to <u>close</u> document 4.d **"ABC Organizational Budget–Rev3"** and to <u>open</u> document 4.e **"ABC Organizational Budget–Rev4"** (*Appendix 4.e*). They will see this document has all the work done in Rev3. In document 4.e we will enter the following information:
  - Plan additional Funding for Each Unit.
  - Basic Financial Analysis

Instructions for Participants:

Now that we have completed review 4, open Appendix 4.e ABC Organizational Budget Rev.4, which includes all work done in prior steps, and compare it with your work. Correct your work and continue using Appendix 4.e.

Plan Additional Funding for Each Unit

- After reviewing the draft budget, in Appendix 4.e, the decisions made by FD,PD and ED are:

- o not to reduce costs, but to increase income, and
  - o have a break-even budget (not to have deficit, neither surplus)
- Based on these decisions, the fundraising plan is revisited and new potential donors are identified: Donors 8, 9 and 10 to cover each unit deficits, so, we have a break-even budget.
- Finance Director goes back to Consolidated Budget, Tab **Budget"**, and adds the figures into section Income –Prospect.
- Now that we have a break-even Consolidated Budget, it is time to start preparing the budget presentation to the Board.

Basic Financial Analysis –Secure Funding, Income, Expenses, Deficit/Surplus

- At this stage, with finalized figures, Finance Director can perform a new basic financial analysis and get prepared to respond to questions when presenting the budget to the Board. This case study doesn't include preparing a second or third scenario, but in practice, it is important to prepare alternate scenarios prior to presenting the ideal budget to the Board.
- Now, in same document, Appendix 4.e, go back to Tab **"Budget"**. Again, in column E formulas are already included to show **percentages of total** secure funding versus non-secured, income by groups, expenses by group of costs (personnel; activities, events and trips; and office costs). It is also possible to see, in row 22, percentage of secure funds by each unit and program (called vertical and horizontal analysis).
- In the same Tab, row 84, there are additional ratios calculated (by formula). These show the percentage (of total programs' budgets) that each program represents (e.g. cell K84 shows the percentage of Program 1 represent of total programs' budgets = K83/O83). This ratio is important to calculate the percentage of Overhead over Total Programs.
- End the Process

Budget Final Version

- Now that the process has ended, you will have the Final Version of the Budget as a product. Go to your materials and open document **"ABC Organizational Budget–Rev5 FINAL"** (*Appendix 4.f*). When you are done with yours, it should look like the final version.

End of Case Study

Conclusion

A clear, well-organized, accurate budget is essential to helping guide your staff to keep the organization and projects on a clear path towards success.

We hope you will use the skills you have learned in this training right away to ensure that your budget processes become increasingly efficient, reflective, and participatory. Share what you've learned here with others, and help spread the skills and knowledge necessary to create strong, vibrant, and sustainable civil society organizations that are interconnected and mutually supportive.

Post-learning Evaluation

- There will be a post-learning evaluation (for sessions 3 and 4). You will receive a link to a survey after the session is over.
- Please take a few moments to complete this evaluation. Your feedback is important to improve WLP's future learning sessions.

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Capacity Building Toolkit: Principles of Monitoring and Evaluation

Facilitator's Edition
Program monitoring and evaluation

WLP WOMEN'S LEARNING PARTNERSHIP

FOR RIGHTS, DEVELOPMENT, AND PEACE

Capacity Building Toolkit: Principles of Monitoring and Evaluation

Facilitator's Edition

Program monitoring and evaluation

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Who We Are

Women's Learning Partnership for Rights, Development and Peace (WLP):
A partnership of 20 autonomous organizations, WLP trains and supports women in the Global South, primarily in Muslim-majority countries, to become leaders and advocates for a just, peaceful world. WLP creates culture-specific leadership trainings on democratic participation and partners with local organizations to help women gain the skills they need to fulfill greater leadership roles at the family, community, and national levels. Over the past decade, WLP has developed curricula and education resources that encourage women's leadership and rights and bolster their capacities as agents for change toward the establishment of free, fair, and democratic societies. In 2001, WLP published *Leading to Choices*, a leadership training manual for women with a special focus on women in Muslim-majority societies. Since then, *Leading to Choices* had been translated into 20 languages and adapted for dozens of different cultural contexts. To date, WLP's programs and training materials have reached tens of thousands of women and men in over 40 countries, strengthening local organizations to become self-sustaining and empowering women's movements around the globe.

Preface

WLP is actively working to take advantage of online tools and platforms to assist women's rights organizations and to broaden and deepen connections with activists around the world. Access to technology and increasing infrastructure is allowing more individuals and organizations from even remote and isolated areas to gain knowledge, build constituencies, raise awareness, and mobilize around democratic movements. In this new digital environment, it is critical that WLP utilizes online platforms and tools to provide activists and civil society actors with accurate information, resources, and opportunities to connect and build their capacities.

To that end, WLP is developing a robust online learning program that incorporates an Online Learning Program, *ABAN*, to facilitate online workshops and other activities to build the capacities of partners and

young people to learn, exchange, and enhance their skills to be prepared to fully participate in online and offline democracy building and civil society exchange.

In April 2015, WLP held four online *ABAN* training sessions on monitoring and evaluation, which form the basis for this toolkit. These sessions were part of a series of online capacity building trainings focused on enabling participants to learn concrete skills that they can utilize to make their organizations and their work more sustainable and impactful in the long term.

Introduction

We developed this monitoring and evaluation toolkit as a resource and training guide for the WLP Partnership and for the NGO (non-governmental organizations) community more broadly, particularly for those organizations with an interest in participatory leadership and women's rights and empowerment. We believe that planning for and measuring the outcomes of our work will help us be more effective in reaching our ultimate impact – a just and peaceful world where human rights for all are respected and upheld.

Learning

Program monitoring and evaluation are the most powerful tools we can employ for exploring whether we are really contributing to the change that we would like to see in the world. At WLP, because our programs are dynamic, we monitor program implementation closely to obtain continuous feedback about our work. Because our programs are intended to create social change, we use evaluation to understand how our programs work and systematically investigate what is and is not working. In the process, we deepen our understanding of *whether, how,* and *why* our programs achieve their intended results. Taken together, monitoring and evaluation stimulate a continuous *assessment-reflection-action cycle* that leads to programmatic and organizational learning.

Strengthening

Once we understand the specific contributions made by our programs, we can make strategic decisions about the steps we need to take to strengthen them. For example, if we find that participants are grasping the new leadership concepts they explore in workshops, but are struggling to develop a concrete plan of action for implementing leadership skills in their lives, facilitators can develop new facilitation strategies which focus on developing participants' planning skills. If evaluation results show us that participants gained valuable skills in effective communication, facilitators can feel confident in continuing their strong work in this area. By sharing evaluation results within our organizations, we can encourage collective ownership of program outcomes, motivating each member to strengthen her role within the program. By sharing our work with the broader NGO community, particularly within our own geographic region, we may have the opportunity to build the organizational capacities of other NGOs working in the same field.

Persuading

As NGOs committed to women's leadership and empowerment, it is vital that we share the outcomes we have achieved with others. We have many audiences that we wish to persuade of the value of our work, from the participants in our programs and members of our local communities, to policymakers and funders. Evaluation can increase our confidence in our programs and provide us with sound evidence to support our claim that we are really making a difference in women's lives. Equipped with statistics demonstrating how many participants in our workshops have embraced our methodology of

participatory leadership, or case studies of individual participants who have transformed their families, communities, or societies, we are prepared to persuade others that women working in partnership can learn the skills and implement the strategies needed to secure human rights, contribute to the development of their communities, and create a more peaceful world.

We hope this toolkit will help organizations create a culture of learning, sharing, and ownership over the entire monitoring and evaluation process.

WLP's Organizational Development Online Series

This toolkit is part of WLP's Organizational Development Online Series, which consists of two separate capacity building online trainings, *Principles of Monitoring & Evaluation* and *Grants Management*, designed to increase overall effectiveness, efficiency, and sustainability of civil society organizations, in order to achieve their strategic goals. The trainings are geared to help strengthen practitioners' skills and equip them with the right tools and knowledge to practice effective program monitoring and evaluation as well as to design and implement practical grant management strategies. The trainings follow WLP's participatory leadership methodology, in which participants have the chance to share their input and apply the demonstrated practices in small projects that they develop throughout the trainings.

Purpose of the Toolkit

The purpose of this toolkit is to provide readers or online or in-person training session participants with tools that enable them to gain an overall understanding of effective monitoring and evaluation and to build their confidence to be an active part of those processes.

WLP developed this toolkit to enable our partner, affiliate, and other NGOs around the world to monitor and evaluate their programs, with the goal of securing increased funding for programs that promote women's human rights.

This toolkit describes effective monitoring and evaluation mechanisms to establish an evidence-based framework to help NGOs demonstrate and validate their efficiency. The toolkit will help participants develop and implement projects that can be clearly evaluated and outcomes that can be easily measured to ensure the maximum impact with limited resources.

Structure of the Toolkit

The toolkit is divided into three main sections: Results-Based Management, Visualizing the Theory of Change, and Performance Monitoring**.** Within these sections, various topics focus on the components needed to accomplish each. The Resources section includes examples of core concepts mentioned in the toolkit, as well as additional materials.

The training material in this toolkit has been prepared to accompany a series of online training sessions. This information in this toolkit was designed to be delivered over three to four online training sessions, each of which lasts about two hours.

Section I: Results-Based Management

"Would you tell me, please, which way I ought to go from here?" said Alice.
"That depends a good deal on where you want to get to," said the Cat.
"I don't much care where —" said Alice.
"Then it doesn't matter which way you go," said the Cat.[1]

Section I: Results-Based Management

Outline
➢ What is Results-Based Management?
➢ Why should we use it?
➢ RBM terminology
➢ Results chain definitions
➢ Q&A Session

Introduction
Results-Based Management (RBM) is a management strategy to help organizations reach their desired results. It shifts the focus from *activities* and *measurements* to *analyzing results* as a basis for planning and decision-making.

Change is a process, not an event. It is not a training held, or a road or a hospital that has been built. It's not something we do and it's over. It is the social change that results from the activity, event, or intervention that the organization implements, such as women developing leadership skills, changing policies or regulations, empowering people to speak up on their own behalf, or strengthening a country's human rights policies.

> *"…those development programs that are most precisely and easily measured are the least transformational, and those programs that are most transformational are the least measurable."*
>
> Andrew Natsois

Just as it takes a team effort to implement a program or ensure that funds are spent wisely, efficiently, and with the greatest impact, it also takes input from almost everyone in the organization to help monitor and evaluate the organization's programs, so that we can:
- Understand the change processes that we're involved in
- Learn what is working and what can be improved
- Communicate to funders that they have made a wise investment in our organization and that their investment is producing the results that they want to see.

Learning Objectives
- To learn about Results-Based Management and how to use it
- To become familiar with some of the most commonly used terminology
- To be able to use Results-Based Management in planning and evaluation

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[1] From *Alice's Adventures in Wonderland*, by Lewis Carroll, chapter 6.

Notes, Remarks/Reminders for the Facilitator

- Greet and welcome the participants and training support team. It is a good idea to chat or converse with participants before the training session begins: this allows participants to continue to get comfortable with the technology, eliminates 'dead air' and allows you to address any outstanding questions that participants may have before launching into the next session. Also consider starting with an ice-breaker activity. This can help participants feel at ease and also smooth the start of the session while some participants are either logging in late or addressing technical issues.
- Remind participants this is a safe and open forum for everybody and invite/encourage them to participate by asking questions, sharing experiences, etc.
- Ask questions as you go along, to make sure the concepts are understood.
- Take pauses and breaks often, to make sure participants are following along and not falling behind, and to give space for participants' questions, comments, and experiences they may want to share.
- Provide examples whenever possible. It may be helpful to use a Share Screen tool in the ABAN online learning platform and walk participants through some of the basics of the sites you are reviewing for this session. Alternatively, you might share the URL with participants using the Chat Box function, encourage everyone to navigate to the site together, and walk people through the site virtually.

Results Orientation – Why Use It?

International Agenda: The international agenda wants grantees to use this, to make aid more effective.

Donor Country Agenda: Donor countries want to see increased quality in development cooperation, and increasingly they need to be more accountable to their taxpayers in showing the results of the work they support.

Internally in Our Organizations: Perhaps the most important reason to use RBM is that it will benefit our organizations. RBM will give us a better basis for planning by providing us with a system for internally learning from, reporting on, and following up on the results of our activities; this will also enable us to reduce risks and be able to demonstrate the effects of our work to members, stakeholders, funders, or the public. Using RBM will help us better understand the change process that we are contributing to and help us understand what adjustments and improvements we can make to achieve sustainable change.

Beneficiaries/Target Persons: The participants in our trainings or other beneficiaries of our work will experience and benefit from more effective change if we manage our activities via RBM practices.

RBM is about...
> **Strategic Planning** – using RBM at the outset of our work will enable us to determine:
> - **What** goal/results do we want to achieve?
> - **How** do we achieve the results?
> *Start with the WHAT before the HOW.*

Performance Measurement tells us if we are reaching our goal. Once we know our goal, we will be able to decide how we will achieve it and how we will measure if we achieved it.
- How do we know that we reached our goal?
- How can we assess or measure success and/or failure?

RBM focuses just as much on failure as on success, so that we know how well we are doing and what programming adjustments we should make.

General Management/Leadership
- Promoting a culture in the organization around achieving outcomes

Focusing on management enables us to lift our discussion to focus on the <u>outcomes</u> *of our work (rather than on activities).*

Participation
- Involving relevant stakeholders

Participation is key to ensure that all relevant stakeholders are involved.

We want to know if our programs are achieving results! If we ask ourselves the following four key questions at the end of an activity, event, or intervention, that will also help us in *planning* our next activity, event, or intervention:
1. Did the intervention make a difference?
2. *How* has the intervention made a difference?
3. To what extent can the specific result be attributed to the intervention? Can the intervention be attributed to multiple factors in addition to the intervention?
4. Will the intervention work elsewhere? (In a different region? For a different target group?)

*We want to **learn from our work**. Once we learn from our work, we can work better and achieve our goals better.*

Good learning/results-based practice has a framework that will help us:
- Analyze the problem
- Define outcomes
- Select intervention strategies
- Plan for, manage, and implement activities
- Assess outcomes and results
- Integrate learning and report

Good planning leads to good monitoring leads to good reporting.

Implementing a useful results-focused approach needs:
- Critical thinking
- Contextual reality
- A range of perspectives, local knowledge, and research
- A clear mission
- Specific outcomes
- To be explicit about underlying assumptions
- To be logical
- To be realistic

Terminology

It is important to understand the terminology that follows because: funders use these terms and expect us to understand and use them; and these terms help us structure or provide a framework for our work.

Note that different funders may use these terms in overlapping or different ways. For example, some funders may use "goals" or "outcomes" to mean "impact"; others may use "impact" interchangeably with "results."

What matters is that *you* use the terminology consistently and that you and your organization are clear about the meaning. When communicating with donors, you can include a brief explanation of the terminology you use, if necessary. Alternatively, if you are unsure of how a particular funder is using a specific term, it may be appropriate to ask the funder for clarification. Reaching out in this way can also be an important step in the process of building a strong relationship with the funder.

Results Chain Definitions

The following definitions are based mainly on those used by the OECD/DAC,[2] the global committee that sets the agenda for development assistance:

INPUT – *The financial, human, and material resources that the organization uses for the development intervention*

Inputs can be the financial, human, and material resources we use to complete an activity, event, or intervention. Everything has a resource cost. Nothing is free, even volunteer labor or in-kind goods. All activities require some inputs (time and/or cost).

ACTIVITY – *Actions taken or work performed through which inputs are mobilized to produce specific outputs*

Activities are what we plan to *do* to achieve the programmatic or project goals. Activities discuss actions, but not outcomes or impact. Activities could be to "organize trainings" or "serve breakfast to school children" or "produce a training manual."

OUTPUT – *The products, capital goods, or services that result from the development intervention*

Outputs usually
- Are the immediate, visible, concrete developmental changes that are the tangible consequences of project activities (through inputs), such as manuals written, films produced, trainings held
- Represent the immediate knowledge or capacity gained by those who have participated in the activities
- Should capture quality dimensions (not only a completed activity)
- Are something the organization has direct control over
- Take place during the life of the development intervention

OUTCOME – *The likely or achieved short-term and medium-term effects of an intervention's outputs, or changes in the practices, actions, and relationships of the people, groups, and organizations with which*

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[2] The Organisation for Economic Co-operation and Development/Development Assistance Committee; see for example, http://www.oecd.org/governance/budgeting/1851320.pdf.

an intervention works. A program can **influence** *the achievement of outcomes, but it cannot* **control** *them, because ultimate responsibility rests with the people affected.*

Outcomes usually
- Are often a result of several outputs
- Relate to individuals (e.g., behavior changes in training participants, after they have gained knowledge or capacity)
- Should capture the changes for the participants or beneficiaries
- Often include behavioral change and/or institutional change
- Take place during, but more often *after* the activity, event, or intervention
- Are under the influence but not direct control of the organization

OUTPUTS VS. OUTCOMES

Outputs are	*Outcomes are*
- The product or service provided by project - Immediate, visible, concrete developmental change that is the tangible consequence of project activities (inputs) - Things we can produce or provide - Within the **control** of the project or NGO	- What happens when we provide a product or service - Things we can **influence** - Not within the **control** of the project or activity – they are dependent on others, sometimes on those outside the project

IMPACT – *The positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended*

Impacts usually
- Involve a vision or long-term development goal
- Are often influenced by multiple other factors
- Happen and are measurable *after* the project's or program's life – therefore the project is usually not able to measure
- Relate to society or changes in societies
- Are the logical consequence of achieving a combination of outcomes
- Are something that the intervention, project, or program usually cannot bring about alone but can contribute to

RESULTS
The output, outcome, or impact (intended or unintended, positive &/or negative) of a development intervention

The power of measuring results:
- If we don't measure results, we can't distinguish success from failure
- If we can't describe success, we cannot learn from it
- If we can't recognize failure, we can't correct it
- If we can demonstrate results, we can win public and funder support

Many of us naturally talk in **action-based** language, but the language that we use in talking about results is **change-based**. It doesn't describe *how* change is happening, but *what* change is happening, and sets

precise criteria, such as, "*In the WLP training, 85% of the participants indicated an increase in their overall understanding of the impact of sexual harassment on women's lives and on societies as a whole.*" These days, funders want to hear more about what **change** we have contributed to rather than what we have done.

Change-based language tends to be more engaging than action-based language. And remember, **results are about *change***:

Change-based Language:
- Describes changes in conditions/quality of life of people
- Sets precise criteria for success
- Focuses on results, leaving options on how to achieve them

Action-based Language:
- Expresses would-be results from the provider's perspective/"to do this or that"
- Is interpretable in many ways – not specific or measureable
- Focuses only on completion of activities

Questions and Answers

Take a moment to review the learning objectives with the participants. Do you have any outstanding questions or comments to share with the group?

Additional Reading

On your own, take some time to review the *RBM Handbook on Developing Results Chains* and the sample Results Framework in the Resources section. If you have suggestions for other resources, share them with the group.

Section II: Visualizing the Theory of Change

"Plans are nothing; planning is everything."
Dwight D. Eisenhower

Section II: Visualizing the Theory of Change

Outline
➢ Intervention Logic - the Results Chain for the intervention
➢ Spheres of Influence
➢ Results Framework
➢ Theory of Change
➢ Q&A Session

Introduction
Now that we have identified and discussed the terminology of Results-Based Management, it's time to take that information and put it to work. This section will help us understand how to create a Results Chain that illustrates how inputs and activities will lead to outcomes and impact. We will also describe how to create a Theory of Change or Logic Framework.

Learning Objectives
• Understanding and creating a Results Chain for an intervention
• Understanding what we can and cannot control (spheres of influence)
• Understanding and creating a Results Framework

Notes, Remarks/Reminders for the Facilitator
• Start by encouraging participants to share any outstanding questions or comments from the previous session
• You may wish to start things off with an ice-breaker, to continue to encourage the participants to become comfortable sharing with each other
• Present the topic of the learning session
• Encourage participants to take part by asking questions, sharing experiences, etc.
• Ask questions as you go along, to make sure the main concepts are understood
• Provide examples and encourage discussion whenever possible.
• For this session, you may want to identify one or two additional Results Framework or Theory of Change examples and use them as needed for explanations
• Engage the participants. If you choose to look at additional Results Framework or Theory of Change examples, you might want to poll the participants to see if they think that their programs fit these examples. You can lead an interactive discussion about why—and perhaps why not.

The Results Chain
The **Results Chain** focuses on ***what and whom we want to change*** via our activity, event, or intervention; it includes the resources we need to implement the intervention (inputs), the actions we need to take (activity), the immediate results (outputs), the change we want to see (outcomes), and eventually the longer-term changes in the society (impact).

This "Results Chain" shows the relationship of some of the terms we discussed in Section I:

D i r e c t C o n t r o l	E x t e r n a l F a c t o r s & A c t o r s

INPUT	ACTIVITY	OUTPUT	OUTCOME	IMPACT
Financial, human, and material resources	Actions taken or work performed	Immediate results from the activity or intervention, such as products, capital goods, or services	Likely or achieved short- and medium- term effects or behavior changes	Long-term effects on the society
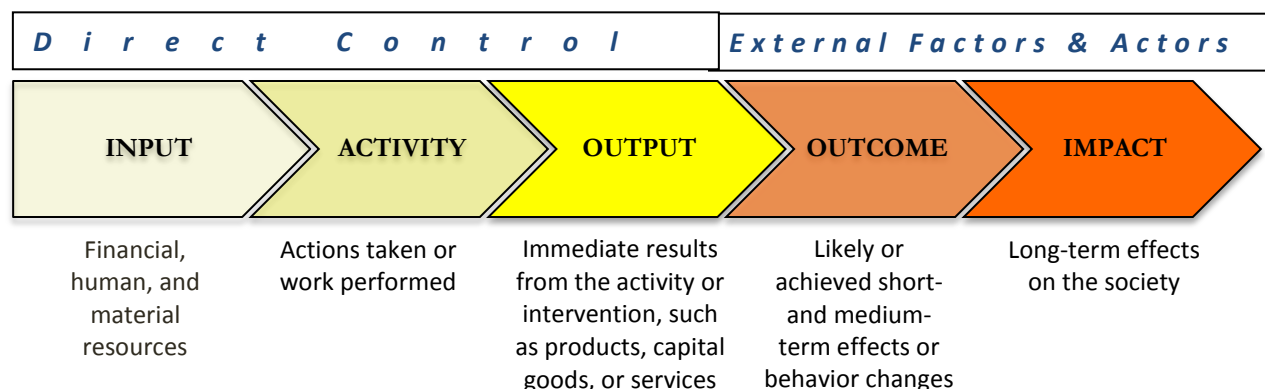
For a WLP training on using social media to promote women's human rights, the Results Chain might be:
- Trainers, a venue, and training resources (manuals, films, and other tools) would be **inputs**.
- The training workshop held for 20 participants on using social media to promote women's human rights would be the **activity**.
- One training held and 20 women who are newly able to use social media for advocacy for women's human rights would be **outputs**.
- Participants expressing themselves and advocating for women's human rights using social media would be an **outcome**.
- The public being more aware of women's human rights or actual changes in national laws to strengthen women's rights would be **impacts**.

Outputs lead to outcomes. We can control outputs and we need to manage them to have effective programs. Outcomes are related to individuals and groups. Impacts are related to society.

The first steps of the chain are almost entirely within our control. That's why it's easy to report on them. What we can't control is the outcomes. They are related to external actors. We are trying to influence changes in behavior and attitudes, and if the change happens, we will see outcomes. In the Results Chain, we want to **focus our planning, management, measurement, and reporting on the outcomes**.

It's important to understand clearly **whom** we are trying to influence to change. Many projects target several types of stakeholders simultaneously, and sometimes the change expected can be different for the different types of stakeholders. For example, a project could target both activists and government authorities, and obviously we would expect them to change their behavior differently, but the change in their attitudes might be the same. So, the very first thing in visualizing the Results Chain or Theory of Change is identifying **whom** the project intends to influence.

Another example of this Results Chain for a WLP training would be:

INPUT — NGO commits the resources (staff, curriculum) for a training

ACTIVITY — NGO implements women's leadership training program or workshop

OUTPUT — Training participants acquire leadership skills

OUTCOME — Participants practice leadership in their daily lives and take up leadership positions in society

IMPACT — Society benefits from women's increased participation in decision-making

Behavior change

resources

results

The Results Chain Process

For this training, we could define a partial Results Chain process as:

- *Expected output*: A defined and formulated RBM and monitoring framework.

↓

- *Expected intermediary outcome*: Participants in the training have the capacity/ability to apply a RBM approach.

↓

- *Expected outcome:* Participants in the training manage for results effectively in their planning, monitoring, and reporting processes.

Social change happens in a complex environment. Recognizing that we are dealing with this complexity means that changes that result from our work are not easily measured. However, although we may not be able to measure the changes quantitatively, we still want to be able to **understand** them. And we need to remember that even if our target group is small, we may be working with many other actors in order to influence the target group. At the same time, social change is happening without the influence of our programs. So measuring the change that our program influences can be challenging.

This means that <u>we are not measuring strict linear changes</u> and we are not always able to see the results of our intervention immediately or continually. Results are incremental and cumulative. We are working with people, and we must recognize that we cannot **control** people. We can **influence** them, but the change they make is not fully within our **control**. <u>**We are influencing people's attitudes and behaviors to create change**</u>.

Spheres of Influence

Now let's look at the Results Chain from the viewpoint of spheres of influence. As noted, we cannot control many of the results that we want to see, we can only influence them. Looking at different spheres of influence allows us to understand the change process and management better.

The *sphere of control* is limited to the inputs, activities, and outputs that are under our direct control. Outcomes lie in the *sphere of influence*, where we can directly influence others. The *sphere of interest* is much further removed from our ability to directly influence.

There is a limit to our influence...

Sphere of Control	Sphere of Influence	Sphere of Interest

Sphere of Control	Sphere of Influence	Sphere of Interest
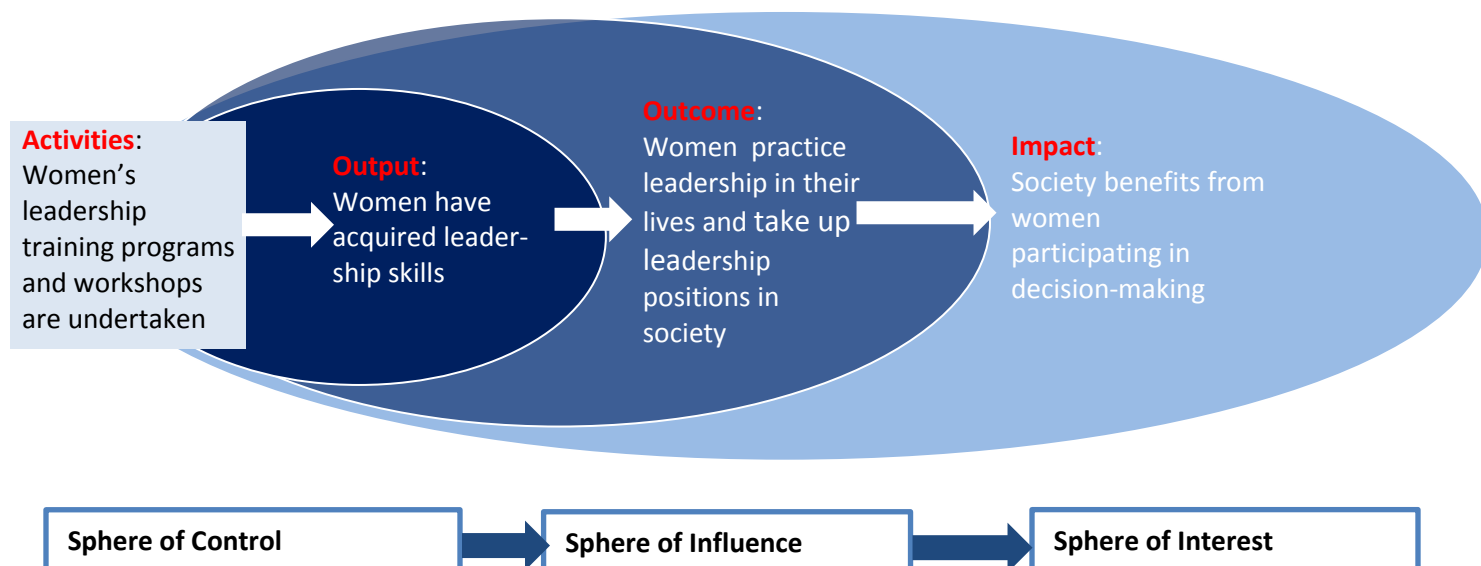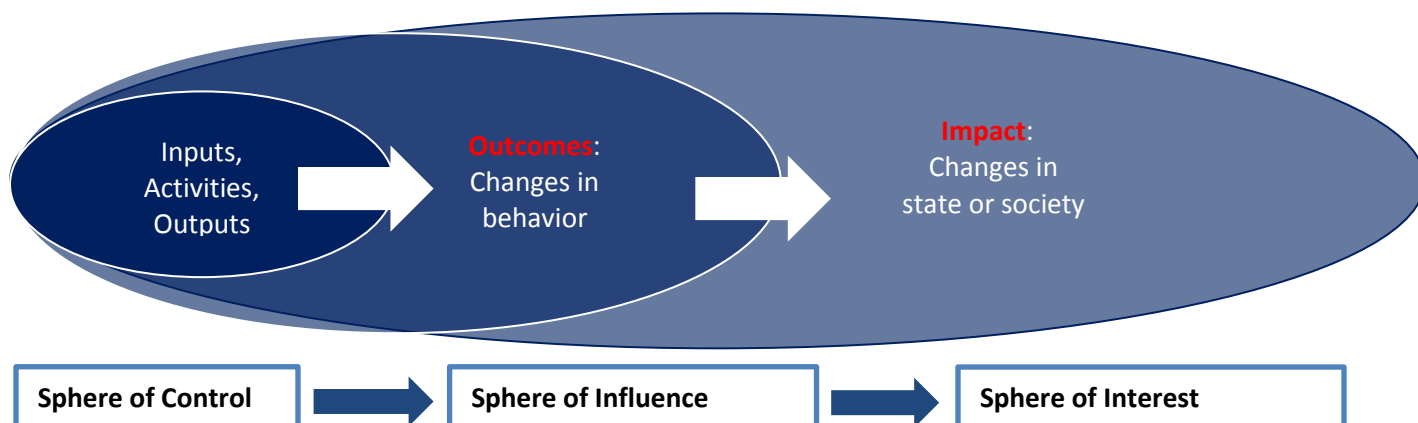
This example helps us understand better how changes in development take place. It is not a straight line, because not everything is within our control. By understanding this, we will be able to adjust our projects to be more effective in bringing about the changes we desire. Within our control, we can ensure that women participate in the workshops; and as long as we design the training in the right way, we can ensure that women acquire the needed leadership skills. But **the outcome is the behavior change** (that they practice leadership in their daily lives). And if we do this right, we will see society benefitting from the behavior change (in the long term). **The outcome is where we want to focus**. If we focus on the outcome, we increase the possibility of achieving the long-term impact.
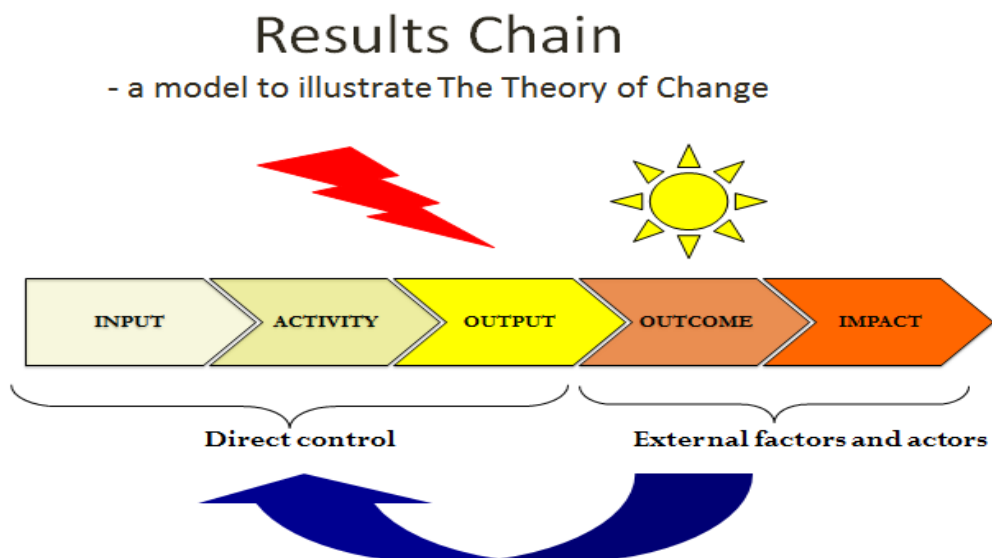
In our work, we need to embrace constant change, which is:
- Complex (multiple actors and factors)
- Continuous
- Non-linear (unexpected results occur)
- Incremental and cumulative
- Beyond the control of the intervention (but subject to its influence)

As another example of the process of change (see "Influencing pathways of change" graphic"), we can take a project that worked on empowering women to work towards ending domestic violence in a province in India.[3]

The behavior changes they wanted were: women attend meetings, women participate and speak about domestic violence, women begin to educate themselves about combatting domestic violence (these are all within the **direct control** of the project).

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[3] Graphic courtesy of Evallab.

Next: women set an agenda to mobilize and take collective action (this is the first **outcome** and is beyond the direct control of the NGO), women take action to protect themselves, women lobby police to change enforcement.

Ultimately, the enforcement policies are changed and women are free from domestic abuse and men are not violating women at home because the police enforce policies (**impact** in sphere of indirect influence/direct interest).
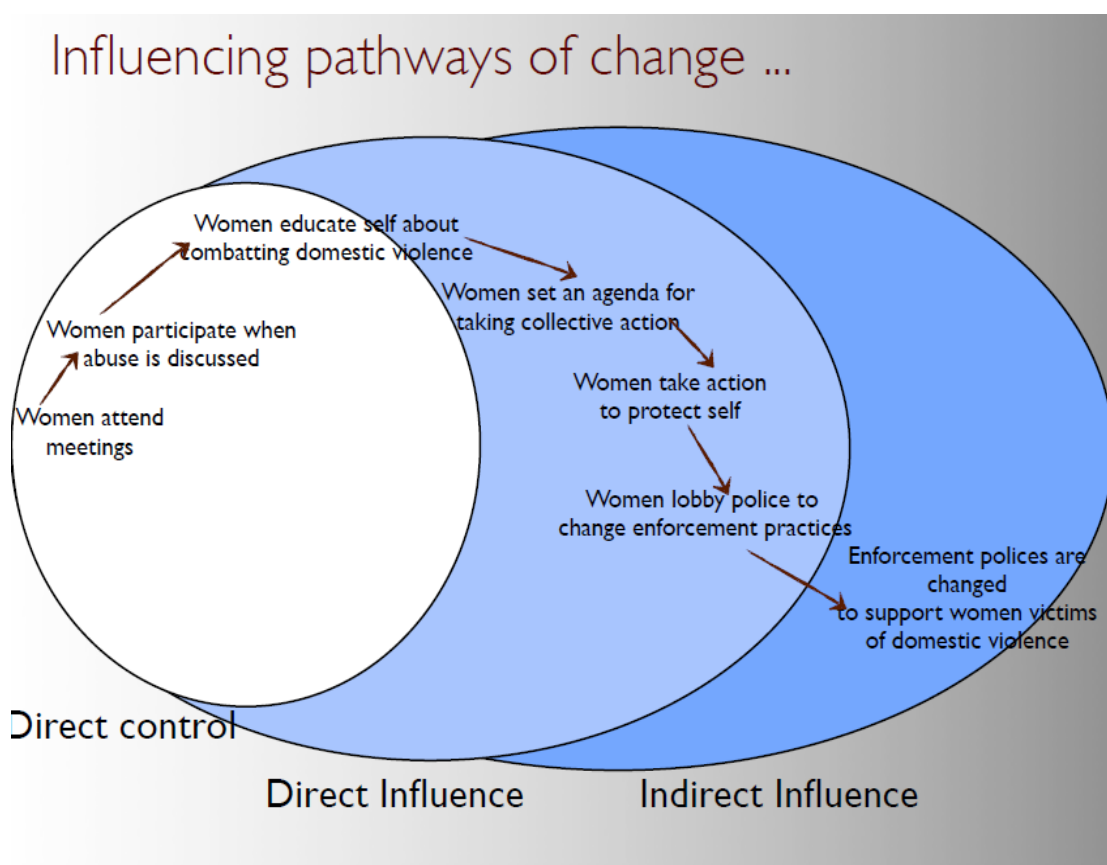
Control, Influence and Interest
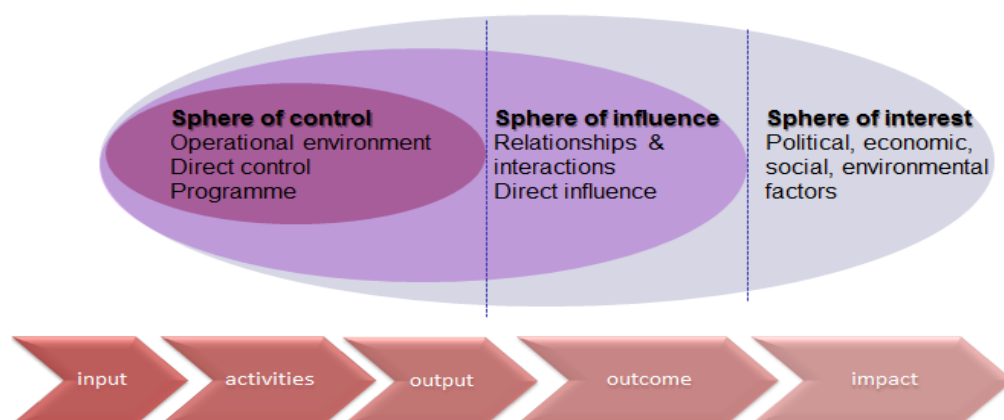
Spheres of Control, Influence, and Interest

Funders often want us to show them very clear, logical change and an intervention logic that is straightforward and exact, but this is not always possible. We cannot always predict the exact impacts that will occur. And even though we may plan well and develop an explicit logic model, we will not be able to foresee everything that may occur. But if we monitor continually, we should be able to see the reality of what's happening and what's working and not working, and that should provide the basis for our reporting.

Results Framework

One method that we can use to apply the Results-Based Management perspective to our work is a results framework. A results framework is a logical, realistic, explicit presentation of how we think we will bring about change. A results framework captures the inputs, outputs, outcomes, and impact (the cause and effect linkages for an intervention) into a structure. It can take many different forms, depending on what works for each organization. A results framework is a generic terminology. Other terms for a results framework are logic framework, logic model, theory of change, or results chain.

What is a results framework?
- An explicit articulation (graphic display, matrix, or summary) of the different levels, or chains, of expected results
- The results specified typically comprise the longer-term objectives ("outcomes" or "impact") and the intermediate outcomes and outputs that lead to these desired longer-term objectives.
- It shows how the results will be measured, so that we can know if they are being achieved.

A results framework:
- Highlights the key linkages in the Theory of Change that underpin the intervention
- Helps establish an evidence-based approach to monitoring and evaluation
- Helps measure progress towards achieving strategic objectives
- Helps achieve strategic objectives

In the results framework example below, the group defined their vision and the overall Impact Objective of their work (long term); then they defined immediate, intermediate, and long-term outcomes, the baseline and targets, and means of verifying that they achieved their outcomes.

<div align="center">

RESULTS FRAMEWORK[4]

"SEXUAL AND REPRODUCTIVE HEALTH, RIGHTS, AND HIV/AIDS AND GOVERNANCE" PROJECT

</div>

Vision: Equitable universal access to SRHR and HIV and AIDS services, including improved health and respect for human rights is enjoyed by women and girls in the Southern African region.

Result Levels	Progress Markers/Indicators	Means of Verification	Base line	Target
Impact Objective: The capacity of **parliamentarians (MPs), especially women MPs**, is used to promote, intervene and advocate for comprehensive and essential sexual and reproductive health rights (SRHR), HIV, and AIDS services and impact on relevant current policy environment in their countries in order to ensure that it is supportive of human rights and sexual and reproductive rights.	**Immediate outcomes** *(expect to see)* • MPs understand SRHR, HIV, and AIDS issues • MPs understand the importance of SRHR, HIV, and AIDS integration and the rights approach • MPs recognize their role to advance the SRHR, HIV, and AIDS integration within a rights-based approach **Intermediate outcomes** *(like to see)* • MPs seek information (formally and informally) from national working group (state actors) • MPs seek information (formally and informally) from NGOs (non-state actors) • MPs engage with constituents on SRHR, HIV, and AIDS issues • MPs undertake oversight visits related to SRHR, HIV, and AIDS and governments **Long-term outcomes** *(love to see)* • MPs are using national evidence-based information to ask questions during "question time" • MPs are scrutinizing SRHR policies and legislation referred to parliamentary committees • MPs engage in informed policy and legislative debates on	# of MPs debating issues on SRHR # of media reports covering MPs discussing issues on SRHR # of inputs during bill reading and debate # of MPs requesting and quality of monthly reports from clerks # of MPs requesting and quality monthly reports # of constituent outreach reports # of MPs at Committee referring to policy brief data # of MPs making inputs trained from project Committee and Hansard reports # of motions passed on SRHR, HIV, and AIDS	0% 0% 0% 0% 0% 0% 0% 0% 0%	• 15% increase per year in each country • 5% increase in media coverage on SRHR per year • 50% by 2018 • 50% of MPs collaborate with partners for knowledge sharing • 20% of countries hold public hearings on SRHR by 2018 • 60% of NWPC MPs benefit from competent research on SRHR and ask questions • 70% of MPs give alternative inputs during bills and committee debates.

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[4] This Results Framework is abbreviated here. Please see Appendix I for the full framework.

Result level	Progress Markers/Indicators	Means of Verification	Base line	Target
	integrated SRHR, HIV, and AIDS issues • MPs raise motions on SRHR, HIV, and AIDS and governance issues			• 80% of MPs trained raise motions on SRHR etc.
Outcome: National Women's Parliamentary Caucus (NWPC) MPs demonstrate leadership and advocate for commitment of parliament to facilitate specific SRHR actions.	**Immediate outcomes** *(expect to see)* • 7 NWPCs are empowered to champion SRHR advocacy • NWPC accessing information on SRHR	Country reports Media clips Record of requests	0% 0% 0%	7 NWPC MPs capacitated and empowered to champion advocacy
	Intermediate outcomes *(like to see)* • NWPC using information accessed in parliamentary sessions, committees and Country constituents • 50% of NWPC MPs contribute to agendas on SRHR issues • 50% of NWPC MPs are participating in discussion forums on SRHR issues • NWPC MPs are vocal to the media about SRHR issues	Hansard (media monitoring service) Hansard Hansard Media clips	0% 0% 0% 0%	Technical Information utilized to hold government to account NWPC MPs speak out to protect rights on communities NWPC members covered by media
	Long-term outcomes *(love to see)* • 50% of NWPC MPs lead a parliamentary session on SRHR issues • 20% of NWPC MPs lead a parliamentary session on sensitive SRHR issues • Raise SRHR issues and challenge misconception at parliamentary and political platforms.	Hansard Hansard Hansard	0% 0% 0%	Debates by NWPC MPs visible on SRHR NWPC MPs lead parliamentary interventions at all levels NWPC MPs challenge rights violations in the house
Output: Training programs delivered in 7 countries	• # of trainings conducted • # of participants • # of materials distributed • # of advocacy issues agreed upon • # of modules used	• Training report • Attendance registers • Materials distributed • Strategic partnerships forged with partners • Modules produced	0% 0% 0% 0% 0%	28 trainings in four years per country

It's important to remember that a results framework:
- Defines cause-effect linkages for one or more interventions
- Identifies or states the "development hypothesis" or Theory of Change

- Requires clarity with respect to the Theory of Change – the reasons why the project will lead to outputs → which will lead to intermediary outcomes → which will lead to longer-term outcomes and impact

There are four main questions to consider when developing the results framework:

Why?   What is the vision? (e.g., women's empowerment, ending violence against women)

Who?   Who are we influencing directly or indirectly, with whom are we collaborating to influence others? (e.g., individuals, other NGOs, groups)

What?   What will our project and organization achieve? (e.g., what is our intervention or results logic [outcomes] and indicators)

How?   How will we achieve the "*What*" and the "*Who*"? (e.g., our activities, Theory of Change)

Theory of Change

We can construct a Theory of Change to communicate our results framework. Although "Theory of Change" is a newer terminology, it's important to understand and use it, because if we can express our results framework this way to funders, we will be more successful.

The Theory of Change is a document that illustrates how we will achieve the change we propose. It is also a way of thinking that allows us to turn our theories about the *Why, Who, What*, and *How* (see above) of the change that we seek to achieve into a logical causal chain. It is a representation of how and why a complex change process will succeed under specific circumstances. It spells out the logic, defines long-term goals, and then maps back to identify changes that need to happen to achieve the goals. In a Theory of Change document, identified changes are mapped graphically in causal pathways of outcomes, with each outcome showing its logical relationship to the other outcomes.

A Theory of Change is both a "Process" and a "Product." A Theory of Change is:
- A structured thinking PROCESS that allows groups to turn their theories about what needs to change and why into a "causal pathway"
- A PRODUCT that illustrates the results of the Theory of Change *process*

A Theory of Change is a **planning process** created specifically for change efforts. It is not a general theory of how change happens – rather it is a theory that is **specific to each effort**, to how the intervention will change a problem or will help us achieve our vision. It is useful for setting goals, strategic planning, and program evaluation, and a working model against which to test our hypothesis and assumptions about what actions will best bring about the intended changes or outcomes.

For the results framework above, the Theory of Change would look like this:

For WLP's *Leading to Choices* Program,[5] the Theory of Change would look like this:

```
┌──────────────┐      ┌──────────────┐      ┌───────────────────────┐      ┌──────────────┐
│ WLP partner  │      │ Facilitators │      │ Participants and       │      │ Participants │
│ holds LTC    │ ───▶ │ use LTC      │ ───▶ │ facilitators explore   │ ───▶ │ practice new │
│ Workshop     │      │ methodology  │      │ the new participatory  │      │ leadership   │
│              │      │              │      │ leadership concept     │      │ skills       │
└──────────────┘      └──────────────┘      └───────────────────────┘      └──────────────┘
```

During the LTC Workshop (Observation Phase)

Directly after the LTC Workshop (Direct Evaluation Phase)

Participants' perception of leadership changes

Participants begin to see themselves as agents of change

Participants internalize the leadership concept

Participants experience an increase in self-esteem

Participants' confidence in exercising leadership skills increases

Participants and organizations establish relationships and form groups or networks

Participants anticipate or plan application of learning

In six months to three years after the LTC Workshop (Intermediate Evaluation Phase)

Participants

Participants deepen their understanding of participatory leadership

Participants apply skills and increase active engagement in their families, workplaces, communities, or societies

Participants challenge norms in their families, workplaces, communities, or societies

Participants mobilize others to pursue a shared vision for change

Participants create change in their families, workplaces, communities, or societies

In six months to three years after the LTC Workshop (Intermediate Evaluation Phase)

Organizations

Organizations deepen their understanding of participatory leadership

Organizations apply participatory leadership skills in their operations

In the long-term (Extensive Evaluation Phase)

Organizations build networks and coalitions

Organizations create shared visions and plans of action

Learning Organization

Organizations mobilize the community for change

Organizations undergo culture change

Quality of life improves for participants, their families, colleagues, and members of their communities and societies

Gender norms shift

A BETTER LIFE FOR ALL

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[5] From *Measuring Change*, Model 1.

When working with RBM we want to start at the top – start with the results we want to see and work our way back to the outcomes and outputs that will produce the results.

A Theory of Change can act at multiple levels. We may have a Theory of Change at the organizational level, and for specific programs we may want to develop Theories of Change to reflect the different outcomes we are trying to achieve with each project. Within an organization, all the projects we implement should contribute to the organization's overall Theory of Change, even if each project has its own Theory of Change.

Group Exercise

If you have time, you can set a Group Work Exercise by asking the training participants to organize into different groups and have each group identify the individuals and groups with whom their projects interact **directly** to effect change and those who are in their **spheres of influence**.

Questions and Answers

Take a moment to review the learning objectives with the participants. Do you have any outstanding questions or comments to share with the group?

Additional Reading

Read WLP's *Measuring Change*. On your own, take some time to review the Theory of Change YouTube video website, the *RBM Handbook on Developing Results Chains*, the SADC Theory of Change, and the sample Results Framework and Theory of Change in the Resources section. If you have suggestions for other resources, share them with the group.

Section III: Performance Monitoring

Outline
- ➢ Monitoring
- ➢ Indicators
- ➢ Means of Verification
- ➢ Baseline Data
- ➢ Assumptions and Risks

Introduction
Performance monitoring assumes that we have done good planning, that we have a logical, consistent results framework and Theory of Change, and that we know that our activity, event, or intervention will create change at some point, somewhere. Monitoring our performance will help us know if our Theory of Change is on track.

Learning Objectives
- To understand what good monitoring involves and how to use it
- To understand what constitute indicators and how to use them
- To understand baselines and why they are necessary
- To understand means of verification and how to use them
- To understand how to assess and describe assumptions and risks

Notes, Remarks/Reminders for the Facilitator
- Address any outstanding questions or comments from the previous session. Use this as an opportunity to gauge participants' comfort levels with using the terminology and concepts presented so far.
- Present the topic of the learning session.
- Encourage participants to take part by asking questions, sharing experiences, etc.
- Ask questions of participants to make sure the main concepts are understood.
- Provide examples whenever possible.

Monitoring
Monitoring is a **continual function** that uses **systematic** collection of data on specified indicators to provide the organization's management and the main stakeholders of an ongoing development intervention with indications of the **extent of progress** and **achievement of objectives** in **the use of allocated funds.**[6]

During the implementation and monitoring part of our project, we can collect data. **Everyone who manages or works on the projects is also an M&E officer**. If we don't involve the people who implement the project in also monitoring the project, we are not going to really understand the changes taking place.

Monitoring and evaluation are two separate functions. Monitoring is continuous. If we are analyzing the collected data on a regular basis, that will give us the information we need to readjust our work plan as necessary. Monitoring data gives us information for analyzing, reflecting, and re-planning. There are not clear "cut off" cycles for analyzing, reflecting, and re-planning because they are all connected and

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[6] DAC definition.

overlapping. We need to collect the data, analyze it, integrate it into our revised plans, then report it to our constituents, funders, and others.

A monitoring framework consists of:
- What is to be monitored (identified targeted results with indicators or progress markers)
- When the data is to be collected and the frequency (this can differ between different result levels)
- Who is responsible for collecting the data and what the monitoring action looks like (it is important to define roles)
- Frequency of data analysis and reporting
- Timing of reflection and learning event
- Timing of evaluations

A monitoring framework tells us what we need to look at to be able to understand our progress toward results, when we need to collect data and how often, and who collects the data. Indicators should always focus on **outcomes** (behavior changes for individuals / changes in society). By being specific and assigning responsibilities for collecting the data, data collection is more likely to happen. We also need to identify when we are going to analyze the data and learn from it. It usually works best for all of the project staff to come together to discuss and reflect on the data to determine if we are track and what we can do to be more strategic in the implementation. The monitoring framework can be integrated into the results framework, or it can be separate, but it is a very important part of RBM.

part 1
1. Set goals
2. Define short/medium results
3. Indicators for measuring
4. Design monitoring system

part 3
1. Analysis of monitoring data
2. Integrate learning
3. Reporting
4. Revise plans

part 2
1. Collect monitoring data

Respond and adapt

Planning

Analysis and reflection

Implementation
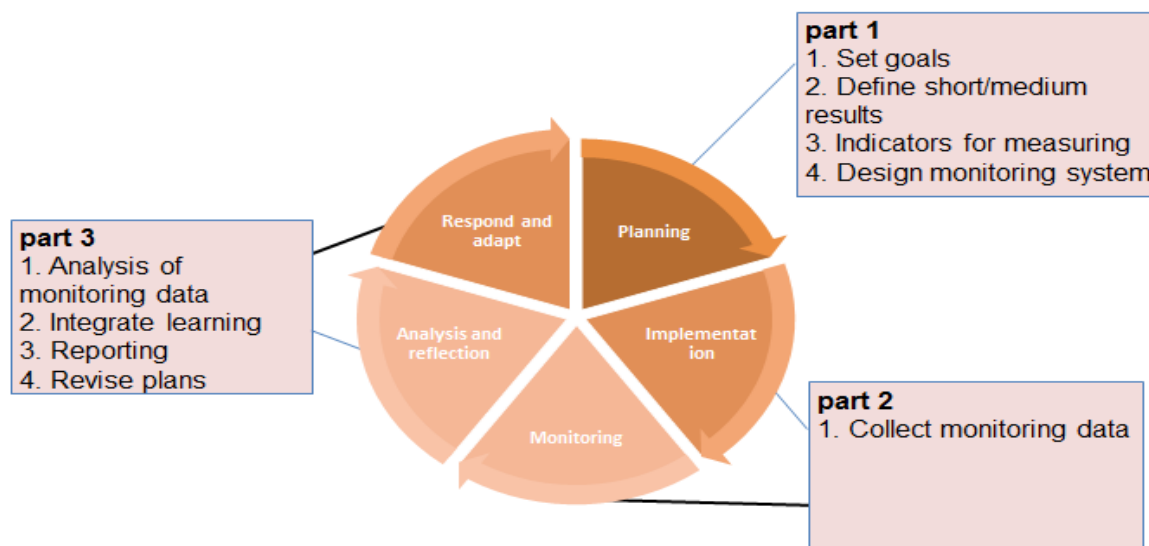
Monitoring

Monitoring is continuous. It uses systematic collection of data – the data collection cannot be random. We need to **specify our indicators at the outset of the project**, so we know the extent of our progress in relation to the goals we have set out to achieve. Monitoring tells us what's important.

Performance monitoring is a real-time activity using collected data to adjust the plan and make it more effective during project implementation. The information we collect should be used for decision making. Monitoring data can help us make decisions and strategic choices on an ongoing basis. If we are doing good performance monitoring, we should be an "open organization" that is honest and transparent with our data.

Performance monitoring
- Uses real-time monitoring data to adjust the program approach during implementation
- Allows information on results to guide decision-making at all levels, from strategic choices to implementation methods
- Needs an organizational culture that rewards transparency and honesty, more than published numbers

The most common problems that may develop in the planning stage and in the monitoring process include:
- Unrealistic and unattainable objectives or goals
- Excessive focus on activities and not on outcomes
- Difficulty in assessing progress due to inadequate indicators and lack of baselines (so we don't know where we're starting from)
- Focusing on what *can* be measured rather than what *needs* to be measure
- Confusion over ownership of data collection or monitoring responsibilities

No one has a fixed formula for monitoring, but when we understand these common problems we can create a plan that fits our specific project or organization.

Indicators

An indicator is a variable that provides a **SIMPLE and reliable means to measure achievement** and identify any needs for adjustments. It can verify the success or failure of the project and allow us to report on our performance. If we have defined specific, realistic, and tangible outcomes, then it will be easy to create indicators and to determine if we have reached our goal or not.

How do we use indicators?
- To verify the **success or failure** of the project – to help us determine if we reached our goal or moved towards it; to determine if change has occurred
- To serve as a basis for **performance reporting**
- To help objectives become **specific, realistic, and tangible**

We use indicators because we need to know that we are making progress. We need to be able to *measure* the changes that happen because of our activities, events, or interventions. **Useful indicators will measure <u>change, not activities</u>**. Most organizations already track and monitor their activities. What we want to do is raise our monitoring to the outcome level, so we know if real behavior change is happening.

SMART Indicators *(checklist)*
- **S**pecific (to the objective)
- **M**easurable (quantitatively or qualitatively)
- **A**ttainable (at acceptable cost)
- **R**elevant (to information needs)
- **T**ime-bound

If the objective is also **SMART**, that will help us in formulating our indicators.

Important points to remember for indicators to measure progress:
- Make sure that the proposed indicators **measure the *real change*** and **not just what is easy to measure** (e.g., increased capacity, not just the number of people trained)
- Make sure that the objectives in the overall results or logic framework are translated into detailed, annual work plans (that is, ensure that the focus is not so much on activity and instead is on change processes)
- Move from activity-based focus towards a change-based focus; instead of using "in place," "established," etc., use "operational," "implemented," – the indicators should capture the quality and not just a completed activity

General information for performance indicators:
- All indicators have a parent objective (but they are not the goal)
- Indicators should help us to better understand if we reached our goal or moved towards it (if change has occurred)
- Ensure that objectives are specific, realistic, and tangible
- We use performance indicators to verify the success or failure of the project
- We should have indicators at all levels of the Results Chain – each of our outcomes, outputs, and impacts should have at least one indicator
- Indicators are the basis for performance reporting
- The important thing is the *analysis* of the information – not the indicator in itself

There are different levels of indicators:
- **Process indicators** measure how activities are carried out – according to accountability, transparency, non-discrimination, and participation.
- **Output indicators** measure quantity, quality, and timeliness of the project's products, goods, or services.
- **Outcome indicators** measure intermediate results generated by program outputs. Outcome indicators often correspond to changes in men's and women's behavior.
- **Impact indicators** measure the quality and quantity of the long-term results generated by program outputs and outcomes (e.g., increased income, changes to society).

Important points to think about when using indicators:
- Performance indicators should be defined during the project's planning stage – and changed as needed.

- All indicators should be linked to just ONE output, objective, or outcome – indicators are never random.
- Indicators are by nature measurable.
- Indicators should not be expensive to collect or analyze.
- It is often necessary to have more than one indicator for each outcome.
- Indicators should be reasonable and relevant (clear on what they measure).

We need both **quantitative** indicators (quantity, numbers, percentages, ratios) *AND* **qualitative** indicators (information on people's perceptions, opinions, judgements, actions, and behaviors). For example, our project may result in a better women-to-men ratio in decision-making positions, but that may not tell us about people's attitudes, or whether people think that the increased women's involvement is useful. In addition to simply increasing the number of women in decision making, we also want to know if they feel their opinion matters – are they being heard and respected?

It is sometimes also helpful to track groups separately (e.g., men/women, adults/youth, urban/rural, minorities, people with disabilities) to understand the change that is happening. In a project focusing on increasing women's equality, indicators should:
- Not use vague vocabulary, such as "population" or "vulnerable groups," and instead refer to women/men, girls/boys.
- Be sex-disaggregated, e.g. percentage women vs. percentage of men
- Assess and identify the gender balance of:
  - Decision-making power in program
  - Beneficiaries of the program
  - Success and control over resources

Qualitative vs. Quantitative Indicators

Quantitative Indicators	Qualitative Indicators
• Quantity • Number • Percentage • Ratio	• Perception • Opinion • Judgments about something • Actions and behavior
Examples: • Number of women in decision-making positions • Employment levels for women and men, with disabilities, from minority groups • Literacy rates for women and men, with disabilities, from minority groups	**Examples**: • Women's perception of their empowerment • Satisfaction with employment or school • Quality of legal aid (did it raise the level of understanding of legal rights with the person seeking aid?) • Degree of confidence in basic literacy

Progress Markers
Indicators are sometimes call "progress markers." Progress markers can tell us the different things that we can observe in terms of behavior change that allow us to see our progress toward achieving an outcome per target group. Progress markers allow us to break down the behavior to identify the steps toward the outcome: changes we expect to see → changes we like to see → changes we love to see.

For example, if our project involves empowering women who experience domestic violence, we would want to break down the steps of behavior change that we would expect to see over time as we make progress toward the overall outcome.

The immediate outcomes are actions or changes we would expect or like to see immediately during or following our intervention. These first indications of change are the steps within our direct control, with progressively less control over succeeding stages and over time.

Here is one way to visualize the change process:

| Changes we expect to see | Changes we like to see | Changes we love to see |
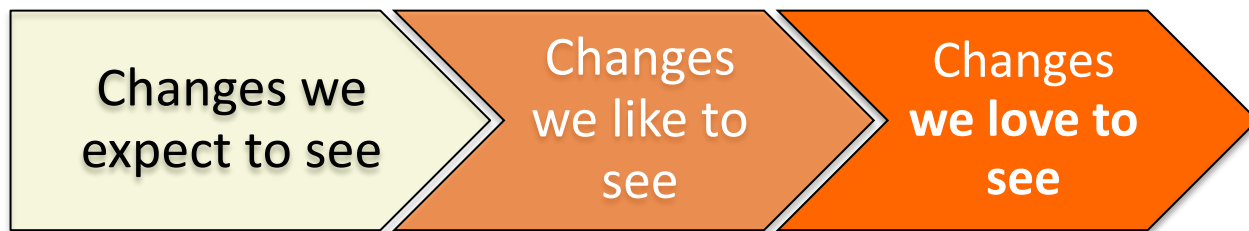
We want to determine progress markers, indicators, or milestones (in terms of behavioral change) that we can expect (and observe) that would show that we are moving towards achieving the outcome. In this project, examples of progress markers might include:

Immediate Outcomes (Expect to See):
- Attending self-help groups
- Participating when abuse is discussed

Intermediate Outcomes (Like to see)
- Educating self about combating domestic violence
- Setting agenda for taking collective action

Long-term outcomes (Love to See)
- Taking action to protect self
- Lobbying policy to change enforcement practices

Means of Verification

Means of verification tell us **how and where to obtain** the data necessary to prove that the changes defined by each indicator have been reached. In determining what means of verification to use, we will want to consider the cost, timing (when to verify), and how to collect the data. Data collection methods will vary for different projects. Official statistics can be very useful, if the statistics are reliable. It is important to be aware of where good statistics can be found. Opinion polls and expert assessments may describe the basis for their data collection and analysis, which would give us more faith in using their statistics. We can also use our own questionnaires, evaluations, or interviews to find out what people or participants think or how their behavior has changed.

Examples of data-collection methods:
- Analyze official statistics
- Opinion polls

- Expert assessments
- Pre- and post-intervention surveys of participants
- Training evaluations
- Customer satisfaction questionnaires
- Qualitative interviews
- Focus groups
- Survey data sources: data collected as part of sample surveys or using structured questionnaire approaches.
- Event-based studies

It may sometimes be difficult to measure change that results from advocacy campaigns or networking. However, we may be able to do this by observing the levels of engagement in groups such as on Facebook, or we may ask people about their level of engagement and whether it is useful to them. If we want to measure the impact of a campaign, we need to know who the audience is. In villages, for example, if we want to know that violence against women has decreased, one way to measure that would be to ask the women if their experience of violence is less; we could also survey community members to see if they have changed their opinions or if they have observed changes in regard to violence against women.

It's also important to remember that we need to be realistic about attribution. It is not always the case that we can take full responsibility for a change that has taken place. We need to be aware and analyze when we reflect on the data, to determine whether we only *contributed* to the change or whether the change can be *solely attributed* to our work. It's important to be honest and transparent about contribution vs. attribution.

Baseline Data

Baseline is a reference point to measure departure from. It is an assessment of an actual situation *before* the intervention or project activities are implemented. It is a prerequisite – we need to know the baseline if we want to determine if change has occurred because of our intervention.

Example of Baseline Data

Outcome	Performance Indicator of Outcome	Baseline
The nation's girls and boys have improved access to pre-school programs	1. % of eligible urban girls and boys enrolled	1. 75% of urban boys and 70% of girls in 2015
	2. % of eligible rural girls and boys enrolled	2. 40% of rural boys and 30% of rural girls in 2015
	3. % of girls and boys with disabilities enrolled	3. 2% of boys and 1% of girls with disabilities in 2015

Baseline data can be broken down in many ways – the more specific our baseline data are, the more specific our indicators and outcomes can be. For this example, a better outcome would be that more boys and girls are attending preschool, rather than simply their having improved access. Having more specific baseline data gives us better ability to design and achieve specific outcomes.

Assumptions and Risks

We can also use our results framework to describe and manage risks. We work in complicated environments, so we need to be aware of the risks in order to mitigate and reduce them. In linking risks to results, we need to:

- Identify, analyze, and mitigate risks that might interfere with the implementation of our expected results
- Systematically analyze, document, and follow-up on risks

The important point here is that we often cannot avoid risks, but we need to be aware of possible risks and manage accordingly!

Steps in Risk Management

1. Identify and analyze risks
2. Assess the risks (probability and consequence)
3. Decide on risk mitigation or whether to accept the risks
4. Update the risk analysis over time as part of performance monitoring

Results Chain and Development Risks

T i m e →
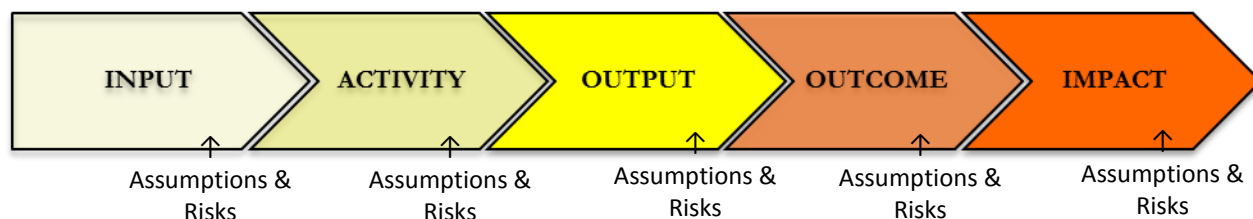
Once we identify and analyze the risks, we can decide on counter-measures or risk mitigation:

1. Accept the risk (take no action)
2. Reduce the risk (reduce the probability or consequences)
3. Share the risk (are there other actors to share with?)
4. Eliminate the risk (avoid these activities)

Group Exercise

If you have time, you can set a Group Exercise by asking the training participants to organize into different groups and have each group take one actor or demographic (women, youth, rural women, etc.) and define an outcome that we would want to see with this individual or demographic group. If they select a demographic group, they can be very explicit about what they want to achieve with each. An example might be: Rural women who are experiencing domestic violence are empowered to take action against their abuse. The outcome statement should describe the behavior that is the goal of what we would want to see.

Questions and Answers

Take a moment to review the learning objectives with the participants. Do you have any outstanding questions or comments to share with the group? Was there anything you hoped to discuss but didn't get a chance to?

If you have time and the ability to do so, you can set a "Final Assignment," to be worked on and finished on the last day of the training; the facilitator then can review each assignment and the full group can discuss them. If time does not permit, participants may complete the assignment after the training is finished and send the assignments to the facilitator for review and comments.

Final Assignment

Ask participants to form themselves into groups of 3 to 4 individuals. Each group will develop a Results Framework for a project/program that includes a results chain and means for monitoring, using the information shared during the sessions. The facilitator can review each Results Framework submitted and give feedback to each group.

The Results Framework may take the form of an illustration, matrix, or other format that the participants feel makes an explicit presentation of their Theory of Change.

Resource material to guide the process includes:
- Presentation from the training
- Transcripts
- Examples of results frameworks
- Results matrix template (ask participants to develop a format that suits their project)
- RBM Handbook on developing results chains
- www.theoryofchange.org and www.outcomemapping.org
- Indevelop results chain definitions

Additional Reading
- RBM Handbook on developing results chains
- www.theoryofchange.org and www.outcomemapping.org

Conclusion

To determine the effectiveness of the activities we all work so diligently to implement, it is important to monitor and evaluate them based on stated criteria. To do that, we need a framework. We hope that the information presented in this toolkit will have enabled participants and organizations to gain an overall understanding of effective monitoring and evaluation and to build their confidence to be an active part of those processes. By utilizing the M&E processes in this toolkit, NGOs should be able to report more effectively to funders and secure increased funding for programs that promote women's human rights.

We hope you will share this information with your colleagues, co-workers, and others working in civil society, non-governmental, and community-based organizations in your networks.

Post-learning Evaluation

There will be a post-learning evaluation. You will receive a link to a survey after the session is over. Please take a few moments to complete this evaluation. Your feedback is important to improve WLP's future learning sessions.

"Dear Mr. Gandhi, We regret we cannot fund your proposal because the link between spinning cloth and the fall of the British Empire was not clear to us."

Written by *M. M. Rogers* and illustrated by *Ariv R. Faizal, Wahyu S., Ary W.S.*
Creative team for Search for Common Ground in Indonesia

Resources

For a good example of a "Theory of Change," view:
https://www.youtube.com/watch?v=YJSMa7AA3cU.

Other sites for Theory of Change include:
www.theoryofchange.org
www.outcomemapping.ca

See the user-friendly *RBM Handbook on Developing Results Chains: The Basics of RBM as Applied to 100 Project Examples*, Results-Based Management Division, Canadian International Development Agency, December 2000. The *RBM Handbook* provides readers with the basic concepts behind Results-Based Management (RBM), supported with 100 examples that will help readers better articulate what the projects, programs, or organizations hope to achieve.

Appendix I

Sample Results Framework

RESULTS FRAMEWORK[7]

"SEXUAL AND REPRODUCTIVE HEALTH, RIGHTS, AND HIV/AIDS AND GOVERNANCE" PROJECT

Vision: Equitable universal access to SRHR and HIV and AIDS services, including improved health and respect for human rights is enjoyed by women and girls in the Southern African region.

Result Levels	Progress Markers/Indicators	Means of Verification	Baseline	Target
Impact Objective: The capacity of **parliamentarians (MPs), especially women MPs**, is used to promote, intervene and advocate for comprehensive and essential sexual and reproductive health rights (SRHR), HIV, and AIDS services and impact on relevant current policy environment in their countries in order to ensure that it is supportive of human rights and sexual and reproductive rights.	**Immediate outcomes** *(expect to see)* • MPs understand SRHR, HIV, and AIDS issues • MPs understand the importance of SRHR, HIV, and AIDS integration and the rights approach • MPs recognize their role to advance the SRHR, HIV, and AIDS integration within a rights-based approach **Intermediate outcomes** *(like to see)* • MPs seek information (formally and informally) from national working group (state actors) • MPs seek information (formally and informally) from NGOs (non-state actors) • MPs engage with constituents on SRHR, HIV, and AIDS issues • MPs undertake oversight visits related to SRHR, HIV, and AIDS and governments **Long-term outcomes** *(love to see)*	# of MPs debating issues on SRHR # of media reports covering MPs discussing issues on SRHR # of inputs during bill reading and debate # of MPs requesting and quality of monthly reports from clerks # of MPs requesting and quality monthly reports # of constituent outreach reports # of MPs at Committee referring to policy brief data # of MPs making inputs	0% 0% 0% 0% 0% 0% 0% 0%	• 15% increase per year in each country • 5% increase in media coverage on SRHR per year • 50% by 2018 • 50% of MPs collaborate with partners for knowledge sharing • 20% of countries hold public hearings on SRHR by 2018 • 60% of NWPC MPs benefit from competent research on SRHR and ask questions • 70% of MPs give alternative inputs during bills and committee debates.

Result level	Progress Markers/Indicators	Means of Verification	Baseline	Target
	• MPs are using national evidence-based information to ask questions during "question time" • MPs are scrutinizing SRHR policies and legislation referred to parliamentary committees • MPs engage in informed policy and legislative debates on integrated SRHR, HIV, and AIDS issues • MPs raise motions on SRHR, HIV, and AIDS and governance issues	trained from project Committee and Hansard reports # of motions passed on SRHR, HIV, and AIDS	 0%	• 80% of MPs trained raise motions on SRHR etc.
Outcome: National Women's Parliamentary Caucus (NWPC) MPs demonstrate leadership and advocate for commitment of parliament to facilitate specific SRHR actions.	**Immediate outcomes** *(expect to see)* • 7 NWPCs are empowered to champion SRHR advocacy • NWPC accessing information on SRHR **Intermediate outcomes** *(like to see)* • NWPC using information accessed in parliamentary sessions, committees and Country constituents • 50% of NWPC MPs contribute to agendas on SRHR issues • 50% of NWPC MPs are participating in discussion forums on SRHR issues • NWPC MPs are vocal to the media about SRHR issues **Long-term outcomes** *(love to see)* • 50% of NWPC MPs lead a parliamentary session on SRHR issues • 20% of NWPC MPs lead a parliamentary session on sensitive SRHR issues	Country reports Media clips Record of requests Hansard (media monitoring service) Hansard Hansard Media clips Hansard Hansard	0% 0% 0% 0% 0% 0% 0% 0% 0%	7 NWPC MPs capacitated and empowered to champion advocacy Technical Information utilized to hold government to account NWPC MPs speak out to protect rights on communities NWPC members covered by media Debates by NWPC MPs visible on SRHR NWPC MPs lead parliamentary interventions at all levels

	• Raise SRHR issues and challenge misconception at parliamentary and political platforms.	Hansard	0%	NWPC MPs challenge rights violations in the house
Output: Training programs delivered in 7 countries	• # of trainings conducted • # of participants • # of materials distributed • # of advocacy issues agreed upon • # of modules used	• Training report • Attendance registers • Materials distributed • Strategic partnerships forged with partners • Modules produced	0% 0% 0% 0% 0%	28 trainings in four years per country

Appendix II

Theory of Change Samples

Model 1: The WLP Model of Change for the *Leading to Choices* Program

Model 2: WLP's Theory of Change

WOMEN'S LEARNING PARTNERSHIP
FOR RIGHTS, DEVELOPMENT, AND PEACE

Theory of Change

Mission	Approach	Inputs	Outputs	Outcomes (by boundary partner)	Vision/Result
• To transform power relations and promote justice, equality, peace and sustainable development by strengthening the feminist movement	• Promote and sustain leadership that is participatory, inclusive, horizontal, and replicable	• Shared values: Gender equality, human rights, collective and consensus-based action, and respect for diversity • Shared mechanisms, and concepts • Exchange of experiences, strategies, skills • Mobilization of resources	• **Curriculum and Resource Development:** Published, multimedia, and web-based resources • **Training:** Grassroots, national, regional, and international workshops, training of trainers institutes, online trainings, and post-training evaluation and follow-up • **Advocacy:** Advocacy and campaign resources, actions, and outreach supporting local, regional, and international campaigns • **Capacity Building:** Peer-to-peer and South-South collaboration and exchange to strengthen knowledge sharing and solidarity	• **WLP20** replicate the WLP International methodology to implement and expand the programs nationally and/or regionally. • **Grassroots women and men** relate to each other on the basis of equality and respect, with equal sharing of power, resources and decision making. • **Youth** are actively engaged as citizens and practice and promote values of democracy and equality. • **Activists** advocate in favor of human rights of women. • **Affiliate CSOs** demand accountability for gender equality from social institutions. • **Policy makers** mainstream gender equality in public policies. • **Media** practice gender aware reporting. • **Donors'** decisions and practices are informed by grassroots perspectives on women's realities in the Global South. • **Scholars** communicate WLP's values, knowledge and methodology to their sphere of influence. • **International institutions** (e.g., the UN) hold governments accountable on the implementation of human rights and women's rights instruments.	• Democratic and peaceful societies that embrace pluralism and tolerance and are governed by gender-equitable norms, legislation, and policies that translate into equal rights and equal levels of participation and decision-making for women and men in the family, community, and politics.

Appendix III

Sample Risk Matrix

ARASA's Risk Management Plan

Impact /Overall Objective: Legal policy and social environment exists in southern and eastern Africa (18 countries) in which people living with HIV and TB and key populations most at risk access acceptable, affordable and quality SRHR, HIV and TB prevention treatment and care services

Result Level	Risks	Probability	Consequence	Risk value	Risk strategies
Outcome 1. Civil society on national level advocates for acceptable, accessible, affordable and quality SHRH, HIV and TB care and support services for people living with HIV and TB and key populations most at risk	Laws that criminalize behavior	4	2	6	Advocacy targeted at law makers
	Restrictions on operations of CSOs and freedom of expression	3	3	6	Advocacy targeted at law makers
	Lack of funding for partner CSOs	3	4	7	ARASA provides some direct funding, TA to CSOs on funding opportunities and proposals
	Partner CSOs fail to engage	2	4	6	Strategic selection of partner CSOs, providing incentives (award, access to small grants and TA)
	Partners fail to provide reports (narrative and financial)	3	3	6	Strengthened contractual agreements, TA on reporting and programming, disbursements, linked to progress Minimizing opportunity for corruption by disbursements, contractual agreements, financials are audited in ARASA books
	Corruption within partner CSOs	1	3	4	
Intermediary Outcome: ARASA member CSOs have improved capacity to advocate and strengthen capacities of other CSOs	Inappropriate recruitment and high staff turn over	2	1	3	Accept risk
	Inappropriate participants from CSOs attend training	1	3	4	Strenuous selection process revised regularly
1.1 **Output:** ToT program delivered					
1.2 **Output** Internship implemented					

1.3 Output Small grants disbursed					
1.4 Output Training and advocacy materials developed					
1.5 Output Advocacy campaigns supported					
1.6 Output Online courses delivered					
1.7 Output Funding and scholarship opportunities facilitated					
1.8 Output Networks facilitated					
1.9 Output Country programs implemented					
1.10 Output Research results disseminated					
Outcome 2. Service providers provide acceptable, accessible, affordable and quality SHRH, HIV and TB care and support services for people living with HIV and TB and key populations most at risk	Failing health care systems Laws and policies that criminalize behavior and prevent access to services	2 4	3 2	5 6	Advocacy targeted at governments Advocacy targeted at law makers
Outcome 3. Potential influencers engage in legal, policy and social change that promotes access to acceptable, affordable, quality health services; particularly for people living with HIV and TB and key populations at higher risk of HIV and TB	Non-receptive to influence Laws and policies that criminalize behavior and prevent access to services	2 4	4 2	6 6	Develop and strengthen relationships and capacity through partner CSOs Advocacy targeted at law makers
3.1 Output					

Training delivered (online and in-country)					
3.2 **Output** Training and advocacy materials disseminated					
3.3 **Output** Research results disseminated					
3.4 **Output** Technical assistance provided					
3.5 **Output** Networks facilitated					
3.6 **Output** Regional meetings facilitated					
3.7 **Output** Community dialogues facilitated					
3.8 **Output** Advocacy campaigns are spearheaded and supported					
Outcome 4. Policy makers (national, regional and international) enact laws and policies, or engage in law and policy reform, that enables a human rights based response to SRHR, HIV and TB, and supports access to acceptable, accessible, affordable, quality health services; particularly for	Non-receptive to influence High turn over	2 2	4 4	6 6	Develop and strengthen relationships and capacity through partner CSOs Accept risk
4.1 **Output** Representation/advocacy at strategic fora (national, regional, international)					
4.2 **Output** Workshops convened with policy makers					
4.3 **Output** Media statements and petitions developed					
4.4 **Output**					

Input on draft policies and laws provided					
4.5 **Output** Advocacy campaigns spearheaded and supported					

Capacity Building Toolkit:
Grant Management from A to Z

Facilitator's Edition
Writing Proposals and Reports to Funders

WLP WOMEN'S LEARNING PARTNERSHIP

FOR RIGHTS, DEVELOPMENT, AND PEACE

Capacity Building Toolkit:
Grant Management from A to Z

Facilitator's Edition

Writing Proposals and Reports to Funders

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Acknowledgements

Who We Are

Women's Learning Partnership for Rights, Development and Peace (WLP):
A partnership of 20 autonomous organizations, Women's Learning Partnership (WLP) trains and supports women in the Global South, primarily in Muslim-majority countries, to become leaders and advocates for a just, peaceful world. WLP creates culture-specific leadership trainings on democratic participation, and it partners with local organizations to help women gain the skills they need to fulfill greater leadership roles at the family, community and national levels. Over the past decade, WLP has developed curricula and education resources that encourage women's leadership and rights, and bolster their capacities as agents for change toward the establishment of free, fair, and democratic societies. In 2001, WLP published *Leading to Choices*, a leadership training manual for women with a special focus on women in Muslim-majority societies. By 2010, *Leading to Choices* had been translated into 20 languages and adapted for dozens of different cultural contexts. To date, WLP's programs and training materials have reached tens of thousands of women and men in over 40 countries, strengthening local organizations to become self-sustaining and empowering women's movements around the globe.

Preface

WLP is actively working to take advantage of online tools and platforms to assist women's rights organizations and to broaden and deepen connections with activists around the world. Access to technology and increasing infrastructure is allowing more individuals and organizations from even remote and isolated areas to gain knowledge, build constituencies, raise awareness, and mobilize around democratic movements. In this new digital environment, it is critical that WLP utilizes online platforms and tools to provide activists and civil society actors with accurate information, resources, and opportunities to connect and build their capacities.

To that end, WLP is developing a robust online learning program that incorporates an Online Learning Portal, *ABAN*, to facilitate online workshops and other activities to build the capacities of partners and young people to learn, exchange, and enhance their skills to be prepared to fully participate in online and offline democracy building and civil society exchange.

In January 2014 and June 2014, WLP held online *ABAN* trainings on report writing and proposal writing, which form the basis for this toolkit. These sessions were part of a series of online capacity building trainings focused on enabling participants to learn concrete skills that they can utilize to make their organizations and their work more sustainable and impactful in the long term.

Introduction

Securing diverse and sustainable funding is a necessity for virtually every non-profit or non-governmental organization (NGO). Without funding, organizations cannot carry out their programs, deliver services, demonstrate the results of their work, or achieve their missions. But to secure the funding needed to implement any project, a manager needs to make sure that each person on her team has the knowledge and skills to contribute to the grant proposal writing *and* grant reporting processes.

Preparing a strong proposal takes an enormous amount of effort, and developing a strong, compelling narrative must include input from the organization's program staff, financial staff, and leadership, among others. However, writing the proposal is just the first step. To secure multi-year or repeat grants—which are critical to ensuring long-term programmatic and organizational sustainability—how you report back to funders is critical. Again, it takes not only a team effort to ensure that funds are spent wisely, efficiently, and with the greatest impact, it also takes input from almost everyone in the organization to help communicate to the funder that they have made a wise investment in your organization and that the investment is producing the strong returns that the funder wants to see.

We hope this toolkit will help organizations create a culture of learning, sharing, and ownership over the entire grants management process.

Purpose and Structure

Purpose

The purpose of this toolkit is to provide readers or online training session participants with tools that enable them to gain an overall understanding of effective grants management—from writing strong proposals to managing relationships and ongoing communications with funders to writing accurate reports—and to build their confidence to be an active part of those processes.

Women's Learning Partnership developed this toolkit to enable our partner, affiliate, and other non-governmental organizations around the world to write compelling and engaging grant proposals and reports to funders and to establish ongoing dynamic relationships with their funders, with the goal of securing increased funding for programs that promote women's human rights.

Structure of the Toolkit

The toolkit is divided into two main sections: Writing Proposals and Writing Reports. Within these sections, various sessions focus on the components needed to accomplish this: researching and identifying potential funders, strategizing the approach, gathering needed information, and writing the proposal; and writing the report. We emphasize throughout the importance of building a strong relationship with the funder's program officer—a relationship built on openness, honesty, transparency, and respect. In this way, the *relationships* aspect of grants management is mainstreamed throughout this training. The Resources section includes examples of core concepts mentioned in the toolkit, as well as additional materials.

Grants Management Training Sessions Overview

The training material in this toolkit has been prepared to accompany a series of online training sessions. This information in this toolkit was designed to be delivered over three-to-four, two-hour online training sessions, divided into two primary sections:

- Section one focuses on the components for writing strong and compelling proposals.
- Section two focuses on the components for writing accurate and engaging reports.

Section 1: Writing Proposals

Introduction

Fundamentals

The following principles are basic to all fund development activities, not just proposal or report writing:

- **All fundraising is based on relationships**. One of the ways we strengthen that relationship is through writing compelling proposals that directly target a funder's goals and priorities. The letter of inquiry or proposal may be the funder's <u>first impression</u> of you and your organization – and first impressions are important!

- **Put yourself in the mindset of the funder** and keep in mind what's important to <u>them</u>, more than what's important to you – after all, <u>they</u> will be making the decisions about whether to fund your request.

- **Preparation is key!** Writing reports and proposals is like planning a conference – 90% of the work is in the preparation; 10% is the actual conference. <u>Most unsuccessful proposals fail because of lack of preparation</u>.

- **Putting together a successful proposal is the responsibility of *everyone* in your organization**. If we want our work to move forward, we need everyone's help – so make sure that others in your organization know the specific or types of information you need from them and when you need it. The best proposals—and reports—will be those that result from a *participatory* process: when everyone on the team has a clear understanding of what the organization promises to deliver and can contribute to the proposal and then deliver and report on the funded activities.

Terminology

It is important to understand the terminology that follows because:

- Funders use these terms and expect us to understand and use them;
- They help us structure or provide a framework for our proposals and work.

Note that different funders may use these terms in overlapping or different ways (e.g., some funders may use "goals" or "outcomes" to mean "impact"; others may use "impact" interchangeably with "results"). If you are unsure of how a particular funder is using a specific term, it may be appropriate to ask them for clarification. This can also be an important step in the relationship-building process (more on that later!).

General Terms

ACTIVITIES are what you plan to *do* to achieve the programmatic or project goals. Activities discuss actions, but not outcomes or impact. Activities could be "organize trainings" or "serve breakfast to school children" or "produce a training manual."

CASE STATEMENT[1] is a document that marshals, or gathers together, the facts and makes a compelling statement of need for your organization or program, as well as how you will address the need. It includes the organization's or program's projected activities, outputs, outcomes, timeline, budget, and other information. Gathering all the information you need *before* you need it will enable you to write more and better proposals and to respond quickly to funders' Requests for Proposals.

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[1] Please see Session III and the Resources section for more about case statements.

EVALUATION is the systemic assessment of the effectiveness and/or impact of an organization, program, or activity.[2] Evaluation generally takes place *after* a program or activity is completed. Evaluation is easier to do if you do a pre-program assessment (to gauge participants' attitudes or behaviors before the activity begins) and post-program assessment (to gauge the change in participants' attitudes or behaviors that resulted from the program).

LETTER OF INQUIRY (LOI) is a preliminary document (usually two pages at most) that funders often require before they will accept a full proposal. The LOI is *as* important or even *more* important than a proposal – if the LOI isn't compelling enough to engage and intrigue the funder, then they won't go on to the next step – requesting or accepting a full proposal from you.

MONITORING is the ongoing surveillance and review of program implementation and performance, usually tracking key inputs, activities, and outputs on a regular basis. Monitoring takes place while a program or activity is being implemented. Monitoring can also provide data that may be useful in evaluating the program's overall performance (see EVALUATION above).

REQUEST FOR PROPOSAL (RFP) is an indication that a funder is open to accepting proposals, usually for specified activities. The RFP can be an actual document that the funder distributes or just a short description on its website. Sometimes funders will issue an RFP with a very short timeframe (the U.S. government, for example, will sometimes issue an RFP with a deadline just a few weeks later), so gathering your project information ahead of time (in a Case Statement) is essential in being able to respond quickly with a winning proposal. In Europe, RFPs are sometimes called "Calls for Tenders."

Proposal- or Report-Specific Terms[3]

INPUTS are financial and other resources which the organization translates into specified activities.
To determine what these are, ask yourself questions such as: What staff will be involved in carrying out these activities? What funds or other resources will your organization commit to the project? What other organizations will be involved in carrying out the activities? What tools (manuals, films, etc.) will we need to implement the activities?

OBJECTIVES/STRATEGIES are what you will _do_ (activities/program) to achieve your outcomes and goals.
To determine what these are, ask yourself questions such as: What activities are we going to carry out (Publications? Trainings? Meetings? Other activities?)? What programs or activities will we implement and how?

GOALS are what you want to _achieve_ (not what you want to _do_ – those are _activities_) through the program or activity. Without a clear vision of what the program or project hopes to achieve, it will be difficult to clearly define the program's results.
To determine what these are, ask yourself questions such as: Why are we working on this problem? When this project is finished, what will success look like?

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[2] *Measuring Change: Monitoring and Evaluating Leadership Programs* (the WLP evaluation manual, available free online at www.learningpartnership.org) can be used to help you evaluate the impact of your program. *Measuring Change* is based on evaluation criteria that funders often require and uses their terminology (e.g., outputs, outcomes, monitoring, evaluation, Theory of Change, qualitative vs. quantitative analysis, etc.).
[3] Definitions of these terms are based on WLP's *Measuring Change*, United Nations Development Programme (UNDP), and other sources.

OUTPUTS are the *quantifiable*, easy-to-obtain, and immediate results, products, goods, or services of program activities, such as the number of people trained, number of training programs held, number of people the Training of Trainers Institute participants subsequently trained, number of films or manuals produced, number of people who viewed the films or used the manuals, etc.
To determine what these are, ask yourself questions such as: What do we or other stakeholders need to produce, provide, or deliver through the proposed project or program for us to achieve our short- to medium-term results? How many people do we project that we will involve or affect?

OUTCOMES[4] are *qualitative* changes that can be clearly or directly linked to a program. They normally relate to changes in institutional performance or in behavior among individuals or groups. An outcome is a behavioral change - changes in the practices, actions, and relationships of the people, groups and organizations (someone doing something different) because of your activity. Outcomes may also include terms such as <u>positive or immediate results</u> or <u>short- or medium-term results or impact</u>.
To determine what these are, ask yourself questions such as: What are the most immediate things we are trying to change (or that changed)? What are the changes that must happen before we can achieve our goals and have a long-term impact? What are the changes that happened because of the project outputs? What changed in the individuals' behavior that is directly related to the project? You can often get this information by surveying participants both before and after the activity.

RESULTS are the reaction to an activity or action. They are sometimes defined as "The output, outcome or impact (intended or unintended, positive and/or negative) of a development intervention."[5]
To determine what these are, ask yourself questions such as: What changed as a direct result of our activity?

IMPACT is the longer-term change that happened because of the program or activity. Impacts generally capture more permanent changes in people's lives. Impact is often defined as a sustainable change after the activity or intervention is over (a *change in society*). Impact may also include terms such as <u>long-term outcomes or results</u>. Impacts are normally formulated to communicate <u>substantial and direct changes</u> in these conditions over the long term – such as reduction in poverty or improvements in people's health and welfare, environmental conditions, political participation, or governance. Impact is generally a describable or measurable development change resulting from a cause-and-effect relationship.
To determine what these are, ask yourself questions such as: What is the longer-term change we envision that is a direct result of our activity? How have people's lives changed or improved because of our program?

<u>An example of these terms is how we look at breakfast</u>:
- Good bread and cheese are **inputs.**
- Taking breakfast is an **activity / process.**
- One stomach filled up is **output.**
- Sufficient calorie intake is **outcome**.
- Sufficient energy to do your daily work is **impact.**

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[4] See the Resources section for related articles on measuring outcomes.
[5] See Organisation for Economic Co-operation and Development, *Glossary of Key Terms in Evaluation and Results Based Management,* http://www.oecd.org/development/peer-reviews/2754804.pdf for additional definitions of this and other related terms.

For a WLP Training of Trainers Institute, this would be:

- Trainers, a venue, and training resources (manuals, films, and other tools) would be **inputs**.
- The training would be the **activity**.
- Fifteen women qualified to act as trainers to others would be the **output**.
- Those trainers conducting subsequent trainings for other organizations and women who then engage as active citizens, assume leadership in their communities, increase their political participation, and become activists committed to strengthening women's rights would be an **outcome**.
- Changes or reforms in national laws to strengthen women's rights would be **impacts**.

This "Results Chain"[6] shows the relationship of some of the terms above:

INPUT	ACTIVITY	OUTPUT	OUTCOME	IMPACT
Financial, human, and material resources	Actions taken or work performed	Results from the activity or intervention, such as products, capital goods, and services	Likely or achieved short- and medium-term effects	Long-term effects

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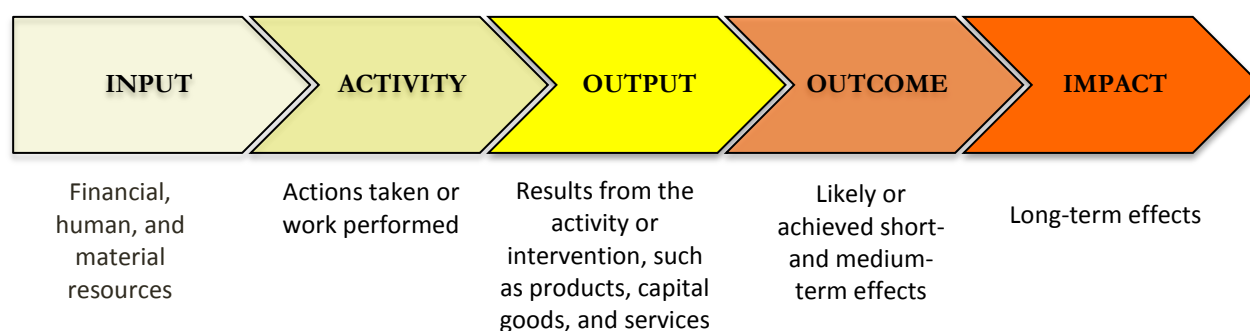
[6] We are grateful to Jessica Rothman of Indevelop for the use of this illustration.

The terms can also be illustrated in the following:
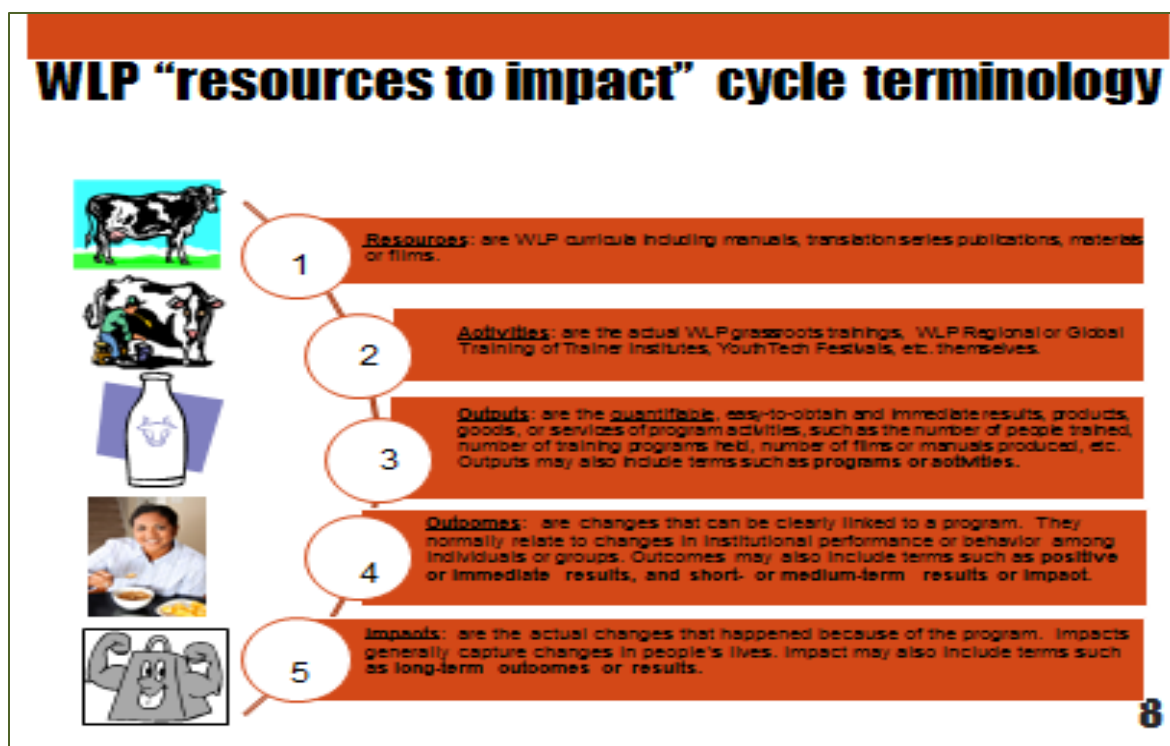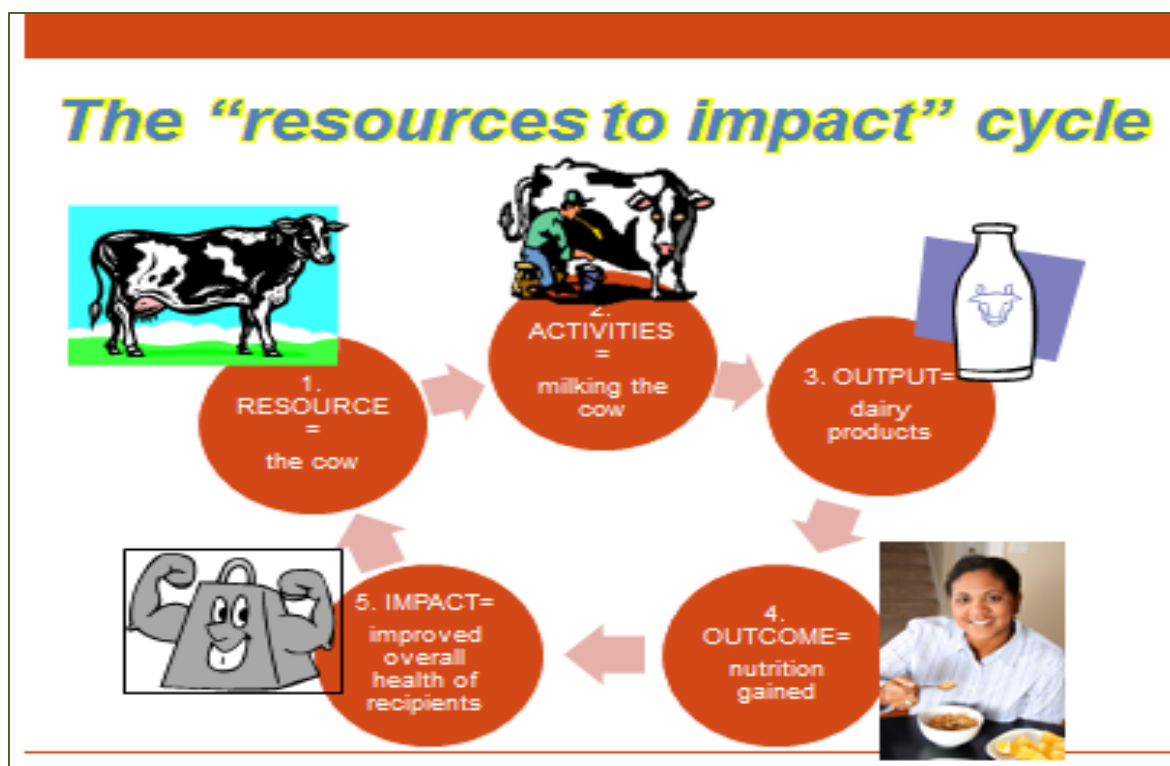
Section 1 - Session I: Identifying and Researching Funders

"Luck is what happens when preparation meets opportunity."

Seneca
Roman philosopher and politician

Session I: Identifying and Researching Funders7

Outline
> ➢ How do we identify potential funders?
> ➢ What are some good tools for researching prospects?
> ➢ Q&A Session

Introduction
Finding funding partners is critical to obtaining ongoing financial support to sustain your programs. But how do you find prospective funders? How do you know if they will fund your work? Where are the best places to find information about the hundreds—if not thousands—of foundations that fund programs all over the world?

In this session, we'll provide an overview of some of the most commonly used tools and resources to help you identify prospective funding partners.

Learning Objectives
- To learn about where and how to research prospective funders
- To become familiar with some of the most commonly used research tools
- To learn about other ways to connect with funders—online and offline

Notes, Remarks/Reminders for the Facilitator
- Greet and welcome the participants and training support team. It is a good idea to chat or converse with participants before the training session begins: this allows participants to continue to get comfortable with the technology, eliminates 'dead air' and allows you to address any outstanding questions that participants may have before launching into the next session. Also consider starting with an ice-breaker activity. This can help participants feel at ease and also smooth the start of the session while some participants are either logging in late or addressing technical issues.
- Remind participants this is a safe and open forum for everybody and invite/encourage them to participate by asking questions, sharing experiences, etc.
- Ask questions as you go along, to make sure the concepts are understood.

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[7] Please note that this toolkit focuses mainly on researching and identifying U.S.-based (though not necessarily U.S.-focused) private and public foundations as well as governmental or NGO agencies, not corporate foundations or corporate giving entities, although many of the toolkit's concepts may apply to corporations as well. For information about corporate donations, you can use NOZA (https://www.nozasearch.com/), a fee-based subscription service with a searchable database on corporations and their giving. For information about grants available through the EU, go to http://ec.europa.eu/contracts_grants/index_en.htm.

- Take pauses and breaks often, to make sure participants are following along and not falling behind, and to give space for participants' questions, comments, and experiences they may want to share.
- Provide examples whenever possible. It may be helpful to use a Share Screen tool in the online learning platform and walk participants through some of the basics of the sites you are reviewing for this session. Alternatively, you might share the URL with participants using the Chat function, encourage everyone to navigate to the site together, and walk people through the site virtually.

Online Research

Aside from doing a basic Google search for funders whose name you know or that you know are giving to organizations like yours or in your geographic area, there are several online databases you can use to identify and research funders that are making grants to non-profit organizations like yours.

The Foundation Center (http://foundationcenter.org/) has an online database of public and private foundations in the U.S., as well as many other useful resources for fundraising and proposal writing. If you know the name of the foundation you are interested in, you can research basic information (the foundation's address, contact information, website, assets, total giving, links to their IRS filings,[8] background, purpose, and fields of interest) without charge (look for their "Funder Data: Foundation Directory Online *FREE*" heading).

The Foundation Center has a tutorial (http://foundationcenter.org/getstarted/newvisitors/) that will guide you in using its website, if you are unfamiliar with how it works.

If you don't know the names of the foundations you might be interested in (that is – if you want to discover additional foundations that might support your organization), or if you want more detailed information about any foundation, you can access this through the Foundation Center's paid service (https://fconline.foundationcenter.org/). For most purposes, using their Plus $29.95 or Premium $59.95 level[9] will be sufficient, and you can usually do all the research you need to do within one month (so that you can sign up for a one-month plan, not annual). These levels will give you access to their grants database and grant recipient information, so that you can identify and then research foundations in several ways, by: geographic giving (to find foundations that make grants in your country or city), type of grant (capital, operating, program), interest area (e.g., human rights, health and human services, democracy, etc.),[10] or target groups (e.g., women, minorities, youth, etc.). At these paid levels you can also access information about grants received by other organizations that are similar to yours (e.g., by geography, interest area, the organization's name, etc.).

However, you can access the Foundation Center's online database for free, if you visit one of their Funding Information Network locations (http://grantspace.org/find-us). Most of these locations are around the U.S., but they do have some international locations.

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[8] The organization's annual IRS filings (commonly called the 990 or 990-PF form) provide useful information about the foundation, including address, contact information, assets, total giving, a list of every grant given that year, board members, and often their guidelines and other pertinent information.
[9] Foundation Center prices, July 2014. Their highest subscription level (Professional, at $179.95 per month) will allow you additional access to corporate giving information.
[10] See the Resources section for a sample Foundation Center report based on a search by Interest Area.

The Foundation Center also has a new feature, Glass Pockets (http://glasspockets.org/glasspockets-gallery/who-has-glass-pockets) which has profiles, links to, and grants lists from some of the largest U.S. foundations (including ones that support international NGOs).

Guidestar (http://www.guidestar.org/) has free and paid sections of its website, like the Foundation Center. The free section requires you to create an account, which allows you to then access information about foundations by name or location. Their Premium service provides greater search, analysis, and aggregation tools; however, you can access similar information through the Foundation Center at a lower per-month cost.

GrantStation (https://www.grantstation.com/) also has free and paid sections of its website. For no fee, you can subscribe to their monthly newsletter, the *GrantStation International Insider*, which has grant announcements for NGO and nonprofit organizations working internationally. If you become a paid member, you can access additional services, such as searching their database and grantmakers' profiles, as well as attending online grants-related webinars.

The U.S. Internal Revenue Service (IRS) (http://www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Select-Check) provides a database of IRS filings from most U.S. charitable foundations. As with the Foundation Center's free database, searching on this database requires that you know the name or location of the foundation for which you want information.

Grants.gov (http://www.grants.gov/web/grants/home.html) is the U.S. government's database of its current RFPs. You can use this site to search by the date the opportunity opened, categories (e.g., health, community development, etc.), agency (e.g., Department of State, USAID, etc.), or eligibility (e.g., non-profit organizations, for-profit organizations, higher education, etc.).

Unfortunately, there is no tutorial to show you how to use the grants.gov site, but their "Search Grants" tab (http://www.grants.gov/web/grants/search-grants.html) is relatively simple to use.

A few words of caution:
- If you want to apply for a grant from the U.S. government, you will need to register on grants.gov first. The registration process can be complicated and take weeks, so complete this registration early, well before the deadline date.[11]
- If you decide to submit a proposal via grants.gov (which is the main way to apply for a grant from the U.S. government), it's a good idea to upload your information and required documents *at least* one day prior to the deadline. The site has been known to crash, and if your application finishes uploading even one minute past the deadline, the site will not accept it.
- If you have not previously received a grant from the U.S. government, you should be aware that you will have to spend a significant amount of effort and time in record-keeping and reporting, should you receive a grant. You may want to include in the budget funds for a consultant or a part-time person to help you meet the grant's reporting requirements.

USAID (http://www.usaid.gov/partnerships) also lists its current RFPs and funding opportunities on its website.

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[11] See the afpnet.org articles in the Resources section for detailed information about registering for U.S. government grants.

Michigan State University's online list of international and foreign grant makers (http://staff.lib.msu.edu/harris23/grants/privint.htm) provides links to a significant number of governmental agencies, corporations, and foundations that make grants internationally (although some of the links are out-of-date).

Other Organizations

You can check the websites or publications of other similar organizations in your country or region to see if they state who is funding them. Again, if you subscribe to one of the Foundation Center's levels of paid service, you can search the Center's grants database and grant recipient information (search by the other organizations' names) to determine which foundations are giving to organizations similar to yours.

Another way to do this is to search through the Annual Reports of organizations that may be similar to yours (in geographic or thematic focus) or organizations that may be 'competitors.' Annual reports often list an organization's financial and in-kind supporters, sometimes even listed by program.

Networking

Often networking with others who work for organizations that are similar to yours is helpful, if they are willing to share information. Also, going to conferences and other events can give you the opportunity to meet with staff from other similar organizations and find out which funders are supporting them or interested in your organization's priorities.

As Pallavi Gupta of Asmita Resource Centre for Women[12] noted,[13] discussing potential collaborations with other organizations is also a good way to achieve your objectives efficiently as well as to introduce your organization to new funders.

Social Media

If you know the name of the funder you are interested in, you can follow them on social media, so you can see what they are interested in by taking special note of their updates, events, and other activities and information they share. The funder may also use social media to announce its upcoming priorities or alert followers to changes in its grantmaking, new grant opportunities, RFPs, etc.

Using your own organization's social media pages to post information about an innovative program you are doing is a good way to provide ongoing updates about your work and impact to any current funders that may be following you, as well as pique the interest of potential funders. For example, when WLP staff posted information about an upcoming online training on the *ABAN* Facebook page, WLP was contacted by a potential funder! Srinidhi Raghavan[14] of Asmita Resource Centre for Women also noted that they have been able to find prospective partners through interactions on Twitter and retweeting (RTing) the information relevant to both organizations. Don't forget that posting videos of the impact of your work on YouTube is a great way to show funders the results of their support, thank them for their grant, and reach new potential supporters.

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[12] Asmita Resource Centre for Women, an NGO based in Securandabad, India, is a frequent partner of Women's Learning Partnership.
[13] Comments made during *Writing Grant Proposals,* WLP Online Training, June 2014.
[14] Comments made during *Writing Grant Proposals,* WLP Online Training, June 2014.

Tracking
Once you have researched possible funders and prioritized them (based on how well your organization and/or project fit their guidelines), it's helpful to create a database using Excel or some other searchable software to document what grants you want to apply for, the results of the application, the deadline, and other factors that may be relevant.

Questions and Answers
Take a moment to review the learning objectives with the facilitator and other participants. Do you have any outstanding questions or comments to share with the group?

Additional Reading
On your own, take some time to review the websites we discussed in this session as well as those in the Resources section. Look at Appendix 6 for a sample of results from a Foundation Center search. If you have suggestions for other resources, share them with the group.

Section 1 - Session II: Strategizing

Session II: Strategizing

Outline
➢ What goes into your strategy?
➢ Looking at funder priorities and your programs
➢ Mission drift

Introduction
Now that you've identified some potential funders, how do you gain their support? It's time to take all that information you learned about them when doing your research and put it to work. This session will help you understand how to create a strategy for approaching a prospective—or existing—funder that will ensure that your programs are aligned with the priorities of the funder you are targeting. You will also understand how much to reasonably ask for, and when you might actually want to say *no* to a potential funder.

Learning Objectives
• Creating a strategy for reaching out to a funding prospect
• Understanding what funders *say* they fund, and how to find out what they *actually* fund
• Understanding programmatic alignment
• Determining how much support to ask for, and for which program or activity
• Knowing the difference between finding a strategic funding partner to support your programs vs. changing your programs just to secure a new funding partner

Notes, Remarks/Reminders for the Facilitator
• Start by encouraging participants to share any outstanding questions or comments from the previous session
• You may wish to start things off with an ice-breaker, to continue to encourage the participants to become comfortable sharing with each other
• Present the topic of the learning session
• Encourage participants to take part by asking questions, sharing experiences, etc.
• Ask questions as you go along, to make sure the main concepts are understood
• Provide examples and encourage discussion whenever possible.
• For this session, you may want to identify one or two funders in advance, go through their websites and other online resources (such as their annual report), discuss what each funder states as its priorities, and look at what their funding trends have been
• Engage the participants. If you choose to look at specific funders, you might want to poll the participants to see if they think that their programs are aligned with the funders you have chosen. You can lead an interactive discussion about why—and perhaps why not.

Strategizing for Success
The next step in proposal writing is *strategizing*. Take the information you gathered through researching the funder's website, annual report, IRS filings, social media, and other data to determine the funder's guidelines, restrictions, and priorities:

• What does the funder <u>say</u> they fund? *This may be different from what they actually <u>do fund.</u>*

- o   What types of support (operating,[15] program, capital, equipment) do they make grants for?
- o   What themes or topics (combatting violence against women, promoting women's political or economic empowerment, democracy, etc.) do they say they are interested in?

- What do they _actually_ fund? *Look at the grants they have they made over the last few years to determine this.*

- What are their typical grant amounts and how many grants do they give out each year? *This tells you how much you might want to ask for and also the likelihood of receiving a grant – if they give out only a very few, very large grants each year, you will need to make a strong connection with them before applying.*

- Are most of their grants to a few large organizations or are they to several smaller grassroots organizations? *That tells you if your organization is the type of grantee they usually fund.*

- What are the funder's priorities? *Targeting the root causes of problems? Direct grassroots services? Research? High-level policy changes?*

- How do the funder's themes and priorities align with those of your organization or with what you want to propose to the funder? *Remember – what's most important in matching these is _what the funder wants to fund_, not what you need funding for, since the funder is the one making the decision.*

Before proceeding, ask yourself the following questions:
- How does your proposal align with the type of projects that the funder says it wants to fund or has been funding?
- Does what you want to propose fall within the funder's geographical and other limitations?
- Does your proposal fit within the funder's mission and prior grant practices?
- What are the funder's timeline and deadlines?

Use what you learned from your research and your answers to all of the above questions to **strategize** and decide on which of your priority projects most closely connects with the funder's priorities, how to approach the funder (via e-mail, online, letter, personal, phone call, board connection, shared social media connections), for what amount, and when.

One last caveat – make sure that the project you propose is a priority for your organization. Beware of *mission drift* – of applying for a grant simply because the RFP opportunity is there, even though the project may not really align with your organization's mission or priorities. It's best to submit proposals for programs that align naturally with the prospective funder's priorities—NOT to change your programs or your organization's mission just to make them more attractive to a funder.

Questions and Answers
Take a moment to review the learning objectives with the facilitator and other participants. Do you have any outstanding questions or comments to share with the group?

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[15] It's almost always easier to get funds to support a program than it is to get funds to support an organization's general operating (or "core") expenses. Very often funders will only make grants for operating expenses if they know your organization well and have good reason to believe you will do what you say you will do.

Additional Reading
On your own, take some time to review the websites of some potential or current funders for your organization, as well as some of the websites and publications in the Resources section. Review funders' annual reports and other materials. Get a sense as to what they are likely to fund and how your programs fit in with their priorities and funding history.

Section 1 - Session III: Writing Compelling, Professional, Informative & Transparent Proposals

Session III: Writing Compelling, Professional, Informative & Transparent Proposals

Outline
➢ Determining what information you need to include in the proposal
➢ Elements of a compelling case statement
➢ Planning and organization
➢ Pulling all the components together

Introduction
Once you've identified a potential funder and you have a strategy for what you'd like to propose to them, now comes the hard part. How do you pull all this information and strategy together into a compelling proposal? In this session, we'll cover how to determine what you need to include in your proposal. After you decide that, you can begin to create a plan and proposal calendar. We'll also discuss how to talk about your programs in an honest but compelling way and using the funder's own language and terminology.

Learning Objectives
- To identify what organizational and programmatic information you need to include in your proposal, and what you *don't* need to include
- The components of a compelling case statement
- The importance of tailoring your proposal to each funder
- How to stay organized and create a plan and a calendar
- Understanding the funder's terminology and specifications, and writing your proposal to fit them
- The importance of using data, facts, and context
- What kinds of human stories to include
- Pulling it all together

Notes, Remarks/Reminders for the Facilitator
- Present the topic of the learning session.
- Encourage participants to take part by asking questions, sharing experiences, etc.
- Ask participants questions, to make sure the main concepts are understood.
- Provide examples whenever possible.

Gathering the Information Needed
As we mentioned above, it's helpful to have gathered the information you need to construct a Case Statement for your organization and for each of your organization's priority programs (and to update that information as needed). You may have already gathered all this information in a previous proposal that was very comprehensive. If you haven't done so already, then:

- Gather the information you need about your organization, priority project, accomplishments, or results (see below) – before you begin writing the proposal.

- Put this information into a "Case Statement" that you can modify as needed for each topic or project (and for future proposals).[16]

- Pull together a file (in both electronic and hard copy format) of standard attachments that funders may require (your organization's legal incorporation letter, current balance sheet, current fiscal year operating budget, most recent audited financial report, résumés of your executive director and project staff, Board of Directors list, list of major funders, strategic plan, list of current funders, annual report, etc.).

The **Case Statement** for your organization or priority project should include:

- Your organization's basic information (history, mission, scope, why it started, when it started).

- Why is this project (or your organization) important? **What critical community need does it meet?** Show that you have researched the need or issue you will be addressing and that your organization is an issue expert in this area.

> "Foundations are not in the business of giving away money. They are funding partners, investors, and venture capitalists supporting projects that have a high potential to pay off and have the greatest impact on society."
> M. J. Murdock Charitable Trust
> *Great Giving*

- How will your organization or the project **directly address** the important community need?

- Whom will your organization or this project benefit or serve? What types of groups (include *demographics* – women/men, rural/urban, youth/adults, minorities)?

- How many people will your organization or the project benefit or serve? *(Outputs)*

- How do you plan to implement the project? *(Strategies or Activities)*

- Have those who will be affected had any input into the project design? *(How inclusive has your organization been in designing the intervention?)*

- What is your organization's or the proposed project's goal?

- What will a grant from this funder enable you to do? Focus on what the project will ***accomplish*** *(Outcomes).* What change are you looking to accomplish with this grant or project?

- Are there others in your community providing similar services or programs? If so, how is your organization different? How are you collaborating with others?

- Why is your organization the best one to carry out this project?

- How do your organization's results compare with those of others?

- Is this program new or has it been going on for some time? If it has happened in the past, how has it been funded before this?

- How will your organization, this work, or the project be sustained *after* this grant is finished? Is the work replicable on a larger scale?

- How will you monitor, evaluate, and/or share your results? How do you plan to learn from this project and how will you use that knowledge?

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[16] See the Standard Information for a Case Statement and Writing Samples in the Resources section of this toolkit for additional information.

- Why you are applying to this particular funder for support for this project (*How does the project you propose help the funder meet its goals?*)?

- Fundraising Plan *(How do you plan to secure all the funds needed for this project?)*

- Donor Recognition Opportunities *(How will you recognize or acknowledge the funder's support?)*

- Project Timeline *(This could be a table with columns for Activity / Timeline / Responsibility.)*[17]

- Logic Model or Activity Plan[18]

- Project Budget[19] *(This should relate clearly to the activities described in the proposal and include all project-related costs, including reporting.)*

You may not need all this information for every proposal you write, but having it on hand, in an approved, written format will ensure that you can respond quickly to RFPs and that you can submit more and better prepared proposals.

One size does not fit all! It is important to remember, a Case Statement is not a "boilerplate" that you should simply submit to *all* funders. Successful proposals are ones that are tailored specifically to the requirements, interests, and priorities of each potential funder.

Writing the Proposal
Set up a calendar
- Put all the proposal deadlines on a calendar or Excel spreadsheet, work on the proposals well in advance, and submit them *before* they are due.[20]

Target the funder's themes and goals.
- Some funders are focused on themes, such as combatting violence against women or promoting democracy. When you write a proposal to them, you should talk about **your work that directly targets that theme**. **Show the funder** how your project will help them achieve *their* goals (be specific).

Follow the funder's specifications (e.g., on what to include, word or space limitations).
- Funders often specify requirements for length, format, margins, font size, etc. Increasingly funders are using online applications, which often have very restricted character space limitations.[21] You can use an online website (such as Character Count –

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[17] See Sample Project Timeline in the Resources section.

[18] See the link to Finland's Logical Framework Approach in the Resources section of this toolkit. The Logic Model usually asks you to define your Activities, Goals, Risks, and Assumptions. An Activity Plan can be a chart with columns headed: Activity, Goals, Outputs, Outcomes, and Impact. Different funders may use different types of assessment frameworks, so be sure that you understand what the funder is going to want when it comes to reporting and assessing results, impact, and planning.

[19] See WLP's *Capacity Building Toolkit: Budgeting and Financial Systems: Project and Organizational Budgeting Processes* by Maria del Carmen Sahonero, for more information about budgets.

[20] See the "How to Plan Backwards for Reporting" illustration in the next section; you can modify this easily for proposals.

[21] For online applications, it can be helpful to first download the funder's form into Word and answer all of the questions, then cut and paste your narrative or other information into the fields provided, after you have ensured that you have included the most important information yet kept within the space limitations. Using Word, you can

http://www.charactercountonline.com/) or if you are using Word, you can check the character count by going to File, Info, Properties, Advanced Properties, Statistics (or depending on what version of Word you are using, that information may be accessible via a button at the lower left of your screen.

- Some funders require information about outputs, analysis, and/or outcomes and specify *how* they want that information presented (e.g., in bullet points, narrative, etc.). Be sure you follow their directions or specifications.

Make it easy for the funder to see that you have responded to all their requirements and answered all their questions.

- Very often funders will stipulate information they require or questions that they want you to answer. A good way to show you have addressed all the points outlined in the funder's guidelines or proposal requirements is to list the funder's specifications and answer them one-by-one, point-by-point, in the order given (even include the question number, if available).[22]

If the RFP specifies that you include an Executive Summary, write a short description of the most important points in the proposal. Or if they ask you to include a cover letter, it should be a brief (one page) summary of the project's issues, content, and significance.

Marshal your facts.

- Show that you have researched the issue or need.
- Include both *outputs* and *outcomes*.
- **Highlight the "So what?" factor.** It's important to understand and describe the **_outcomes_** of your work. What does the project mean for women? For society? Short-term? Long-term? If you provided training to help women claim their political rights, *did the women in fact actually claim their political rights*? If so, how? Can you describe what they did, how they felt, what they saw? Ask the facilitators or participants – *Why* was this training important to your organization or to you? *How* did this program change your life?

> A participant in a recent WLP Afghanistan workshop described how, as a result of the workshop, she took action to support a neighbor – a young teacher whose husband's family would no longer allow her to leave the house: *"During this workshop I went to her house and I talked with her family and with her mother-in-law. I helped her gain permission and now she has returned to her work again and they are happy."*

Use the "4 Cs" in describing your organization and/or the project: Be clear, consistent, concise, and creative.

- Write your proposal in a way that's **strong, clear, concise,** and **easy to read.**
- Make a **very clear connection** between your action and the funder's goals. The proposal does not have to be long (in fact, shorter is usually better) – it needs to have **clarity** and **focus**.
- Include a statement that very **clearly shows** the funder, *"By doing these activities, we will help you achieve your goals."*
- **Less is more!** Funders do not judge your proposal based on weight. Be as concise as you can.

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easily check your character space count. Most online applications count the number of characters *with spaces* (including periods, indents, etc.) and will not let you upload more than the allowed number of characters – so watch your character count for online applications!

[22] See Writing Samples in the Resources section.

Make your project or need *compelling*.

<div style="float:right; border:1px solid black; padding:5px;">
"Now that I know there is a law for protection from domestic violence in Jordan, I will be able to defend myself and my sisters because we all experience violence at home and we don't tell anyone."

WLP Jordan/SIGI/J workshop participant
</div>

- **Provide a compelling, human story.**[23] Describe how "This woman lived in this situation before, here is how she changed (and why), and this is what she is doing now."
- **Include diverse voices.** Funders like to hear from people whose lives were affected by your work, so ask facilitators or your people in the field to report to you at least one story or anecdote after a workshop or other program activity (you can often just insert these in textboxes or include them as quotes). You can also include what is being said in the community (or in the news) about your organization.

Tell the truth. Don't exaggerate.

- **Be truthful about what you can and cannot do** – what you are strong or weak in, what help you might need, and what you can achieve. Assert your identity as an organization with an agenda and objective. Present your programs as a strong investment for the funder, and describe how the work you and your team will do will provide a good return on that investment (ROI). Avoid appearing desperate or insecure: you are seeking to *partner* with the funder, not begging from them.
- For outputs and outcomes, it's best to **under-promise** and **over-deliver**, so you can report to the funder that you had greater success than you projected (which is better than reporting that you didn't meet your goals!).

Use the funder's own language.

- For example, if the funder uses the **terminology** "gender-based violence" instead of "violence against women," use "gender-based violence" in your proposal or report. Look on their website or in their publications for the terminology the funder uses, and use it.
- **Don't use jargon** – don't expect the funder to know all the specialized terminology used in your field. Use only terms that an educated lay person will readily understand.
- **Don't use too many acronyms**. You can abbreviate your organization's name (e.g., WLP for Women's Learning Partnership) and use acronyms that are in common usage (e.g., NGO for non-governmental organization) after the first mention if you need to, but it's best not to expect the funder to follow and remember a substantial number of other acronyms. However, if the funder uses the acronym on their website or in their publications, then it's probably safe to use it in your proposal.

Be precise about details.

- **Secure the events in a specific place** – include the names of towns or villages, and describe the types of people who participated. Put your activities in context – for example, funders might want to know if participants might have to travel far to reach the trainings. You might not have space to include all this information in every proposal, but it may be helpful to include, when you do have space.
- For some programs, there may be security concerns around providing too many details. If your organization is working with vulnerable populations where there might be risks to participants'

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[23] WLP provides online trainings on topics including how to effectively communicate stories about your organization and its impact. You can learn more about upcoming online trainings by visiting WLP's Online Learning Platform, *ABAN*, at www.abanlearning.org.

or beneficiaries' safety or security, you can explain this to the funder and avoid providing details that may cause your constituents to feel unsafe.

Include relevant events and context.
- Put relevant activities into the context of what you are doing and what's happening overall: e.g., if you are holding a training during times of political turmoil, talk about how those conditions might affect your work or the outcomes of the training. For example, if your organization is based in Istanbul, funders might want to know that your office is two blocks from Taksim Square and how the demonstrations there affected your work.
- If you operate under some constraints – such as no electricity after working hours, which limits when you can hold trainings, or having to pass through numerous checkpoints to carry out a training in a rural area – include that information. This puts your work in context for funders; and although the conditions may be commonplace to you, the funder may have no idea of the difficulties you operate under.

Don't include or attach attachments that are not requested.
- For example, don't send a video about your organization just because you have a good one available.
- Do have your standard attachments (e.g., your organization's legal incorporation letter, current balance sheet, fiscal year operating budget, most recent audited report, résumés of your executive director and project staff, Board of Directors list, etc.) ready in case they are required.

If you have received a grant from this funder in the past, don't simply say the same thing again in this year's application, dropping in new statistics or examples.
- **Don't take the funder for granted.** Don't send them the same proposal each year, just substituting new numbers. Even if you are doing essentially the same things as last year, rewrite what you are submitting in a new and interesting way.
- Be responsive to what funders are looking for. Send them the message that you have thought about their priorities in terms of what you are doing. For example, *ABAN*, WLP's new Online Learning Portal, is a specific response to address new opportunities that WLP has encountered.
- Check the funder's webpage and make sure that you are using the terminology that the funder is *currently* using (it may have changed since your last grant).

Compare data (this year vs. last).
- For example, have the numbers of women participating in your workshops increased or decreased vs. last year or previous years or vs. what you anticipated? If so, why? If the proposed training is for grassroots women, will this be the first type of this training they ever had? What might it mean to their community? For example, WLP Lebanon/CRTD-A did the first-ever gender audit of a ministry, at the request of the Lebanese government – this was very important! Or, if you served 100 women two years ago and last year you served 150, it's important to state that you increased the number of women you served by 50% – that puts the success of your program in context for the funder.

Use the active voice.
- Take credit for your work! It's always more interesting to the person who reviews your proposal to know exactly who was doing what. For example, which of the following sentences is more compelling?

- More than a hundred rural women were trained last year.
- Last year, we trained more than a hundred rural women.

Use Spell-Check – then check again!
- How your proposal *appears* tells the funder how professional your organization is. If the proposal contains many misspellings, it will look like you didn't take the time and effort to prepare a good proposal. So use your computer's spell-check feature – and then check your proposal again to make sure spell-check didn't change anything it shouldn't have.
- You can also use a website such as Grammarly (https://www.grammarly.com/1) to help check your English. Grammarly has free and paid memberships; the free English grammar checking is usually sufficient for most purposes.

Make sure the proposal's format looks uniform.
- Check that you are consistent throughout the proposal in type font and size, margins, left-justified vs. left/right justified, line spacing, etc. A uniform, attractively presented proposal will let the funder know that your organization is professional.

Read what you've written several times, over different days.
- Take a break after you've written the first draft, then go back at least a day later and re-read what you wrote with fresh eyes. You'll be surprised at what you may want to change!

Have the proposal and budget vetted as needed within your organization.
- Distribute the draft proposal to your executive director, the relevant program director, and your financial staff, to make sure what you are proposing includes all the vital and correct information.

Enlist editors (from inside and outside your organization)
- Ask someone who is familiar with your organization and someone who is not to read your proposal – and make sure they know that you *want* their constructive criticism. We want the harshest critics to weigh in *before* we send out the proposal to the funder!

Finally:
- **Engage in good "donor stewardship"** – keep the funder informed of what you are doing, not only when the formal report is due or when you are submitting the next proposal (for example, if you share information your Board members about what you are doing in the field, they sometimes are in conversation with major funders and can share this information with them). Social media is one way to keep your constituents and supporters aware of your program activities, milestones, and achievements. Other ways may be a regular Newsletter e-mailed out or periodic check-in phone calls or e-mails with your program officer at the funding agency.

If you receive a grant (*Congratulations!):*
- *Thank the funder immediately!*
- Communicate good news about your project to the funder in between times when reports are due.
- Put the report due dates on your calendar and start working on the reports well before they are due!

- Make it easy for funders to see in your report that you accomplished what you set out to do in your proposal.

Questions and Answers

Take a moment to review the learning objectives with the facilitator and other participants. Do you have any outstanding questions or comments to share with the group?

Additional Reading

Read Appendices 1 – 5, and check out some of the publications in the Resources section.

Section 2: Writing Reports

Introduction

Fundamentals

As with writing proposals, many of the same points detailed in Section 1 are fundamental:

- **All fundraising is based on relationships**. One of the ways we strengthen that relationship is through reporting.

- **Put yourself in the mindset of the funder**. Keep in mind what the *funder* wants to see in a report, rather than what *you* think is important to tell them.

- **Preparation is key!** As with proposals, writing reports is like planning a conference – 90% of the work is in the preparation; 10% is the actual conference.

- **Putting together a successful report is the responsibility of everyone in your organization**. If we want keep a funder happy (and perhaps receive a repeat grant), we need everyone's help. Make sure that others in your organization know the specific data or types of information you need from them. If you prepare a list of your major funders and their themes and share this with others in your organization, they can more easily get you information and stories about specific themes.

- **It is easier to get a *repeat* grant than to secure a new funder.** By meeting and exceeding the funder's requirements for reports (essentially – by making the funder happy that they gave you the grant), we are more likely to secure future grants from the funder.

- **Funders are asking for increasingly more sophisticated reporting** – they are asking not just "What did you do?" but "*Why did it matter*?" Focus on your program's *outcomes* or *impact*, not just on *outputs* or *activities*.

Reports are crucial – <u>reports are preparing the funder for your next grant proposal</u>. In the report, we are convincing them that we helped them meet *their* goals, and thus we are encouraging them to keep funding us. We also use reports to reflect our work to the world at large and to mobilize other resources. And remember – reports may be legally required.[24]

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[24] Grants are implied or legal contracts between grantors/funders, which provide the funds, and grantees/organizations that carry out the activities in a grant proposal.

Section 2 - Session I: Writing the Report

Session I: Writing the Report

Outline

➢ Fundamentals of fundraising
➢ Planning, preparation, what to include

Introduction

Writing reports may seem very similar to writing proposals—and they are similar in many ways. However, whereas in a proposal, you are stating what you propose *to do* with the funder's investment, in a report you are stating what you *have done* with that investment. Not only that, you are also reporting on *how you know* that what you did was effective, based on how you evaluated the program. Were you able to carry out all the planned activities? If not, what prevented you? Did you deliver *more* in terms of results than you proposed? How successful were your activities in meeting the overall goals of both your program *and* the funder?

In this session, we will discuss how to write compelling, straightforward reports that will help you continue to build productive, long-term, sustainable relationships with funders.

Learning Objectives

• How do reports differ from proposals?
• What to include in your report, and what not to include
• How to plan to meet funders' deadlines
• Understanding and communicating the funder's Return on Investment
• Creating a strong relationship for continued funding

Notes, Remarks/Reminders for the Facilitator

• Address any outstanding questions or comments from the previous session. Use this as an opportunity to gauge participants' comfort levels with using the tools and technology presented and navigating the various sites and other resources prevented so far.
• Present the topic of the learning session.
• Encourage participants to take part by asking questions, sharing experiences, etc.
• Ask questions of participants to make sure the main concepts are understood.
• Provide examples whenever possible.

Elements of a Report

Most of the points made in the Writing Proposals Section (Section 1) are just as valid and important for writing reports. Since many of these points overlap, we will briefly mention only the most important ones here:

Know the funder's goals and their requirements for reports. Follow the funder's specifications (e.g., on what to include, word or space limitations) and answer the funder's questions or requirements, in the order given.

Make it easy for funders to see in your report that you accomplished what you set out to do in your proposal. Have the report match the structure of the proposal you submitted, so that the funder can

easily match actual project outcomes to proposed activities.

Show the funder how this project helped them achieve *their* goals (be specific). This is your opportunity to demonstrate that your work provides a good return on investment (ROI) for the funder—and may help them decide to continue to fund you!

Use the "4 Cs" in writing the report: Be clear, consistent, concise, and creative.

Include both *outputs* <u>and</u> *outcomes*. Compare your outputs (this year vs. last).

Include **diverse voices** and **compelling human stories**.

Consider including **analysis** (why you succeeded) and **lessons learned**. What worked well and what didn't? Why? Lessons Learned are very important and some funders require that you include this information. They want to see that we are responsive to grassroots women's needs: *"We initiated the training in this way, but then we had to change for this reason."* If the information you want to present is confidential, you can disguise it (change participants' names) as needed.

Tell the truth. Don't exaggerate.

Use the funder's own language.

Be precise about details and include relevant events. Secure the events in a specific place – include the names of towns or villages, what types of people participated, what difficulties you encountered, and how you overcame them.

Talk about changes that affected the project. If you weren't able to do what you proposed (because, for example, the political situation made it difficult), say how you responded.

Remember the "So what?" factor. What did your project mean to women? To the society? Short-term? Long-term? Again, this goes back to why your organization is a good investment for the funder.

Engage in good "donor stewardship" – keep the funder informed of what you are doing, not only when the formal report is due. Communicate good news to funders in between times when reports are due. Remember – the program officer is your most important contact and that's where your first *relationship* with the funder is. The program officer makes the recommendation to her organization for you to get the grant or a repeat grant, so **strengthen that relationship** when you can.

Don't take the funders for granted. Don't send them the same report each time, just substituting new numbers.

Use *Measuring Change* (WLP's evaluation manual) or WLP's new *Capacity Building Toolkit: Principles of Monitoring and Evaluation* to help you evaluate the impact of your program.

Consistently strive to improve your programs. Commit your organization and team to ongoing organizational learning—what have you learned from the feedback from your programs or trainings? What have you learned from the work of other organizations? How are you using this learning to make your organization stronger?

Sometimes the results of the activities or full impact of the grant may not happen during the reporting period (the results may occur *after* the period of reporting). Be clear about that, and **add later results to later reports!** For example, it's important to note that *more than a year after* WLP Lebanon/CRTD-A's leadership training, the training's graduates went on to lead Lebanon's Nationality Campaign – make sure that your report reflects outcomes that surpass the reporting period.

Use the active voice.

Use Spell-Check – then check again!

Read what you've written several times, over different days.

Enlist editors (from inside and outside your organization)

Ask your finance staff to **check the budget** or financials before you submit the report.

Don't include attachments that the funder has not requested.

Put your information in context (for example, WLP Egypt/FWID's work in the context of Tahrir Square and Egypt's new constitution; WLP Turkey/FSWW's work in the context of Taksim Square). As Pallavi Gupta of Asmita Resource Centre for Women noted,[25] "We regularly update our funders through narrative reports and also **reporting on the changing context** ... because the funder is far away and many times not too aware of the changing context."

How to plan backwards for reporting

SAMPLE REPORTING DUE DATE: August 1, 2014

START 3 MONTHS IN ADVANCE

May 2014
- Give training/host event
- Immediately after its over, ask facilitators to answer survey questions

June 2014
- Gather feedback from participants
- Make 1st draft of report
- Vet internally

July 2014
- Vet with WLP liaison (as needed)
- Revise, proofread & finalize report
- Submit July 30th

August 1, 2014
- Submit report. GOOD JOB! You met the funder's deadline.

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[25] Comments made during *Writing Grant Proposals,* WLP Online Training, June 2014.

Put all the report dates on your calendar, work on the reports well in advance, and submit the reports *before they are due!* Aziza Abemba from WLP Zimbabwe/WSPM[26] pointed out that,[27] "If you don't report on time, there are many chances of losing credibility, no matter what would have been the hindrance."

And most of all – Thank the funder! Make sure they know that their grant was crucial to achieving your goals.

Questions and Answers
Take a moment to review the learning objectives with the facilitator and other participants. Do you have any outstanding questions or comments to share with the group? Was there anything you hoped to discuss but didn't get a chance to?

Additional Reading
Read WLP's *Measuring Change* and WLP's new *Capacity Building Toolkit: Principles of Monitoring and Evaluation* and review the video, websites, and publications listed in the Resources section.

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[26] Women's Self-Promotion Movement (WSPM), WLP's partner in Zimbabwe, is a grassroots organization created in Zimbabwe by women from various African countries. WSPM implements women's economic empowerment and capacity-building programs that seek to improve the lives of disadvantaged women through education, economic development, and women's leadership trainings. WSPM primarily works with disadvantaged women and girls in the Southern Africa region.

[27] Comments made during *Writing Grant Proposals,* WLP Online Training, June 2014.

Conclusion

From beginning the research on funders to handing in your final grant report, fundraising is built on relationships. Throughout each step of the proposal and report writing process, remember that you are building a strong relationship with your funding partner—one that is built on trust, transparency, and a good return on the funder's investment. Building strong relationships with funding partners is critical to secure long-term funding and to ensure that you have supporters in times of crisis and emergency. The goal of this training is to give you the tools and resources to be able to identify strong funding allies that may be most interested in supporting your programs, and to build lasting relationships with those funders through writing compelling proposals and accurate and engaging reports.

We hope you will share this information with your colleagues, co-workers, and others working in civil society, non-governmental, and community-based organizations in your networks.

Post-learning Evaluation

There will be a post-learning evaluation. You will receive a link to a survey after the session is over. Please take a few moments to complete this evaluation. Your feedback is important to improve WLP's future learning sessions.

Resources

Video: *What Grant Makers Want*
http://link.brightcove.com/services/player/bcpid1254868504001?bckey=AQ~~,AAAAAFNlFfM~,8U8Lf2MtcfvVNd9ndwL9KLsQvqlW6rgT&bclid=0&bctid=3647072855001
This short video shows a variety of international funders stating what they are looking for in grant proposals.

Finland's Logical Framework Approach (from the Finland Ministry for Foreign Affairs: *Manual for Bilateral Programmes*)
http://formin.finland.fi/public/download.aspx?ID=102581&GUID=%7bD9AB5D98-2CE5-4681-9E51-49CCD252C61C%7d
This is a good example of a logic framework (see mainly their pages 94-96).

The Ben B. Cheney Foundation's website (http://www.benbcheneyfoundation.org/title-bar-2/) has a sample "Model Proposal Letter" showing a good way to structure an LOI or initial contact letter, with helpful notes. The site also has a link to "Tips for Grants Seekers."

Stop Measuring Activities and Start Measuring Outcomes
http://philanthropy.com/blogs/measuring-up/stop-measuring-activities-and-start-measuring-outcomes/275?cid=pw&utm_source=pw&utm_medium=en

Measuring Up: Advice for evaluating a charity's work
http://philanthropy.com/blogs/measuring-up/4-tips-for-measuring-outcomes-instead-of-activities/301?cid=pt&utm_source=pt&utm_medium=en and
http://philanthropy.com/blogs/measuring-up/a-simple-tool-to-show-how-you-are-measuring-progress/321?cid=pt&utm_source=pt&utm_medium=en

http://grantspace.org/
This website, from the Foundation Center, provides videos, classes, and tutorials to improve skill sets for writing proposals. Some of the materials and classes are free, they charge for others.

https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?ADSSChck=1248940093816&do=publi.welcome&userlanguage=en
The EU's portal for open RFPs and Calls for Proposals – a searchable database.

http://www.nonprofitexpert.com/international-grants/
This website contains information on international grantmakers as well as links to other helpful resources.

http://blog.wennergren.org/category/how-to-write-a-grant-proposal/
This website has lots of very good, practical advice about writing proposals (not just about writing proposals to the Wenner-Gren Foundation).

http://sjoseph.ucdavis.edu/workshops/proposal-writing-resources
Although the proposal writing resources listed here are more academic than development focused, they might be helpful in some cases.

http://www.afpnet.org/files/ContentDocuments/AIE_Cessna_StepsLargeGovGrantsP1.pdf
http://www.afpnet.org/files/ContentDocuments/AIE_Cessna_StepsLargeGovGrantsP2.pdf
http://www.afpnet.org/files/ContentDocuments/AIE_Cessna_StepsLargeGovGrantsP3.pdf
http://www.afpnet.org/files/ContentDocuments/AIE_Cessna_StepsLargeGovGrantsP4.pdf
http://www.afpnet.org/files/ContentDocuments/AIE_Cessna_StepsLargeGovGrantsP5.pdf
http://www.afpnet.org/files/ContentDocuments/AIE_Cessna_StepsLargeGovGrantsP6.pdf

These downloads have basic information about applying to various U.S. government agencies for grants.

Additional publications that may be useful:
- Howlett, Susan and Renee Bourque. *Getting Funded: the complete guide to writing grant proposals.* 5th ed., rev. Seattle: Word & Raby Pub., 2011.
- Clarke, Cheryl A. *Storytelling for Grantseekers: a guide to creative nonprofit fundraising*. 2nd ed. San Francisco: Jossey-Bass, 2009.
- Geever, Jane C. *The Foundation Center's Guide to Proposal Writing*. 6th ed. New York: The Foundation Center, 2012.
- Margolin, Judith B. *Grantseeker's Guide to Winning Proposals*. New York: The Foundation Center, 2008.
- Payne, Mary Ann. *Grant Writing Demystified*. Dubuque, IA: McGraw-Hill, 2011.
- The Grantsmanship Center, "Program Planning and Proposal Writing"

Appendix 1

Standard Information for a Letter of Inquiry (LOI)

An LOI is usually a very short (one- to two-page) description of the most important information relevant to the project you want to propose. An LOI is **not** an outline of your proposal. It is a short, very concise version of your proposal with the most compelling facts or answers to targeted questions that the funder has specified.

The funder may require an LOI before being willing to accept a full proposal. Therefore, it is important to make your LOI a very concise, *compelling* statement of the project or activity's need and potential outcome – else you won't get to the next step, sending them a full proposal!

Information usually requested or included in an LOI:

- A brief background of your organization, including mission statement, date founded, constituency and geographic region served, type of service provided, and annual operating budget size.

- A short description of the project, including the community need, the project's importance to your organization and constituency, and the potential outputs and outcomes.

- A summary budget that includes the total project cost, the amount you intend to request from the funder, and other potential or actual sources of support.

- A brief description about why you are approaching this particular funder for this project.

Appendix 2

Standard Information for a Case Statement

- What is your organization's history, mission, and scope?

- Describe the proposed project clearly and concisely.

- Why is this project important? What critical **community need** does it address?

- How will your organization or the project **directly address** the important community need?

- Whom will this project benefit or serve? What types of groups? How many people will the project benefit or serve (*outputs*)?

- How do you plan to implement the project?

- What will donations from individuals or grants from funders enable you to do? *What are the potential* _outcomes_*? What will the project* _accomplish_*? What will the* _impact_ *of the project be on the community (How will life be different/better for the community after the project is complete?)?*

- Are there other organizations in this community providing similar services or programs? If so, how is your organization different? Are you collaborating with others?

- Why is your organization the best one to carry out this project?

- How do your organization's results compare with those of others?

- Is this program or service new or has it been going on for some time? If it has happened in the past, how has it been funded before this?

- How will your organization, this work, or the project be sustained *after* this grant is finished?

- How will you monitor, evaluate, and/or share your results?

- Why you are applying to this particular funder for support for this project (*how does this project help the funder meet* _its_ *goals?*)?

- Fundraising Plan

- Donor Recognition Opportunities

- What is your Theory of Change, Activity Plan, and Project Timeline?

- Project Budget

Appendix 3

Writing Samples

The difference between ***simply addressing*** the funder's questions or required information and writing something that will ***engage and interest*** the funder can be shown in the following example, where a funder asks you to provide information about your organization's <u>mission, history, and programs</u>:

> *Sample A*: The Acme Organization's mission is to serve the needs of rural women in southern India. It was started in 1989. Its programs include women's self-help *groups,* a women's cooperative, and IT and other trainings.

> *Sample B*: The Acme Organization's mission is to serve the urgent and emerging needs of women in southern India by providing them with programs held in a safe and stimulating environment where they can learn, discover, create, socialize, and be heard. The Acme Organization was founded by local activists in 1989 in response to a community need. During the mid-1980s southern India saw a wave of violence against women, and women were concerned for their safety. This growing concern resulted in open community forums that involved a broad spectrum of women who were highly verbal about the serious problems they encountered daily. When asked what they needed most, the women unanimously responded: a safe place to gather, to support each other, to access support services for women facing violence in their lives, and to access services that would increase their self-reliance. When the Acme Organization opened its doors, its first goal was to fulfill these needs. Since that time the Acme Organization has evolved into a women-focused community center that provides a wide variety of free services for women, including women's self-help *groups,* a women's cooperative, and IT and other trainings.

Sample A does answer the funder's required question, but it does so in a very dry manner. Sample B **engages** the reader by involving them in **why** the organization was founded – and describes the **community need** that led to the organization's founding.

Sample Funder Questions or Required Information

One funder listed the following as what they wanted to see in a proposal:

"Describe the problem to be addressed, the constituency to be involved, program goals and strategies. Provide a general workplan describing how the strategies will be undertaken during the grant-funded period. Explain the size of your organization, and a discussion of who will be doing the work. Describe collaborations with other related groups, as well as your organization's unique niche in the larger social service community. Explain how you will determine the success/effectiveness of your project."

To **make it easy for the funder to see that you have responded to the information they requested**, it can be helpful to <u>structure your proposal</u> using specific headings or bullets to <u>address each of the funder's requirements</u>:

- **Problem to Be Addressed**: *This is a statement (with research backing up your assertions) of the community need for your organization or project.*
- **Constituency to Be Involved**: *Who will be served by this project? How many? What are their demographics (women/men, rural/urban, low-income/poverty-level, age range, etc.).*
- **Program Goals and Strategies**: *What are the overall goals of the project? What activities (trainings, publications, etc.) are necessary for you to achieve your goals? You could include both outputs and outcomes here (e.g., "hold three trainings for a total of 100 women," "help women increase political participation," or "bring attention to the need to change family laws that discriminate against women").*
- **Workplan**: *How will you implement the project? What steps do you need to carry out to achieve your goals?*
- **Organization Size**: *How many staff people does your organization have? How is it governed (by a volunteer Board of Directors? By the women served?)?*
- **Who Will Be Doing the Work**: *Will the work be completely carried out by your organization's staff? If so, what are their qualifications? Will volunteers be involved?*
- **Collaborations with Other Groups**: *How do you or will you collaborate on this or other projects with other groups working in your geographic location (e.g., banks that might support women's economic empowerment) or in your topical area (e.g., other women's rights groups)?*
- **The Acme Organization's Unique Niche**: *What makes your organization unique? Why should the funder support your organization?*
- **Project Evaluation**: *How will you evaluate the project's activities and know whether you reached your goals? It's good to provide both* quantitative *and* qualitative *means of evaluation here (see* Measuring Change or WLP's new *Capacity Building Toolkit: Principles of Monitoring and Evaluation for examples of ways to do this). If you have space, you might also include information about how you will monitor the program.*

Appendix 4

Sample Project Timeline

Month	Activity	Responsibility
Month 1 (or June 2014)	Hire Program Director	Executive Director
Month 2 (or July 2014)	Confirm specifics for all program activities	Program Director
Month 3-5 (or Aug. – Oct. 2014)	Implement trainings	Program Director and on-site trainers
Month 3-5 (or Aug. – Oct. 2014)	Report program metrics	Program Director and on-site trainers
Month 6 (or Nov. 2014)	Evaluate program	Program Director
Month 7 (or Dec. 2014)	Write and submit final report on program to funders	Program Director and Finance Staff
Month 7 (or Dec. 2014)	Share lessons learned and publicize program's success	Program Director

Appendix 5

Theory of Change Samples[28]

Model 1: The WLP Model of Change for the *Leading to Choices* Program

[28] From *Measuring Change*, Model 1.

Model 2: WLP's Theory of Change

WOMEN'S LEARNING PARTNERSHIP FOR RIGHTS, DEVELOPMENT, AND PEACE

Theory of Change

Mission	Approach	Inputs	Outputs	Outcomes (by boundary partner)	Vision/Result
• To transform power relations and promote justice, equality, peace and sustainable development by strengthening the feminist movement	• Promote and sustain leadership that is participatory, inclusive, horizontal, and replicable	• Shared values: Gender equality, human rights, collective and consensus-based action, and respect for diversity • Shared mechanisms, and concepts • Exchange of experiences, strategies, skills • Mobilization of resources	• **Curriculum and Resource Development:** Published, multimedia, and web-based resources • **Training:** Grassroots, national, regional, and international workshops, training of trainers institutes, online trainings, and post-training evaluation and follow-up • **Advocacy:** Advocacy and campaign resources, actions, and outreach supporting local, regional, and international campaigns • **Capacity Building:** Peer-to-peer and South-South collaboration and exchange to strengthen knowledge sharing and solidarity	• **WLP20** replicate the WLP International methodology to implement and expand the programs nationally and/or regionally. • **Grassroots women and men** relate to each other on the basis of equality and respect, with equal sharing of power, resources and decision making. • **Youth** are actively engaged as citizens and practice and promote values of democracy and equality. • **Activists** advocate in favor of human rights of women. • **Affiliate CSOs** demand accountability for gender equality from social institutions. • **Policy makers** mainstream gender equality in public policies. • **Media** practice gender aware reporting. • **Donors'** decisions and practices are informed by grassroots perspectives on women's realities in the Global South. • **Scholars** communicate WLP's values, knowledge and methodology to their sphere of influence. • **International institutions** (e.g., the UN) hold governments accountable on the implementation of human rights and women's rights instruments.	• Democratic and peaceful societies that embrace pluralism and tolerance and are governed by gender-equitable norms, legislation, and policies that translate into equal rights and equal levels of participation and decision-making for women and men in the family, community, and politics.

Appendix 6

Sample Excerpt: Foundation Center Report by Interest Area[29]

Grantmaker Name	Contact	Care Of	Street Address 1	City	State	ZIP Code	Telephone	Fax	E-mail	URL	Total Assets	Total Giving
Arcus Foundation	Carol Snapp, Comms. Mgr.		402 E. Michigan Ave.	Kalamazoo	MI	49007-3888	(269) 373-4373	(269) 373-0277	contact@arcusfoundation.org	http://www.arcusfoundation.org	$167,555,502	$25,425,501
Carnegie Corporation of New York	Rikard Treiber, Assoc. Corp. Secy. and Dir., Grants Management		437 Madison Ave.	New York	NY	10022-7003	(212) 371-3200	(212) 754-4073		http://www.carnegie.org	$2,432,582,536	$100,968,656
Channel Foundation			603 Stewart St., Ste. 415	Seattle	WA	98101-1247			info@channelfoundation.org	http://www.channelfoundation.org	$7,074,936	$434,323
Damien Foundation		Darlene Currie	P.O. Box 29903	San Francisco	CA	94129-0903		(415) 561-6401			$1,146,059	$376,174
Draper Richards Foundation, The	Jennifer Shilling Stein, Exec. Dir.; Anne Marie Burgoyne, Dir.; Christy Chin, Dir.		50 California St., Ste. 2925	San Francisco	CA	94111-4779	(415) 616-4050	(415) 616-4060	info@draperrichards.org	http://www.draperrichards.org/	$14,751,338	$1,015,000
Echoing Green	Cheryl L. Dorsey, Pres.		494 8th Ave., 2nd Fl.	New York	NY	10001-2519	(212) 689-1165	(212) 689-9010	info@echoinggreen.org	http://www.echoinggreen.org	$3,913,315	$1,740,725
Fledgling Fund, The			162 5th Ave., Ste. 901	New York	NY	10010-5967			info@thefledglingfund.org	http://www.thefledglingfund.org	$18,446,847	$2,126,605
Ford Foundation	Secy.		320 E. 43rd St.	New York	NY	10017-4801	(212) 573-5000	(212) 351-3677	office-secretary@fordfoundation.org	http://www.fordfoundation.org	$10,881,598,073	$468,301,444
Fund for Nonviolence	Betsy Fairbanks, C.E.O. and		303 Potero, No. 54	Santa Cruz	CA	95060-2760	(831) 460-9321	(831) 460-9137	mail@fundfornonvio	http://www.fundfornonviolen	$6,126,928	$1,514,833

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[29] This report is based on a Foundation Center Online search of funders who specified "International Human Rights" as an *Interest Area* for funding (report researched and downloaded in late 2009).