

December 8, 2011

Dear Friends,

We hope you enjoy this week's edition of the Newsflash!

Sincerely,

The Firelight Team

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(Call for Submissions) 2012 Red Ribbon Award: \$10,000 grant opportunity for grassroots NGOs

(Call for Nominations) Ford Motor Company's International Fellowship of 92nd Street Y for Community Leaders from the NGO Sector

(Call for Applications) Ashoka Changemakers' Innovations for Health: Seeking Solutions to improve health and health care

(Tutorial) How NGOs Can Develop Budgets in Their Proposals

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(Call for Submissions) 2012 Red Ribbon Award: \$10,000 grant opportunity for grassroots NGOs

The Red Ribbon Award seeks to recognize and provide grants of \$10,000 to community-based organizations for their efforts to reduce the spread and impact of AIDS. Selected organizations will receive the Award at the XIX International AIDS Conference to be held in Washington, DC from 22-27 July 2012. The Red Ribbon Award is a joint effort of the UNAIDS family.

Grassroots initiatives, community-based organizations, faith-based organizations, small NGOs and organizations of people living with HIV (PLHIV) and key population can apply for this Award. Both nominations and self-nominations are accepted.

The Red Ribbon Award 2012 will be given to community groups for outstanding leadership in responding to AIDS in one or more of the following categories:

- Prevention of Sexual Transmission – Work to prevent sexual transmission including (but not limited to) among young people, men who have sex with men and transmission in the context of sex work
- Prevention among people who use drugs – Work to prevent HIV infections among people who use drugs
- Treatment, care and support – Work to improve access to antiretroviral therapy, essential care and support for people living with HIV, their families, loved

ones and dependents including services to limit TB deaths among people living with HIV

- Advocacy and Human Rights – Advocating for abolishing punitive laws, discrimination and harmful practices around HIV transmission, sex work, drug use, transgender populations or homosexuality that block effective responses including (but not limited to) HIV-related national restrictions on entry, stay and residence – Work to end stigma and discrimination of people living with HIV their families, loved ones and dependents – Work to end gender-based violence in the context of the AIDS epidemic.

- Stopping new HIV infections in children and keeping mothers alive, Women’s Health – Work to prevent vertical transmission of HIV, and AIDS-related maternal mortality – Work to address the HIV-specific needs of women and girls.

Deadline for Submission: February 29, 2012

For more go to:

[http://www.redribbonaward.org/index.php?option=com\\_content&view=article&id=394&Itemid=274&lang=en](http://www.redribbonaward.org/index.php?option=com_content&view=article&id=394&Itemid=274&lang=en)

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(Call for Applications) The Ford Motor Company is accepting applications from community leaders in select countries for the 2013 International Fellowship of 92nd Street Y.

The program aims to enhance the efforts of emerging leaders in communities throughout the world.

The fellowship is an opportunity for community leaders from the NGO sector to learn, build skills and develop networking. The program provides classes and participatory workshops in nonprofit management, leadership and strategic thinking in partnerships with the Picker Center for Executive Education at Columbia University’s School of International and Public Affairs.

Participating countries change each year. So far, 233 individuals from 58 countries have participated. The 2013 fellowship program is accepting applications from community leaders who are citizens and residents of China, El Salvador, Ethiopia, Honduras, India, Israel Lesotho, Nepal, Nicaragua, South Africa and Swaziland.

A successful applicant must demonstrate that he or she:

- is a community leader engaged in the nonprofit sector, either professionally or as a volunteer;
- is successfully addressing issues that affect the community’s well-being;

and

- would benefit from an intensive three-week nonprofit management training course in New York.

Applicants must be 21 years of age or older, though younger applicants should note that we are looking for candidates with several years of leadership experience. We seek candidates from a variety of backgrounds with the aim of creating a group of Fellows who will work well together and offer a diversity of views and experiences. Candidates should be emerging leaders addressing issues whose resolution can have a significant positive impact on their communities, on their countries, and—collectively—on the world. Airfare, accommodation, food, transportation, instruction, and other program-related expenses are included in the fellowship. Each participant receives a stipend upon arrival.

The deadline for applications: 30 June 2012.

For more go to: <http://www.92y.org/Uptown/International-Relations/Ford-Motor-Company-International-Fellowship/2012-Application-and-Brochure.aspx>

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(Call for Applications) Ashoka Changemakers' Innovations for Health: Seeking Solutions to improve health and health care

Ashoka Changemakers and Robert Wood Johnson Foundation's Pioneer Portfolio are seeking health care solutions from anywhere in the world that have the potential to be applied in other countries to improve health and health care.

If you are an innovator with a health care solution that has the potential to be applied in other countries to improve health and health care, the you can submit your entry. This competition is looking for initiatives that have demonstrated impact and help vulnerable and underserved populations. Entries are accepted in English, Spanish, Portuguese, or French.

Participating in this competition also helps you get connected to a global online community that supports the impact you are making, or seeking to make, on the ground; gain visibility with our community and our competition partner, the Robert Wood Johnson Foundation; and have the opportunity to win cash awards.

There are three US \$10,000 cash prizes in unrestricted funding to boost your project. Besides, there is early entry prize of \$500 and one of the two private consulting sessions with industry experts if you submit your entry by December 12, 2011 5 pm EST.

Innovations for Health: Solutions that Cross Borders is open to all individuals, teams, and organizations (public or private entities). This global competition welcomes entries that:

- Reflect the theme of the challenge: Innovations for Health: Solutions that Cross Borders. The aim of the competition is to identify health care innovations that have the potential to be adapted and applied in different countries experiencing similar barriers to health.

- Have a proven success on some level, with the potential to scale; or indicate a path for growth beyond the conceptual stage and have already demonstrated impact and sustainability.

- Are submitted in English, French, Spanish, or Portuguese.

Deadline for submission: 13 February 2012, 5 pm EST.

For more go to: <http://www.changemakers.com/innovations4health>

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### **(Tutorial) How NGOs can develop budgets in their Proposals**

Developing and managing budgets can be a challenging task whenever you need to plan a project, write a proposal and implement an activity. Efficient financial management is essential for the growth of any organization. Besides, if you have well-managed and transparent financial systems, it also enables donor agencies to gain confidence in your NGO and offer support to it. However, setting up an efficient financial management system requires a sound understanding of financial practices and principles. Here we are providing a basic guide for NGOs so that they can improve their capacity in developing and managing budgets for their organization and project and contribute towards an overall effective financial system.

#### **What is a Budget – for NGOs?**

“**Budget**” is a term that NGOs often come across when they need to plan and implement a project activity. Besides, we also come across this term again and again when we are in the process of developing a proposal.

Any donor funding for NGOs is limited and a proper and planned budget is required to convince the donor to access this funding. Donor agencies also have their limitations and they distribute their financial resources evenly amongst NGOs based not only on their project plans but also according to the budget they present.

**Budget**, in simple terms, means a document where you specify how much money you are going to spend (in other words, **expenditure**), especially if your organization has received grants. In some cases, as in businesses, budgets can also include the money that the organization is going to generate or “income.” The latter is important for all NGOs now because managing any organization, including an NGO does not mean just spending – **we also need to**

**look at how costs can be covered and money can be saved for other activities.**

**In another sense, budget is all about planning your expenses and saving your costs.**

Many NGOs tend to plan out a budget only when they need to develop a project proposal for a donor agency. Besides, they only think of the short term project needs – not about the long-term sustainability of the organization. We have read about what NGOs can do with a budget: manage organizational expenses and income, plan project activities, fulfill donor expectations and also work towards long-term sustainability of the organization.

Now we try to understand the essential things that should not be done with a budget. For example, we tend to believe that a budget submitted to a donor agency cannot be changed. Practically speaking, this is not true to some extent. Budgets can be changed, but in many cases, it is required to take prior permission from the concerned donor agency.

### **Five Points about Building Your Budget**

- 1. Budgets can be modified to some extent.** You can diversify your resources and cut your costs. Of course, take prior permission from your donor agency for this.
- 2. Often in our effort to meet proposal deadlines, we develop budgets overnight.** This ends up in poor planning and even rejection of proposals. **Always take time to build your budget – your NGO should live with a budget always!**
- 3. Budgets should be developed on a certain base.** They cannot be developed without any basis. In most cases, the basis should be the previous year's income and expenditure. If applying for a project, look out for the expenses of the project's previous year. Donor funding limitation to be also considered.
- 4. Budget work is a joint exercise.** It is a team work. Involving the entire team is important to produce an effective budget.
- 5. All budgets do not have the same formats. Different budgets are developed for different purposes.** If you are writing a proposal, it is a different budget format and if you managing an organization, you will have a different budget format. Similarly, different donor agencies have different budget formats

**Why are budgets so complicated for NGOs?**

Developing budget is always a complicated task for NGOs especially when they need to develop a proposal and satisfy every entry given by the donor agency in the budget format. Sometimes it is easier to write a proposal than developing a budget to request funding. Budgets will continue to become more complicated. However, if you keep your financial system clear, the task of developing it also becomes simple. Budgets have become complicated because the increased need for transparency and accountability. Let us not forget that donor agencies are also required to submit their expenditure for proper audits and they have to maintain proper books.

### **Planning the Budget or Budgeting the Plan**

When developing a budget for a project or an organization, **the exercise involves going back and forth from your activities to your budget and from your budget to your activities.** This process will continue till you have refined it and gained confidence in the entire proposal.

When conceiving a project, you also decide upon **what kind of activities have to be implemented.** Or if you are planning the budget for your NGO, you need to list out activities that will be carried out for the coming year.

**Have an intense discussion with your team about the costs involved in implementing various project activities.** What kind of manpower and material support is required for these activities? Take some flipcharts and on each of it, write down a project activity. Discuss with your team for the inputs required in delivering this activities.

**Estimate the realistic costs for these inputs.** Whether it is to cover expenses of the staff persons involved in the project activity or buying some material or paying for travel, all these can be written down on the flip chart for each activity. In an Excel sheet, you can then start mentioning these activities and the proposed costs and calculate the total expenses. The Finance Officer can advise on the inflation costs, current prices and any other overheads you are missing. The Organizational head may include other administrative expenses, if required, salaries and any new purchases.

### **Types of Costs to be included in the Budget**

There are different types of costs that have to be mentioned in the budget. Most donor agencies prefer to have the costs spread over different heads so as to get an overview of how the resources have been divided between different types. Basically, we can divide the overall costs as:

**Operational Costs:** Operational costs include those expenses that have to be met for implementing activities for a project or an organization. These are directly billed to the donor agency because they have a direct impact on the beneficiary community. Activities such as organizing a village meeting, conducting a training workshop, running an awareness campaign involve certain expenses. These expenses are listed under the Operational Costs in a budget.

**Staff costs:** Staff costs refer to the expenses towards paying salaries and consultancy fee to the staff of the organization. Staff costs include expenses right from the recruitment of the staff (interview, orientation etc) to their salaries. Professionally speaking, it is important to mention how much time a particular staff will provide for the project and his/her salary has to be calculated accordingly. For example, the head of organization may be able to give only 25% of the time to a particular project for which funds are being requested and budgeted. So the salary will also be fixed towards this time only.

**Core Costs:** Core costs are also costs incurred towards the operational expenses but of the organization. Most donor agencies would like to know how much money the NGO will spend on the administration of the organization. Costs here can include staff meetings, stationary and other office maintenance expenses. In some cases, the expenses towards hiring a receptionist or caretaker who is not directly contributing to the project can be listed here.

**Capital Costs:** Although donor agencies are advising NGOs to massively cut down on capital costs, yet these costs continue to remain essential. These include expenses for buying computers, office furniture, vehicles, office building etc. Some donors have even stopped funding capital costs completely. Even if you are proposing these costs in a budget, ensure that they cover less than 10% of the total budget.

**Contingency Amount:** Contingency amount refers to the money set aside to cover any unforeseen expenses of the organization or the project. Contingency expenses are required because any organization or a project can face an uncertainty because of which certain costs are incurred. As a standard practice, the contingency amount is usually 10% of the total budget.

**Monitoring & Evaluation Costs:** Some budget formats seek specific information about costs proposed by NGOs for monitoring and evaluation of the project.

**Overhead Costs:** Overhead costs are expenses that are required for running the organization. These expenses may not be directly contributing towards implementing a project but they are still essential to maintain the office and manage the day-to-day affairs of the organization. Usually, these costs should

not exceed more than 10% of the total budget in any good proposal.

**R&D expenses:** R&D or Research and Development expenses refer to those expenses required by the organization or a project to undertake research, assessment and consultation for the intervention. In some projects, it could be just be part of the initial work or in some others, it could remain a continuous activity.

**Start-up Costs:** Start-up costs relate to the expenses incurred by the organization initially for launching a project or developing the organization. For new projects or organizations, activities such as office set-up, staff recruitment, orientation, pre-feasibility studies etc all fall under the Start-up Costs.

**Unit Cost:** Unit cost is the cost of a single item or a unit. It could be per day cost of a staff member or a consultant or single cost of a computer machine.

### **Matching Contribution in the Budget**

You may have noticed in several Calls for Proposals, donor agencies put a condition that they would be able to fund only 70-80% of the total budget submitted to them for funding. The rest of the 20% should be sourced from elsewhere. Sourcing funding from elsewhere means matching the contribution made by the donor agency from other places.

Donor agencies stress upon this because it only ensures that the grantee. NGO takes responsibility and ownership to the project. But from where can the NGO source this matching contribution from. The donor agency expects the contribution to come either from the NGO itself or from the community. It could also be possible that another donor agency can support the 20% costs. In some cases, if a government agency is a partner in the project, it can provide this fund as well.

NGOs often feel discouraged to apply to such calls because they think they would not be able to mobilize the 20% funding from other sources. However, in real terms, this condition should not deter them from applying. It is only a matter of perspective to clearly understand matching contributing.

In mobilizing the matching contribution, NGOs first need to look at other available sources of funding: another donor agency willing support a meeting, a staff salary, a conference or make a simple donation. Often small donors easily give out money when they see that there is already 80% funding available with the NGO.

If donor agencies are not available, then look for the governmental agencies with whom partnership is essential for the project. It may not be easy for the local government to give out direct money for the project as matching contribution, but you can always request them support in terms of using their infrastructure and other resources. You can request the government for using their building premises to organize workshops and meetings free of cost. You can request one of the government officials to participate in a project activity as a resource person free of cost. These contributions can then be calculated in terms of costs and put in the budget as a contribution.

Similarly, if there is a community contribution in kind (like community members providing labor service for a project activity) can also be considered as a cost contributed by them to the project. This can be put up in the budget.

Another important source can be the NGO itself. If your organization is well-established and you have your own office, computers, vehicles and other infrastructure that can support the project, you can estimate its costs and put it in the budget as your matching contribution.

If all these small contributions are put together, there is a complete chance of paying up for the 20% matching fund.

For more information go to: <http://www.fundsforngos.org/free-resources-for-ngos/ngos-develop-budgets-proposals/>

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As part of the Firelight Foundation's Capacity Building Program, Firelight provides "Newsflashes" to share relevant resources and information with our active grantee-partners via weekly emails and via post on a monthly basis. We hope that by facilitating access to information for grassroots, community-focused organizations, programming for children and families, as well as organizational development, is enhanced. Past editions of the Firelight Newsflash can be found on our website: <http://www.firelightfoundation.org/newsflash.php>.

We welcome your comments, feedback and ideas for upcoming Newsflashes at [newsletter@firelightfoundation.org](mailto:newsletter@firelightfoundation.org).