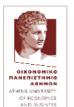


# 107. SURVIVAL GUIDE FOR NGO FOUNDING AND FUNDING



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# 1. Introduction

NGEurope has partners in five European countries – Austria, Greece, Ireland, Portugal and Spain. This Survival Guide for NGO Founding and Funding is specific for Ireland. If you need information for any of the other NGEurope’s partner countries, please consult the respective document on the project’s website.

## 1.1. WHAT IS AN NGO?

In Europe, there is not a common definition for Non-Governmental Organisations (NGOs) or Non-Profit Organisations (NPOs) and the definitions that do exist vary from country to country. However, there are some characteristics inherent to these institutions that are universally agreed upon. These are:

- They include many groups and institutions that are entirely or largely independent of government and that have primarily humanitarian or cooperative rather than commercial objectives.
- Their main focus is to serve a social or charitable cause.
- They may earn surpluses, but they do not distribute them among the members or board, they reinvest in their social or charitable work in order to fulfil their mission.
- Many types of NGOs depend mainly on volunteers to carry out most of their work.

NGOs exist all over the world and they deal with many different issues like health, culture, environment, homelessness, hunger, poverty, human rights, arts, sports, among many others. There are several types of NGOs and their legal form, monitoring and oversight and permitted activities are different in different countries. NGOs and related entities belong to the Social Economy (or Third) Sector which is a growing economic force across Europe and has a major impact in the solution of public problems.

## 1.2. WHY ARE NGOS IMPORTANT?

NGOs provide opportunities for the self organisation of society and enable citizens to work together voluntarily to promote social values and civic goals that are important to them. They promote local initiatives and problem solving. This close relationship with the community will allow the NGOs to deeply understand its main social, environmental or cultural problems and find adapted solutions for those problems which is something that local governments are not usually able to do (either for legal, bureaucratic or time restraints). Being a private organisation, NGOs have more autonomy in the process of implementing solutions for common issues than local governments which is often one of the reasons why these two sectors become partners. Also, NGOs often gather experts on many scientific, social, cultural, sportive, among other fields, that can provide valuable and reliable inputs in policy and decision-making processes within Europe.

These institutions also have a great impact on public awareness and are able to engage and mobilise citizens to pressing causes thus contributing not just to educating the population but also to promoting active citizenship, democratic values and a cohesive society. In fact, the United Nations has stated that the Third Sector institutions are “crucial for the implementation of the 2030 Agenda for Sustainable Development and the achievement of the Sustainable Development Goals” and policymakers are increasingly looking to the Third Sector as a means to improve public services and promote environmental sustainability and social inclusion. The 2018 UN Satellite Account on Non-profit and Related Institutions and Volunteer Work, confirms the important role of the Third Sector in the European communities in issues such as: fighting poverty, achieving food security, healthcare, education, promoting human rights, environmental sustainability, minorities and other marginalized groups, among many others.

For more information on the social economy sector and its relevance, please consult UN’s 2018 ‘[Satellite Account on Non-profit and Related Institutions and Volunteer Work](#)’ and the NGEurope’s ‘[NGOs across Europe: A research report to diagnose opportunities and needs](#)’.

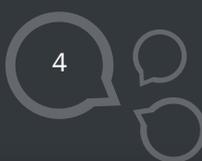


## 2. First steps

Before setting up an NGO, it is important to take several issues into account.

- First, it is necessary to keep in mind that managing an NGO takes a lot of work and time. It is very rewarding to make a difference in your community (or even the world!), but it is also a big commitment. So, make sure that this is really what you want.
- Research your idea exhaustively. It is usual to see several NGOs doing similar work, with similar goals and mission and frequently in the same region. Make sure to research what other NGOs are there and analyse what they do. Consider if it is worth it to join efforts instead of setting up another institution. This research is also a valuable networking opportunity and will allow you to know what kind of partnerships you can create.
- Make sure you are aware of your country's legislation for the third sector. There are several types of NGOs and it is important to know the legal framework and requirements of each one. Seek information about the financial rules and associated costs of setting up and managing an NGO. The process may be very bureaucratic, confusing and it can even be a bit demotivating.
- The idea is not enough. It is very important to clearly define goals for the NGO. Where do you want to work? What is the desired impact of your work? What are the skills needed in your core team? Set some goals that will help guide your work and define the NGO's mission.
- After defining the goals, it is very important to outline an action plan. Try to predict what can go wrong and plan for it. If you are in it for the long run, set goals for the future and plan how to achieve them.
- Passion is very important but it is crucial to surround yourself with people that share the same passion and vision. It is also very useful to have a multidisciplinary team with people that know about finances, marketing, design, project management, experts on the specific field of the NGO, etc.

For more information on the first steps before starting an NGO or other issues to take into account when setting up an NGO, please download the NGEurope's Training Package available on the [project's website](#)





## 3. How to set up an NGO?

### 3.1. LEGAL FRAMEWORK

All organisations that meet the legal definition of a charity must register with the [Charities Regulator](#)

If you operate in the Republic of Ireland there are two aspects of your organisation that determine your charity status: your organisation's purpose and whether or not you provide public benefit. The definition of a charity in Irish law is now quite broad and includes many organisations that would not necessarily use the term "charity" to define what they do. As a result, it is important that you consider carefully at this stage whether or not your planned organisation falls under the legal definition of a charity.

If it does then you will need to begin the process of registering with the Charities Regulator early on.

The Charities Regulator gives some helpful guidance on what types of organisation meet the definition of a charity in [What is a Charity](#)

The Charities Act 2009 sets out the requirements that your organisation must meet to be considered a charity. This definition of a charitable organisation can best be illustrated by taking the 'charity test':

#### The Charity Test

To pass the charity test and meet registration requirements, your organisation must provide evidence that it:

- Operates in the Republic of Ireland
- Exists for a charitable purpose(s)
- Promotes this charitable purpose(s) only
- Carries out all activities to further this charitable purpose(s)
- Exists to benefit the public or a section of the public in Ireland, or elsewhere, through its charitable purpose(s)  
Is not an excluded body

An organisation must decide what form of legal structure would best suit and facilitate its activities. The form best suited to the organisation depends very much on its purposes, the planned activities and how it is going to fund these activities.

### 3.2. TYPES OF NGOS

Charitable organisations now mainly take one of three types of legal structure:

- Unincorporated Association
- Company Limited By Guarantee
- Charitable Trust

There are other organisation types which could be suitable, including Cooperatives and Benevolent Societies.



A charity must decide what form of legal structure would best suit and facilitate its activities and adopt an appropriate governing instrument or constitution. The form best suited to the function of any charity depends very much on its purposes, the planned activities of the charity and how it is proposed to fund these activities. Often groups will start off as unincorporated associations and then, if they become bigger and undertake more activities, such as employing staff, they may decide to incorporate. With growing complexity and more prominent risks the members of the group need protection, so they are not individually liable for the activities of the organisation.

Further detailed information available from [The Wheel](#).

### 3.3. HOW TO CREATE YOUR NGO – STEP BY STEP GUIDE

When you are thinking of setting up an organisation for a particular purpose there is an important question to ask first:

Is there already an organisation out there with the same purpose and would it be more effective to work with them rather than establishing an organisation on our own?

Do I have the capacity and support to run a charity?

Establishing a new organisation is a lot of work for the volunteers who end up sitting on the committee. These volunteers will have legal responsibilities for the work of the organisation - including perhaps charity regulation and reporting, health and safety requirements, child protection etc. This carries a cost as well as involving a lot of time and responsibility. Even if another organisation does not exist that does precisely what you believe is needed, perhaps you could partner with a similar group to run your service under the legal and governance authority of their pre-existing structure?

#### **Step 1: Form a board of charity trustees.**

The board of charity trustees are volunteers whose role carries significant responsibility. Your organisation's board of charity trustees should have the right mix of skills to manage all aspects of the charity. We recommend that all prospective charity trustees read the guidance document, 'Guidance for Charity Trustees'

#### **Step 2: Agree your organisation's name and structure.**

The name of your organisation must not be the same or similar to another registered charity and it must not be misleading or offensive. When deciding the structure or legal form that your organisation will take, your organisation's board of charity trustees should consider what structure will best suit the organisation's charitable purpose or purposes and size. They should inform themselves of the implications regarding the particular structure they choose, for example whether charity trustees will be held personally liable without limitation for the debts of the charity. The most common charity structures in Ireland are: a company limited by guarantee (clg), an unincorporated body and a charitable trust.

#### **Step 3: Draft your organisation's governing document.**

The governing document must make clear that your organisation is established for an exclusively charitable purpose or purposes. The Charities Act 2009 sets out the specific categories of charitable purpose. What your organisation is set up to achieve (i.e. its main objective as reflected in the main object clause of its governing document) must further at least one of those purposes and benefit the public or a section of the public in Ireland or elsewhere. These are two essential elements of the 'charity test'.

The main object clause, is set out near the beginning of a governing document. It clearly outlines what an organisation is set up to achieve, where it will operate, who it will help and how it will achieve its objectives.



For example: 'The main object for which (insert name of organisation) was established is the advancement of the arts (what), in Ballina, Co. Mayo (where), for young people (who), through the provision of training in drama and stage skills free of charge (how).' To draft the main object clause coherently, the board of charity trustees should plan, discuss and agree, exactly how the organisation will further its charitable purpose through its main object, to benefit the public or a section of the public in Ireland or elsewhere.

The following four questions should assist:

- Is your organisation established for a charitable purpose(s) only?
- Do all of the activities your organisation undertakes (or plans to undertake) relate directly to furthering that charitable purpose(s)?
- Does your organisation apply all of its income and property towards that charitable purpose(s)?
- Is your charity's purpose(s) of public benefit?

Once the main object is agreed, the rest of the governing document should be drafted. Your organisation's governing document should provide the basis for everything that your organisation will do and how it will do it.

Two template model constitutions, one for a body corporate and the other for an unincorporated body are available from the Charities Regulator in Ireland. The board of charity trustees can adopt the appropriate template in full or amend it to fit the organisation's specific needs. Any amendments the board of charity trustees make to the relevant template document must comply with both charity law and company law (if applicable). You can [download the model constitution](#) for a body corporate or the model constitution for an unincorporated body from.

#### **Step 4 Plan for your organisation's future.**

It is vital that every charitable organisation is managed in such a way that the public benefit it provides is sustainable and any charitable assets are safeguarded. A level of planning and internal financial controls appropriate to the size of the organisation, will assist the board of charity trustees in ensuring your charity is managed effectively. The board of charity trustees should discuss how the organisation will continue year-on-year, its long and short-term goals, its financial estimates, and priorities and how these will be monitored. It is recommended the board of charity trustees draft and agree a strategic plan and a business plan, before applying for registration.

#### **Step 5: Draft your organisation's key policy documents**

Before commencing any activities, the board of charity trustees should draft and agree the organisation's key policy documents. These documents should then be implemented as soon as the organisation commences activities. The Charities Regulator will require a copy of each of the following documents (where applicable), during the application process:

**Conflict of interest policy:** all charity trustees should be aware of what a conflict of interest is and discuss and adopt a policy for identifying, managing and recording all conflicts. It is recommended that the board of charity trustees reads the guidance document 'Managing Conflicts of Interest', before drafting a conflict of interest policy.

In addition to your organisation's conflict of interest policy, the Charities Regulator will also require details of any 'connected persons'. It includes familial, business and employment relationships. The board of charity trustees should be aware of any personal connection between:

A charity trustee and any paid member of staff.

A charity trustee and any person providing goods or services at a cost to the charity e.g. landlord, accountant, equipment etc.



The board of charity trustees should consider whether any ‘private benefit’ is reasonable, necessary, and ancillary to the organisation’s charitable purpose.

**Risk assessment procedures, safety checks and safeguards:**

If your organisation plans to work with children or vulnerable adults, either as beneficiaries or as volunteers, the board of charity trustees must also draft and agree risk assessment procedures, safety checks and safeguards. It is important that all risk assessment procedures, safety checks and safeguards relating to the protection of vulnerable persons are complied with, meet the applicable legal requirements and standards for both the planned and actual activities undertaken and are independently verified.

**Beneficiary selection and fees policy:**

Charitable organisations promote their charitable purpose and provide public benefit through their charitable activities. An organisation may work for the benefit of a specific category of person, for example, to support sufferers of a particular rare illness. Alternatively, an organisation may work for the benefit of all, for example an environmental group. It is recommended charity trustees draft and agree a policy on the organisation’s intended beneficiaries. The policy should include details of any selection process the organisation will implement, where for example demand exceeds supply. The policy should also address any intended restrictions applied to persons accessing or receiving the public benefit, for example beneficiaries residing in a particular area. Any restrictions should be reasonable and justified. Similarly should the organisation intend on charging a fee for the charitable activities it provides, the policy should outline the basis for the fee and whether it is likely to limit the number of persons or classes of person who will benefit from the organisation’s charitable activities. The board of charity trustees should ensure that the policy outlines the measures in place to ensure that the charging of a fee does not limit who can benefit from the organisation’s charitable activities.

**Charities Governance Code in Ireland.**

The Charities Governance Code explains the minimum standards you should meet to effectively manage and control your charity. Good governance involves putting in place systems and processes to ensure that your charity achieves its charitable objectives with integrity and is managed in an effective, efficient, accountable, and transparent way.

The [Charities Governance Code](#) (PDF file) is made up of -

- six principles of governance, which all charities should apply,
- core standards that we expect all charities to meet when putting the principles into action, and
- additional standards that reflect best practice for charities with high levels of income and/or complex organisational and funding structures and/or a significant number of employees.

The Code is relevant for every charity operating in Ireland.

Charity trustees are responsible for the governance of their charity and should make sure that the six principles of the Charities Governance Code are being applied. In order to assist and provide practical support to charity trustees in their efforts, the Charities Regulator has developed a suite of guidance documents and templates available to [download](#)



## 4. How to fund an NGO

### 4.1. SELF-FUNDING OPPORTUNITIES

Funding is crucial for an NGO's work. Even if most of the work will be done by volunteers, consider that at some point you may have to hire full or parttime collaborators, and also service providers or specialists. Consider day to day running expenses such as rent, water and electricity bills, stationary, cleaning products, etc. Insurances, equipment and materials, catering services, food, software, local transportations, or the acquisition of merchandising are also expenditures that you need to consider.

Even though many organisations depend on government grants or public funding to operate there are many entrepreneurial options for self-funding that are not dependent on the existence of funding programs and are valuable sources of income for NGOs, such as:

- Membership fees
- Providing services
- Selling products (merchandising for instance)
- Donations
- Sponsorships
- Crowdfunding
- Fundraising campaigns
- Exchange of goods and services

### 4.2. WORLDWIDE FUNDING OPPORTUNITIES

There are several funding opportunities worldwide including awards that are worth to explore.

- [The Arctic Fox Initiative](#) – This is a yearly funding opportunity for NGOs around the world working to protect our environment. It is promoted by the Fjällräven company.
- [International Terre de Femmes Award](#) – This is a program promoted by the Yves Rocher Foundation that awards women “who are striving to preserve biodiversity and change the world”.
- [National Geographic Society](#) – National Geographic has several opportunities to fund nature conservation and science communication projects. Usually, it funds individuals but can choose to receive the funds through the organization with more team members.
- [The Global Fund Foundation](#) – an organization focused solely on growing community philanthropy globally as a central pillar of people-led development.
- [Terra Viva Directory Grants](#) – In this platform it is possible to find information about grants for agriculture, energy, environment, and natural resources in the world's developing countries.
- [Funds for NGOs](#) – This is a social enterprise established with the purpose of increasing the sustainability of NGOs across the world. They accomplish this by providing online resources for NGOs to increase their awareness and access to donors, resources, and skills.



### 4.3. EUROPEAN FUNDING OPPORTUNITIES

Within Europe there are many funding opportunities for NGOs. These are some of them:

The European Commission allocates large budgets for different types of actions where NGOs can take part:

- [Erasmus+](#) - Supports activities in the fields of Education, Training, Youth and Sport.
- [Europe for Citizens](#) – Fosters European citizenship, and finances projects that contribute to the citizens’ understanding of the EU.
- [Creative Europe](#) - Supports the European audiovisual, cultural and creative sector.
- [LIFE](#) – It’s the EU’s main financial instrument for the environment, biodiversity conservation, protected areas improvement, but also communication and information on environmental aspects.
- [Interreg](#) – Promotes interregional cooperation, in order to help regional and local governments across Europe to develop and deliver better policy.
- [EU Aid Volunteers](#) – Opportunities to European citizens to get involved in humanitarian aid projects.
- [WelcomEurope](#) – In this platform you may find a list of European subsidies concerning development NGOs.

Besides EU grants, there are other funding opportunities available across Europe, such as:

- [EEA Grants](#) – These grants are funded by Iceland, Liechtenstein and Norway and aim to promote a more equal Europe, both socially and economically.
- [The Europa Nostra Awards](#) - Recognizes the best achievements in conservation, research, dedicated service as well as education, training and awareness-raising.
- [The Good Lobby Awards](#) – Recognise the most successful citizen-driven projects and advocacy collaborations between citizens – be they professionals or volunteers – companies, civil society organisations, political representatives, academics and/or foundations.

### 4.4. COUNTRY SPECIFIC FUNDING OPPORTUNITIES

Fundraising from the public is an essential and valuable source of revenue for many charities. However, it is critical that charities carry out all fundraising from the public in an open, transparent, honest, respectful and accountable manner. Fundraising should always be underpinned by an appropriate legal framework. Fundraising activities which operate on the basis of perceived loopholes in the law risk damaging the reputation of the charity and the sector more generally, the following document has been produced to assist with raising money from the public. [Guidelines for Charitable Organisations in Fundraising from the Public](#)

The Wheel are Ireland’s national association of community and voluntary organisations, charities and social enterprises. They are a registered charity in Ireland and are unique in their role as a ‘one-stop-shop’ for anything related to the charity and nonprofit sector. Launched in 2008, The Wheel have developed a database of funders called Fundingpoint, it is Ireland’s largest and most comprehensive resource for funding opportunities. The founding principle of Fundingpoint is straightforward: to put new and ongoing funding opportunities at your fingertips when it matters most. It is a subscription based service.



## GRANTS

You can apply to grant-making organisations for funding.

**Voluntary Grant Makers:** these organisations are most often charities themselves, the majority being named Trusts or Foundations

- Grant-making Trusts: Independent grant-making charities like the Community Foundation for Ireland, JP McManus Foundation, or the Cork Street Fund.

**Statutory Grant Makers:** government funded organisations who also make grants

- Central Government: government departments provide a number of annual grant schemes, e.g. Department of Transport, Tourism & Sport's Sports Capital Programme.
- Local Gov: local councils provide a range of youth and arts grants etc on an annual / cyclical basis.
- Statutory Agencies: for example, The Arts Council and Heritage Council, both of which provide comprehensive funding programmes.
- European Union: for example: European Commission, EU Peace Programme, Lifelong Learning Programme.

**Private Sector Donors:** companies who give grants to nonprofit organisations

- [Business in the Community](#)

## Fundraising events and activities

[The Wheel](#) have created a document to suggest and stimulate ideas for fundraising events and activities.

## Other sources of funding / grants

[The Community foundation for Ireland](#)

[The Ireland Funds](#)

[Charities Institute Ireland](#)



## 5. How to manage your NGO?

### 5.1. TIPS

Managing an NGO may feel a bit difficult and confusing if you do not have that kind of experience so here's some tips that you may find helpful:

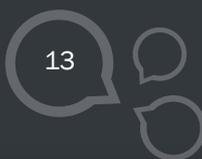
- **Network.** In the NGO sector it is very important to network. Going to seminars, conferences and other events is fundamental to make your institution known and to know other stakeholders with whom you can establish partnerships or even create joint projects.
- **Be innovative but realistic.** NGO leaders, workers or volunteers most times are moved by passion and a sense of mission and the first instinct is to accept all possible projects that come their way. Be realistic about you NGO's capacity and think if you have the resources (or means to get them) before accepting a new project.
- **Be communications-effective.** When it comes to communication with the public it is fundamental to know what your target audience is and what social platform they use. Keeping a social media account relevant and dynamic takes a lot of time, so it is important to choose the best communication channel to avoid wasting time with platforms that won't have any visibility or impact.
- **Be sure of what you say.** People rely on NGOs to obtain trustworthy information. So ensure that all your communications and publications are evidence-based and professional.
- **Communicate clearly.** Avoid technical jargon and use simple but correctly written sentences to convey your message.
- **Share your work.** Websites are a great way to showcase your NGOs work and projects. Even if you don't make regular posts on it, it is always a good way for potential partners, sponsors or members to learn more about your NGO and the work you do, but you should try to keep information current.
- **Engage with members.** Membership fees can be an important source of income for the NGO. However, after the first year, it may be difficult to get the members to commit to keep paying them. As such, it is necessary to find strategies that will motivate the members to keep supporting the NGO. Make sure there are advantages in being a member and inform them regularly of the work done and how their money is being put to good use. Be fully transparent about financial aspects.
- **Plan ahead.** Financing is fundamental in any NGO. It is important to predict income and expenditure in the beginning of the year and keep good track of the budget throughout the year. There are always unexpected income that fall through and additional income that is incurred so it is also important to plan for those events and have a 'Plan B' when needed.
- **Organise data.** Make sure you are aware of all legal documentation you need to keep record of. Keep all activity, finance and other reports organised and easily accessible in case you need to find any information. Keeping good records can save a lot of time.
- **Lead by example.** If you want all your colleagues, NGOs and members to be committed, organised and consistent be the first to act so. Members and volunteers need to feel inspired and trust their time and contribution are put into a reliable institution managed by responsible people. Remember human values are sometimes way more important than technical skills.



## 5.2. TEMPLATES

As said before, keeping records is very important in any NGO both for legal and administrative reasons. To assist you, [here](#) you can find some templates you can download to help your daily management tasks:

- **Minutes** are legal documents used to document decisions made collectively, but there are no set rules for creating them. We provide you with two different examples that can be used in different situations. The first example is a good model to register decisions on more regular meetings and the second example is a more formal document and can be used, for instance, to document a member/board election. However, the model for recording minutes always depends on the way the NGO operates and of the usual cultural or legal formats used in your country.
- **Quotation** templates are important if you provide services to other institutions or individuals. Make sure to be very specific on what is included and not included in the price.
- A **Generic document** template is always handy in case you want to make a public declaration, an invitation for an event, a proposal or other more generic situation.
- **Daily management** templates are useful to keep tabs on daily management situations such as requisition of material by collaborators (to know where the material is and who's using it), car logs, inventory, and others.
- **Budget Control** is also very important in any NGO and it is crucial to do that control throughout the year to make sure there are no unnecessary expenditures and that the earnings are enough to cover all the expenses. This is a very basic and simple budget control for current use. For legal purposes it is necessary to keep a more detailed document. Make sure to know all the legal and financial requirements of your country.





# EUROPE

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THRIVING COMMUNITIES



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