

Caritas Development Fund (CDF) - Manual 2013

Purpose of the Manual

This Manual is supposed to assist Caritas Europa and its member organizations in learning more about Caritas Development Fund (CDF), and clarify the different steps to be taken when applying for CDF support. It gives information on background, definition and meaning of the CDF, its objectives and structures. It is the purpose of this document to contribute to proper information-sharing on program rules, criteria, application, allocation and decision-making processes.

It is meant to be an informative and dynamic tool that will be continuously updated and modified to better reflect current processes and structures of the system.

1. Introduction to the Caritas Development Fund (CDF)

Caritas Europa is moving on: With the new strategic framework 2011-2020 in place, Caritas Europa is reviewing and improving existing tools, approaches and services to be more in line with the realities in which Caritas operates, in line with the accompaniment by the Caritas Europa secretariat of its member organisations and always based on the principle of solidarity.

In the framework of strengthening the network and striving to achieve its stability as well as that of its member organisations, a comprehensive capacity building approach for the network is under construction. It brings together the tools we have been using to date in our institutional development approach: The common management standards (CMS) and its tools are integrated in the approach as primordial references for capacity building while a new solidarity system that will financially support Member Organisations' efforts to develop as strong organisations has been designed: the Caritas Development Fund (CDF).

According to the rules and standards of Caritas Internationalis and Caritas Europa and inspired by the *Motu Proprio* "On the service of charity", every single Caritas Organisation shall act with responsibility for its beneficiaries, members and staff by insuring financial and organisational development and stability.

1.1. What is the Caritas Development Fund (CDF)?

Solidarity among Caritas organisations is and has been an essential value of the Caritas network. The Caritas Development Fund (CDF) is a new approach to solidarity. It focusses on the organisational development of member organisations and underlines the fact that organisational development is the responsibility of any organisation. In this understanding, the CDF is a solidarity system among Caritas Europa's member organisations that aims to support the organisational development of those members that need this support because they are, for various reasons, unable to finance structural costs relating to their development.

The CDF is closely linked to the Common Management Standards (CMS)¹. Both the CDF and the CMS are - together with the capacity building approach - important elements of the Caritas Europa institutional development approach.

1.2. Caritas Development Fund (CDF) Objectives

- To financially support the structural costs relating to organisational development projects of member organisations that are unable to finance such costs autonomously, whereby facilitating and encouraging member organisations on their path towards financial self-sustainability
- To foster and encourage solidarity between member organisations of the European Caritas network
- To foster closer liaison between national and diocesan Caritas structures in recipient member organisations.

2. Caritas Development Fund (CDF) strategy

2.1. The Caritas Development Fund (CDF) Vision

Caritas Europa envisions the CDF instrument as an expression of solidarity and subsidiarity in an unequal and changing Europe. The Caritas Development Fund (CDF) provides targeted grants aimed at improving the capacity of member organisations to meet the needs of poor and vulnerable communities. The Caritas Development Fund is an expression of solidarity between member organisations who are all part

¹ The CMS is a set of guiding principles, which help the management and governing body of member organisations to put into practice good governance, quality management and transparency both at the level of the Caritas Europa network and at the level of individual member organisations. These standards aim to help set up systems to improve the key processes of the organisations and increase the level of organisational efficiency. Recognising and appreciating the diversity among members of a common network implies commonly accepted and applied management standards.

of the Caritas Europa family and demonstrate the compassion, solidarity and generosity towards people who are facing hardship and misfortune. Without solidarity, some of our member organisations will feel alone and isolated in addressing the needs they encounter in their countries

The CDF, being a multilateral solidarity instrument, can contribute to appropriate actions by members to make their organisations more autonomous in the future.

Caritas organisations in Europe belong to the same global Caritas family. They work together respecting each member organisation's autonomy, strengthening their unity and sustainability. We remain committed to the principle of subsidiarity, which both requires and promotes grassroots empowerment, participation, decentralised decision-making where possible and a partnership of equals. Caritas Europa envisions being a European network of Catholic organisations that work together to overcome inequalities between countries and within countries, where the strength and capacities of the network are more than the sum of the strength and capacities of its individual components.

In pursuit of this vision, Caritas Europa strives for an ideal situation, where each member will work toward financial independency from others and will be able to realise its mission using its own or locally raised resources.

2.2. The Caritas Development Fund (CDF) Mission

The mission of the CDF is to be a multilateral tool for financial solidarity by and for the members of Caritas Europa in the framework of institutional development. Member organisations in need of such financial assistance can benefit from financial and technical support to realise their organisational development and make their organisations increasingly self-sufficient, allowing to ensure the continuity of their own mission.

2.3. Caritas Development Fund (CDF) Guiding Values and Principles

The main guiding values and principles of the CDF are:

- a) **Solidarity** is an important value of Catholic Social Teaching and is *'a firm and preserving determination to commit oneself to the common good. That is to say to the good of all and each individual, because we are all really responsible for all'* (Sollicitudo Rei Socialis). When we act in generosity and solidarity, we are bringing about the spirit of *caritas* and acknowledging that we are not isolated organisations that happen to live side by side, but that we are organisations that are really interdependent with one another

- b) **Subsidiarity:** The fact that member organisations entrust to Caritas Europa and its CDF working group the decision making competence with regard to the application of the funding made available to the CDF is a clear expression of the application of the principle of subsidiarity.
- c) **Sustainability** is another key concept among the values and principles of the CDF mechanism. Based on the principle that all member organisations are responsible for their own organisational development, Caritas Europa aims to contribute to the sustainability of applicant member organisations with self-sustainability being a matter of individually agreed strategies.
- d) **Accompaniment / Capacity building:** focuses on developing the capacities of member organisations so they are better equipped to accomplish the missions they have set out to fulfill.
- e) **Cooperation within the network:** The member organisations are the true actors of the common activities of the network. Caritas Europa respects each member's autonomy and, at the same time, it actively promotes co-operation among its members and co-ordination at European and global levels. Caritas Europa endeavors to promote a culture of open dialogue, partnership, mutual respect and support within the network, and to support and strengthen the structures and sustainability of individual member organisations within the network.
- f) **Transparency:** is an essential and critical success factor for the CDF at various levels:
- The CDF system requires absolute transparency by the applicant **member organisations** in the way that they prepare and submit their organisational development plans for the implementation of which they need CDF support.
 - Just as important is the transparency demonstrated by **Caritas Europa** towards the member organisations in communicating information about the CDF system in general, in applying transparent allocation criteria and in communicating the rationale and recommendations about specific allocation decisions.
- g) **Accountability:** all applicant member organisations share a mutual and collective accountability towards one another for the quality and reliability of their individual application. Caritas Europa is accountable to its member organisations, in particular for the way in which it facilitates and administers the CDF mechanism, for organising a regular and open dialogue about the mechanism, for timely preparation and sending of application packages, for timely collecting donors' commitments, for timely and transparently evaluating applications and allocating CDF support and for timely and transparently communicating information to all member organisations.

2.4. Eligibility criteria for support from the Caritas Development Fund (CDF)

When considering the **eligibility of** member organisations with regard to CDF support, it is important to identify two different dimensions of eligibility:

1. The **eligibility to apply for CDF support**: the status of membership of the applicant organisation within Caritas Internationalis and Caritas Europa determines the eligibility to apply for CDF support.
2. The **eligibility to receive CDF support**: the evaluation and recommendations made by the CDF working group and approved by the Executive Board determine the eligibility to receive CDF support.

The following organisations will be **eligible to apply for CDF support**:

1. Caritas Europa member organisations and European Caritas organisations that have applied for membership, according to arts. 1.2. and 1.5. of the Caritas Internationalis internal rules;
2. National Caritas organisations that have the status of *correspondent organisation* of Caritas Europa

The **eligibility to receive CDF support** is determined by the CDF working group. The proposed CDF support allocations and the criteria, assessments and considerations on which they were based, have been formulated by the working group and subsequently approved by the Executive Board.

The criteria are:

1. The mandate of the member organisation is clearly stated in its statutes or any other official document.
2. The member organisation has ratified the Common Management Standards (CMS), or is in the process of doing so, in which case the application letter will give the status of the ratification.
3. The member organisation has fulfilled reporting obligation relating to the European Solidarity Fund (ESF) cycles 2012-2013
4. The applicant member organisation is actively engaged in the network (e.g. in working groups, events, trainings); if this is not yet the case, the member organisations sets out how it intends to be actively committed to the network

2.5 The Organisational Development Plan

Organisational development is a deliberate, structured and continual learning and improvement process.

- **Deliberate:** every individual or organisation learns – whether you know it or not. A deliberate process means that the organisation is aware of this process, takes charge of it, plans and steers it and follows up its progress and results.
- **Structured:** the process is organised in different phases. The process starts with an analysis or organisational assessment (by using the CMS self-assessment tool). An organisational development plan is made that is supported by all levels of the organisation. People are trained and improvements are made, and followed up by the management. And last but not least the changes are evaluated, to see whether they are good and sufficient.
- **Continuous:** an organisation is never perfect, not the least because the context that surrounds it evolves all the time. The organisational development process is cyclical.

The applicant member organisation has to have ratified the Caritas Europa Common Management Standards (CMS). The CMS provide the basic tool for the drafting of the organisational development plans: By carrying out the CMS self-assessment, member organisations will be able to identify the main areas (problems to be addressed as priorities) that the member organisation would wish to work on in the next three years.

The **organisational development plan** that will give access to support from the Caritas Development Fund (CDF) will be linked to the financial and managerial capacities of the organisation. The weaknesses that the organisational development plan will address (eventually among other elements, such as the strengths of the organisation) will be identified when undertaking the self-assessment following ratification of the Common Management Standards (CMS).

A three-year organisational development plan: Given the process related to organisational development, the development plan will be implemented over a 3-year period. This 3-year development plan will address the following elements:

- Mission and Vision,
- Analysis of context
- The problems that have been identified and that need to be addressed in order to gain increased financial autonomy – in order of priority
- The strengths of the organisation as identified following the self-assessment
- Clear results to be reached
- A timeline reflecting the benchmarks relating to the priority(ies) to be addressed over the three-year period. Which priority(ies) will be addressed over the three-year period (which ones in which year?)
- Beneficiaries (direct and indirect beneficiaries of the development plan)

- Monitoring and evaluation
- A budgetary estimate for the three year period
- Risk analysis: Identify possible problems linked to achieving the results.

A detailed annual work plan for the first year: Based on the three-year development plan for the organisation, a detailed work plan to be implemented in the first year will be drawn up. The key elements of this work plan will be:

- The priority(ies) to be addressed in the first year
- Concrete results (corresponding to the 3-year plan) – with indicators
- The activities by which the results can be achieved
- Risks relating to the (non-)achievement of foreseen results
- Timeline including benchmarks to be achieved throughout the year
- Involvement of diocesan organisations, if relevant
- Monitoring and evaluation
- Detailed budget covering the work plan for year 1 (including the part of the structural costs)
- Detailed description of own contribution to the work plan (25% minimum)

Preliminary indications for funding:

1. Co-financing approach: member organisations will co-finance at least 25% of the development project cost.
2. Member organisations benefitting from the CDF are also invited to contribute to the fund with an amount of their choice
3. The CDF will support the national offices of the member organisations:
4. Eligible costs: those directly related to the development plan, including structural and overhead costs. A list of eligible costs is available in chapter 3.7.

3. Caritas Development Fund (CDF) Processes

3.1. The Caritas Development Fund (CDF) cycle

According to the Board decision, the CDF has a limited lifespan of 5 years (2013-2018). Member organisations will have three possibilities to submit their development plans to the CDF for financial support (maximum 75%): in 2013 for the implementation period 2014-2016; in 2014 for the implementation period 2015-2017; and in 2015 for implementation in 2016-2018.

Based on the three-year organisational development plans that are to be approved along with their budgets, the detailed work plan for the first year of implementation with a corresponding budget is to be submitted for approval. The annual work plans will be submitted – and approved - on an annual

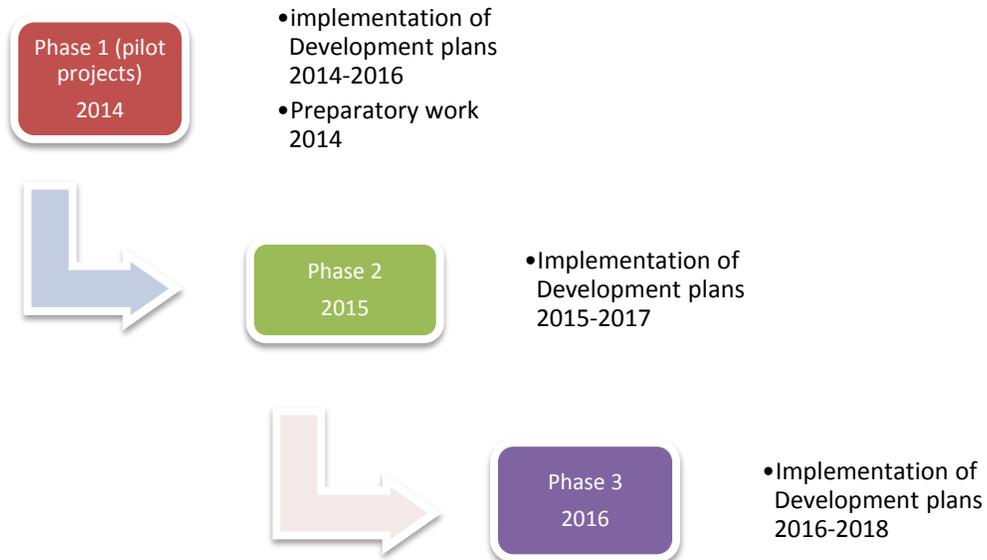
basis, as well as the detailed budgets and other required documents (the financial and narrative reports covering the previous year.) **Each year** the annual applications will be assessed for financial support by the CDF. A member organisation can benefit from the CDF support for **one 3-year period only!**

Those member organisations that are in a position to submit organisational development plans in 2013 for implementation in 2014-2016 will be participating in phase 1 of the CDF, the pilot phase: their experience (good or bad) will be used and shared in the network. They are ready to submit their plans because they have been through an organisational development process already; they know what their priorities are for the coming year(s) that will help them develop into stronger, more sustainable institutions. Other member organisations can learn from them; they can support other member organisations in their development processes.

Member organisations that are not ready to submit an organisational development plan in 2013 can opt for a year during which they can benefit from support from the network to get ready for submitting their development plans in the end of 2014 for implementation 2015-2017. They will have a second chance to submit them in 2015 for implementation in 2016-2018.

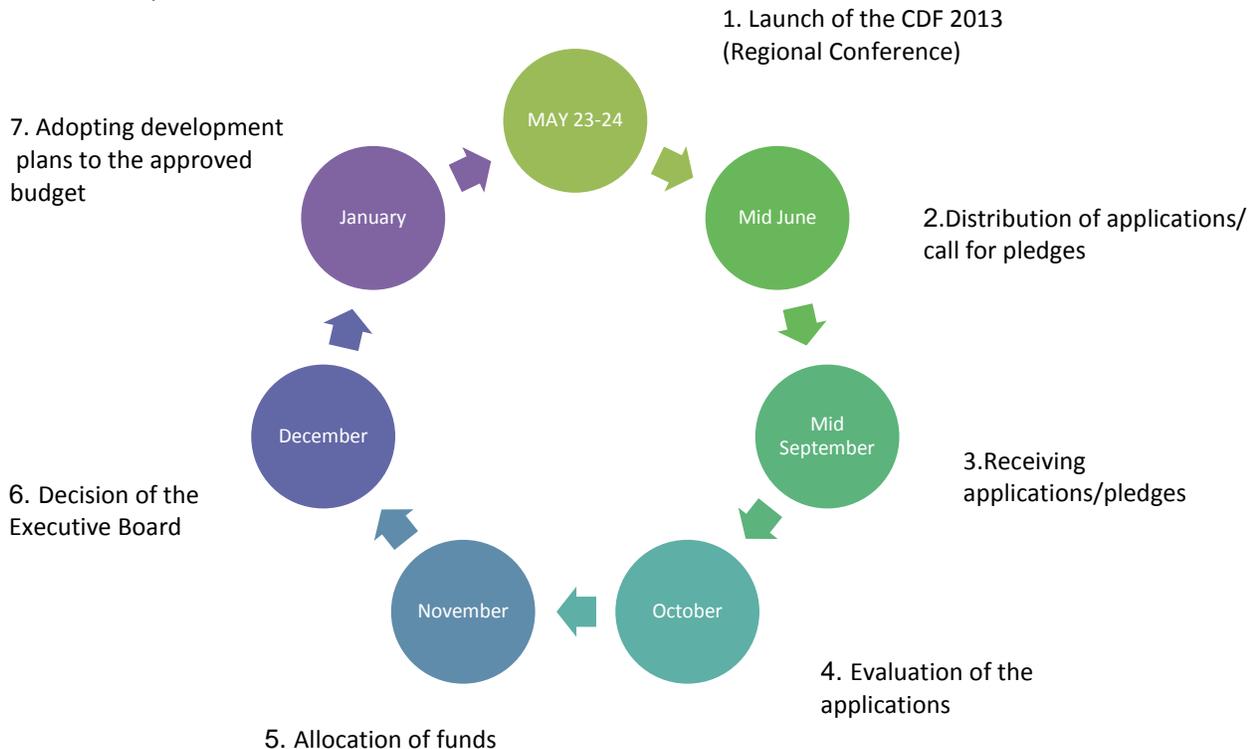
These member organisations will, in 2013 submit their activity plans for this “preparatory year” whereby indicating how they intend to get ready for their development plan, what support they will need in that preparation, and what the relating costs will be which the CDF group will consider supporting.

Only **one** year of organised support is foreseen (2014). A budget of maximum €10.000, - is foreseen to support the implementation of this “preparatory plan”



National Caritas organisations wishing to apply for funds from the CDF must do so by the **middle of September** of a given year for the following 3 years. The applications shall be submitted to the office of Caritas Europa. Caritas Europa provides application form packages to facilitate application.

The graphic representation below indicates the steps and timeframes related to the application and allocation processes.



3.2. Pledges:

In 2013 the member organisations will be invited to contribute to the Caritas Development Fund (CDF). The pledges made in 2013 will in 2014 support two strands of activity:

- 1) The implementation of approved annual development plans (member organisations were ready to submit their organisational development plan and annual work-plan 2014 as pilot projects)
- 2) Elements of the action plans submitted by those member organisations participating in the preparatory year 2014, indicating how they will get ready to submit their organisational development plan in September 2014.

As of 2014, all member organisations will be invited to contribute to the CDF to support the implementation of approved annual work plans (of both the consecutive years of the pilot projects, and the first, second and/or third annual work plans of the member organisations that submitted their plans in 2014 and beyond)

The Caritas Europa secretariat will be in charge of facilitating the support to its members, counting on the commitment of the members to contribute their resources where possible and appropriate.

3.3. The Caritas Development Fund (CDF) application forms and process

Member organisations that are applying for CDF support for the implementation of their organisational development plan (in 2013 for implementation in 2014-2016, or for the consecutive three year periods starting implementation in 2015 or 2016) will submit the following documents:

- The overall **3-year development plan** with its corresponding, indicative **budget (for main elements see 2.5)**
- The detailed annual work **plan** (activity plan) and its corresponding **detailed budget (for main elements see 2.5)**
- The organisation's **financial report** (including a profit and loss statement and a balance sheet (for the year 2012), checked by an external auditor.
In case the member organisation is not able to provide the report made by an external auditor due to well justified legal or any other constrains, then an internal auditing done by the Bishops Conference or a diocesan office should be made and submitted.

Member organisations that are applying in 2013 (only possibility!) for CDF support allowing to prepare their organisational development plan during the preparatory phase (2014) will submit:

- **A 1 year activity plan** indicating the steps it will undertake to prepare for submission of their organisational development plan in 2014, or 2015 and the accompanying budget (action plan and annual budget). The template for a preparatory year application can be found in annex.
- The organisation's **financial report** (including a profit and loss statement and a balance sheet (for the year 2012), checked by an external auditor.
In case the member organisation is not able to provide the report made by an external auditor due to well justified legal or any other constrains, then an internal auditing done by the Bishops Conference or a diocesan office should be made and submitted

Step-by-step instructions will be provided on how to fill in the forms.

IMPORTANT: In both cases the member organisation must fulfil reporting obligation relating to the European Solidarity Fund (ESF) cycles 2012-2013.

Application packages must be submitted to Caritas Europa in time, i.e. fully respecting the deadline communicated in the application package.

3.4. The evaluation process

The required elements of the application are submitted to and received by the Caritas Europa secretariat that in turn shares them with the relevant members of the CDF working group. Each member of the CDF working group acts as the responsible reference person for a (number of) applicant member organisation(s). This CDF working group member will evaluate the submitted three-year development framework and annual implementation plan with the accompanying documents in detail. Where necessary she/he will collect supporting information from the applicant member organisation in question or from other sources.

The CDF working group member then formulates an initial assessment of the development plan received and drafts her/his recommendations including where necessary comments to substantiate this recommendation.

3.5. The allocation process

Before and during the annual allocation meeting, the CDF working group members can exchange with each other their recommendations for the applicant member organisations for which they are acting as the reference person in the CDF working group, including their rationale for formulating these initial recommendations once the total amount of the CDF pledges are known that will support both the implementation of the annual implementation plans (pilot and preparatory).

Following this initial exchange, the working group compares the overall amount of the initial allocation recommendations with the overall amount of funding made available by the member organisations for the CDF support. If there are insufficient funds to cover the overall amount of the recommended allocations, the working group will in its allocation meeting discuss the realistic options and rationale for adapting the individual initial allocation recommendations.

The applicant member organisation will be invited to submit a second version of the development framework and/or annual implementation plan in line with the recommendations/comments made by the CDF working group.

The CDF can finance up to **75% of the costs** relating to the development plan.

3.6. Allocation guidelines and criteria

The allocation process described under 3.5 above takes place in accordance with clear allocation guidelines and criteria that have been developed.

The following evaluation criteria – that are all referred to in the application form - shall influence the decision for the allocation of CDF support:

1. Contextual/external evaluation criteria:

- Availability of Funds (the overall amount pledged by member organisations and requested by all members)
- Access to external funds:
 - EU funds
 - Government
 - Local fundraising
 - External partners (out of Caritas Europa)
- Availability of Church funding

2. Internal evaluation criteria

- Clarity and transparency of the application
- Rationality of the structural costs submitted for eligibility for CDF support
- Good balance of social efficiency: The size of the applicants structure must be in a healthy relationship with the overall activities carried out
- Clear vision on how an applicant is planning to increase its income for structural costs in the long run
- Overall activities of applicants
- Visible link between organisational development and capacity building

3. Formal evaluation criteria for year 1 applications

- Quality of application and reporting documents
 - The financial report is submitted along with an external auditor report
 - The soundness of the narrative part of the application
 - Coherence between the data
 - Completeness
- **Eligibility** of the structural costs for which funding support is requested (**see below**)

4. Formal evaluation criteria for application for support covering consecutive annual work plans

- Quality of application and reporting documents
 - The financial report is submitted along with an external auditor report
 - The soundness of the narrative part of the application
 - Coherence between the data
 - Completeness

- **Progress made and results achieved in the preceding year**
- **Eligibility** of the structural costs for which funding support is requested (**see below**)

3.7. CDF eligible costs related to the development plan:

- Capacity building, trainings, organisational development (CMS or others)
- Capacity development of diocesan organisations, staff and volunteers in order to strengthen the role of the national Caritas network.
- Purchase of the office equipment
- Cost of the personnel of the National Caritas working for the implementation of the development plan and other directly related costs
- Office space including:
 - Rent
 - Maintenance
 - Utilities
 - Communication
- Cost of campaigns to raise funds (for structural costs of the organisation)
- External Audit Cost
- Travel
- Financial costs (bank)
- Caritas Internationalis and Caritas Europa membership fees
- Other relevant expenses as indicated in the financial forms

NB: All above costs are considered eligible only when related to the development plan and only if they are not already covered by direct or indirect project income

Full **transparency** is required from applicant member organisations in the way that they prepare and submit their organisational development plans and accompanying documents. It will be an essential and critical success factor for the CDF at various levels:

3.8. Formal decision on the allocated support

Following the allocation process the final and detailed allocation proposals are submitted by the CDF working group directly to the Executive Board of Caritas Europa. Where necessary and relevant, the CDF working group also submits to the Executive Board some narrative clarification as regards the rationale behind certain allocation recommendations. The Executive Board is the body to formally approve the allocation proposal made by the CDF working group.

Of equal importance is the **transparency** demonstrated by Caritas Europa towards the member organisations in communicating information about the CDF system in general, in applying transparent allocation criteria and in communicating the rationale and recommendations about specific allocation decisions

3.9. Communicating the decisions

After the decision by the Executive Board of the annual allocations of funds, information and feedback on the decisions taken will be communicated by the Secretariat in writing as follows:

- Member organisations are notified individually by a letter informing them of the allocation of the funds pledged by them, providing them with guidelines and instructions with regard to the disbursements of these funds to the applicant member organisations.
- CDF applicants will be informed individually by a letter informing them of the funds allocated to them and - where relevant or appropriate - informing them about the considerations that were at the basis of the allocation recommendations and decisions with regard to their application.
- An annual matrix, showing all pledges by member organisations, all requests by applicants and all approved final fund allocations, will be prepared.

3.10. Financial transactions and follow up

Once the donor member organisations and the applicant organisations have been fully and transparently informed about the results of the allocation process, the involvement of Caritas Europa in the process ends, and the financial transactions between donors and applicant member organisations become a direct **bilateral** matter.

The same bilateral nature applies to specific reporting requirements that the donor member organisation may have. The CDF application package has been designed in such a way that it can also serve as a narrative and financial report to the donor organisation. Nevertheless it may happen that a specific member organisation has additional reporting requirements. These should then be discussed and agreed on a direct bilateral basis with the applicant of the funds.

The CDF working group members will be monitoring/following up on the implementation of the organisational development plans with the member organisation for which they are the “reference person”.