

Fund Development

Fundraising and Funding: what's the Difference?

In the daily practice, it happens often that the terms funding, fundraising and fund development are used interchangeably. **But, there is a substantial difference and if you're interested in the non-profit world, then it's a good thing to know!**

Fund development is the overall process by which organizations use **fundraising and funding** to build capacity and sustainability.

Fund development is (or should be) part of the strategy of a non-profit organization. It is concerned not only with raising money, but in doing so also with the development of reliable sources of income that will sustain the organization through the realization of its **long term mission and vision**.

Fund development usually involves building relationships with people and other organizations that will support the organisation. It requires a **strategic plan that relates the source of income to the purpose and programs of the organization**.

Fundraising is conducted with the intention of raising money for a non-profit organization or charity. It usually involves asking people for donations, using a variety of communication and marketing methods, asking people to purchase a product or service that support the charity, or having people participating in an event of some sort. In this case, the goal for fundraising is almost always to meet the **immediate needs of the members**, and the infrastructure costs are supplied by a larger, affiliated organization.

On a different level, when organizations are primarily member based, **funds are raised from among the members themselves for the purpose of sustaining the organization's needs**. The money required may be in the form of fees paid to belong to the organization, as in the case of Caritas Europa, or in the form of donations. **These organizations have a built-in fund development strategy (like the Caritas Development Fund)**.

The members of network are the recipients of the organization's programs and services. So the strategy for sustaining the organization and building its capacity usually revolves around the members themselves. There is trust that the leadership spends funds wisely, that communication about how funds are being used is in place and it entails involvement of the membership in budgeting and other decision making processes.

A key decision an organization must make is what type of fund development strategy it should use based on the type of organization it is and if it has long-term needs.

Many organizations start with meeting their needs through short-term fundraising strategies and at some point must make the transition to fund development strategies. Otherwise, they will flounder, moving from one fundraiser to another without developing sustainable relationships.

So, if we have clarified what fund development and fundraising are, **what is Public Funding, in this case, EU Funding? What is the aim of Community grants?**

The Commission awards money in the form of grants in order to implement projects or activities in relation to European Union policies. The EU provides funding and grants for a broad range of projects and programmes covering areas such as social affairs, education, health, consumer protection, environmental protection, humanitarian aid etc.

So the keyword for understanding what EU Funding is about is: EU Policies. By implementing projects financed by the EU programmes we contribute to the policies of the EU in that very specific area.

EU funding is available for public and private organisations active in any of the EU's policy areas. To apply for EU funding, applicants must fulfil eligibility requirements and send in their proposals.

Funding is managed according to strict rules to ensure that there is tight control over how funds are used and that funds are spent in a transparent, accountable manner.

EU funding is complex, since there are many different types of programmes managed by different bodies. Over 76% of the EU budget is managed by the member countries. This includes the structural funds - which finance regional policy, social and training programmes, as well as agriculture.

As a general principle, the two main types of funding are:

1) Grants for specific projects, usually following a public announcement known as a 'call for proposals'. Part of the funding comes from the EU, part from other sources.

2) Public contracts to buy services, goods or works to ensure the operations of EU institutions or programmes. Contracts are awarded through calls for tenders (public procurement) and cover a different range of areas.

As a group, the 28 EU Commissioners have the ultimate political responsibility for ensuring that EU funds are spent properly. But because most EU funding is managed at country level, national governments are responsible for conducting checks and annual audits.

Calls for proposals and tenders are published on the EU websites on a regular basis. Detailed information on each call is available on the websites of the various DG of the European Commission and **is shared within Caritas Europa network through the regular email alerts coming from CE Secretariat.**

If you want to receive these email alerts, just let us know!