

POLICY NAME: Restricted Funding Policy	CATEGORY: Administration
APPROVED BY: CPAC	APPROVED: October 30, 2020
	REVISION APPROVED:
POLICY OWNER: Co-Directors, Systems	NEXT REVIEW: April 2021

1. Introduction

World Renew’s vision for transformed communities improving their own situations in sustainable ways is the driving force behind its programming. The pursuit of a diverse restricted funding portfolio has numerous advantages for World Renew and those stakeholders who benefit from the projects in its countries of operation. Recognizing that a community’s internal resources are the primary sources of transformation, restricted funding opportunities (e.g. grants, solicited, unsolicited, special projects) should be pursued in ways that complement local resources, reinforce the development of community organizations, and catalyze the changes communities want at a larger scale.

World Renew seeks to educate its donors to understand the local context and the root causes of poverty or crisis and the lessons World Renew has learned over the years regarding “do no harm” principles, avoiding dependency, and cultivating relationships with local communities that are reciprocal instead of paternalistic.

2. Scope

This policy applies to grants from foundations and institutions; individual donations to projects that are part of the restricted portion of the budget, and church partnership and Global Volunteer Programme donations applied to the restricted budget. This policy does not apply to a) World Renew approved emergency appeals for disaster funding, b) existing institutional funding (eg. CFGB), or c) to fundraising activities for the undesignated portion of the budget, including any such items in the Offer Inventory System.

3. Purpose

The purpose of this policy is to increase the World Renew revenue base and programme expenditures in order to expand programme reach (beneficiary numbers and geographical focus). This policy promotes increasing depth and quality of World Renew programme work. This policy supports innovation through initiatives with new ideas and approaches, and creates opportunities to improve collaboration and increased leadership roles within consortiums and networks globally and within the development sector generally. This policy supports clear and efficient processes for Regional Teams and partners to engage in local fundraising. World Renew

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seeks to enhance its organizational credibility, profile/visibility, and reputation in the sector, to position itself as a partner of choice in community development.

4. Principles

4.1 The World Renew Restricted Funding approach focuses on addressing needs for communities around the world whose well-being (shalom) has been jeopardized by poverty, injustice, or disaster, and are engaged in transformative practices that improve their situations in sustainable ways. We intend to strengthen our sectoral focus and social impact, improving the quality of life for families and communities. World Renew follows the Core Humanitarian Standard as we develop and seek funding for these programmes.

4.2 World Renew encourages the donors in its constituency to be joyful and positive influencers in their home churches and communities about what they have experienced and learned.

4.3 The order of priority for directing gifts is 1) the Unrestricted Fund (where needed most and designated gifts), 2) special projects designated by Country Teams, and finally 3) to donor-initiated projects. When World Renew receives restricted funding it seeks to a) first, fully fund unrestricted existing projects as a strategic priority of the organization, b) secondly, to fund activities that may be brought to scale through larger grant-funded projects and by reducing overhead costs through economies of scale, c) and, third, support new projects which are aligned to World Renew strategies and that respond to an identified community need.

4.4 We seek to diversify our partner base, and to enhance organizational competencies and growth, including project management and compliance experience. We seek to leverage our restricted funding portfolio to increase the number of qualified staff and sectoral specialists directly hired through restricted-funding to support time-bound projects.

4.5 World Renew seeks to diversify its funding sources and grantors.

4.6 World Renew's pursuit of restricted funding opportunities is guided by its organizational values and policies, its strategic plan and other key operational standards such as the Core Humanitarian Standard and Gift Acceptance Policy.

5. Policy

5.1 Programme

5.1.1 Consistency: World Renew will only seek or accept funding opportunities that are consistent with the organization's vision, mission, values, and programme priorities. The minimum amount for a restricted funding project is \$20,000 total (may be multi-year).

5.1.2 Capacity: World Renew will only apply for funding opportunities for which the Home Office and/or the Country Teams (or Alliances or Implementing Partners, as appropriate) have

the capacity to prepare the proposal and implement the project, and to fulfill all of the donor's requirements. World Renew will plan for appropriate and effective results monitoring and evaluation in all restricted project proposals.

5.1.3 Opportunity Assessment: A Go/No-Go scorecard process or country fundraising strategies will be used to assess all restricted funding opportunities under the scope of this policy. Opportunities that are included in an approved Country Fundraising Plan are considered to automatically fulfill the Go/No-Go requirement. The Go/No-Go scorecard process is not required for a letter of inquiry to a donor. For details regarding Country Fundraising Plans, see 5.3.6 and 5.4.3.1 below.

5.1.4 Coherence: Priority will be given to funding for programmes within existing programme types. World Renew may apply for restricted funding that resides outside its approved programme types, but only at the discretion and approval of the Co-Directors Priority Advancement Council (CPAC).

5.1.5 Regional Director Approval: When doing local fundraising, Country Teams must satisfy the provisions of 5.1.1 through 5.1.4, and obtain approval first from the Regional Director prior to submitting any restricted proposal in the country.

5.1.6 Coordination: When the Home Office becomes aware of restricted funding opportunities that have satisfied the provisions in 5.1.1 and 5.1.2, they will inform each Regional Director (who will consult with Country Teams and their Country Directors) to give opportunity for their expression of interest in applying.

5.1.7 Communication: World Renew will assign one staff person as "Designated Relationship Manager" for each restricted funded project to be the primary point of contact with the funder, to coordinate communication and to ensure compliance. For institutions that fund both response to disasters and long-term development, International Disaster Response team and Programme Excellence team will coordinate their communication about the two types of grants. See 5.4 below. When the Designated Relationship Manager for a funder is on the Programme Excellence Team, CORE Team, or the International Disaster Response Team, they will coordinate with the Regional Director and the Country Teams to ensure that the Country Teams have adequate technical capacity, orientation, and any necessary support to effectively implement restricted projects. The Designated Relationship Manager will provide to Country Teams before start-up of restricted funded project operations, at a minimum:

- 5.1.7.1** Review of the donor agreement.
- 5.1.7.2** Review of finance controls and compliance requirements.
- 5.1.7.3** Reporting requirements.
- 5.1.7.4** Donor guidelines for the method of recording cash versus in-kind contributions.

5.1.8 Changes: Any changes to budget or geographic areas for restricted funding projects must follow the procedures in the funding agreement between World Renew and the donor, with the designated relationship manager responsible to obtain necessary approvals.

5.2 *Finance*

5.2.1 Accountability: World Renew’s Home Office is accountable for all restricted funding that is received and accounted for in the Home Office or at the Country Teams level. All funding agreements are legally binding documents.

5.2.1.1 The Chief Financial Officer (CFO) or their designee will sign restricted funding agreements for less than \$200,000.

5.2.1.2 The Co-Directors or their designee will sign restricted funding agreements for more than \$200,000 per World Renew Executive Limitation Policy.

5.2.2 Review: The Chief Financial Officer (CFO) or their designee must review all restricted funding proposals and budgets submitted by World Renew. For all restricted funding projects:

5.2.2.1 No project funds will be received from a donor or processed without an approved proposal, a signed agreement with the grantor, designation code, and partner agreement. The signed agreement with the grantor will state the terms and conditions of an award granted pursuant to the Plan.

5.2.2.2 No project funds will be transferred to a Country Team or Partner or received on field without an approved project, budget, and partner agreement.

5.2.2.3 Every project over \$50,000 must have a mandatory partner audit component to ensure financial compliance. Where allowed, this should be included in the donor eligible cost. Where not allowed, the country must include it in their undesignated budget.

5.2.2.4 All proposals should include direct and indirect costs: unrestricted country operating costs such as staff time, utilities, vehicles, HR department time allocations (on project) required for the full project cycle. The amount of indirect costs permitted will vary among donors, and will be examined in the Go-No Go / country plan approval processes.

5.2.2.5 A General Operating Support (GOS) percentage is applied to all restricted projects for eligible costs. (As of June 2020 – GOS is 14.5%).

5.2.2.5.1 Exempt from this GOS policy are restricted projects funded by institutional donors that have policies regarding Indirect Cost Recovery (e.g. GAC, USG, Growing Hope).

5.2.2.5.2 The Co-Directors have sole discretion to waive the GOS requirement, in whole or in part, for donors, on an exceptional basis.

5.2.2.6 All restricted opportunities requiring a match component will be reviewed with the Chief Advancement Officer or a delegate as part of the regular Go/No Go process. Approval from the Chief Advancement Officer or delegate must be obtained to ensure match targets are included in the annual fundraising goals with a contingency plan.

5.2.3 Reporting: The Country Teams will have a responsibility to report to the Designated Relationship Manager on finance and programme activities related to the respective restricted funded projects.

5.2.4 Tracking: The position that manages programme and funding alignment will ensure that the restricted funding details are updated in World Renew's centralized system for tracking of funding and that all forecasts for new restricted projects are updated for the current and subsequent fiscal years.

5.2.5 Controls: The Regional Directors are responsible for ensuring that all financial controls for restricted fund projects are in place at the country level and are monitored regularly.

5.2.6 Modifications: Re-purposing of restricted funding (on an ongoing project) may only be done with the written approval of the respective donor.

5.2.6.1 A no-cost-extension or cost-extension may be requested from the donor for any project where there is a legitimate need or issue that requires more time or funds.

5.2.6.2 Moving funds within a project budget or between projects of the same donor, must follow the guidelines of the original agreement (e.g. 10% variance between budget line items) or with the specific approval of the donor in cases of emergencies, disaster, pandemic, conflict, or other fundamental shift in the risk registry of the project.

5.2.6.3 Any changes to the existing project, per above, must be provided to the donor within reasonable time and with sufficient justification to make a decision on the re-purposing in the budget.

5.3 *Compliance*

5.3.1 Compliance oversight is provided by the Designated Relationship Manager directly accountable for the respective restricted funding projects.

5.3.2 All implementing offices (Country Offices or Partner Offices) will produce requisite narrative and financial reports at the quality and standard expected for submission to the

donor. Where required, capacity building and training will be provided by the Program Excellence Team, IDR, DRS, or CORE to ensure this standard.

5.3.3 All multi-country and/or multi-partner concept notes, proposals, and reporting for government institutional donors will be coordinated with the Designated Relationship Manager, in coordination with the position managing programme and funding alignment.

5.3.4 Country Funding Plans require the approval of Regional Director, CFO, Program Excellence Director and International Disaster Response Director if CFGB is included.

5.3.5 Regional Directors will participate in all Go/No-Go meetings related to their region. Regional Directors do not have sole approval authority for restricted funding opportunities at the field level. They have responsibility to guide the discussion and shepherd decision-making for approval of an identified restricted funding opportunity. Approvals will be done in collaboration with other departments and the field at the Go/No-Go meeting level. The Co-Directors will make a decision if the Go/No-Go meeting cannot reach agreement.

5.3.9 All contracted services for approved restricted funding must abide by the terms and conditions in the funding agreement for the respective project and will be authorized by the Country Teams as per the annual work plan.

5.4 Donor Relationships

5.4.1 World Renew will delegate relationship management for individual restricted funded projects, as deemed necessary or most effective. All communications with the donor will be through a Designated Relationship Manager (at either the Home Office or the Country Office) and maintained consistently by a single individual, unless otherwise delegated to an alternate.

5.4.2 Grants specialists in the Home Office will manage long-term development grants opportunities from institutional donors that have high importance for World Renew in multiple regions (such as USAID, GAC). This will ensure consistency across countries. The Home Office grants specialists will coordinate with Regional and Country Directors to prioritize efforts to strengthen relationships with US and Canadian government representatives.

5.4.3 Country Fundraising: Each Country Team is encouraged to do local fundraising (with their contacts in the country), in consultation and coordination with the Home Office teams. The Country Team is responsible for setting realistic fundraising targets and plans for the fiscal year, and for building a cadre of networks and supporters to achieve those targets. However, if there is an existing Designated Relationship Manager with an institutional donor, a major donor or a church, the Country Team must give the Designated Relationship Manager the lead in proposal development. (For a definition of local fundraising, please see the glossary.)

5.4.3.1 Each Country Team, in collaboration with PE and CORE, should have a specific plan for fundraising, the Country Fundraising Plan, that includes

intentions for accepting restricted funding opportunities that are not channeled through the Home Office.

5.4.3.2 All local fundraising of restricted funding opportunities that are exceptional and fall outside the approved Country Team Fundraising Plan will follow the process defined in 5.1.3, above.

5.4.3.3 The Home Office will provide oversight and technical support for restricted projects as agreed upon with the Country Teams.

5.4.4 Where World Renew is registered abroad as a locally registered entity, with a national board, they are encouraged to access funds exclusively ear-marked for local NGOs, where appropriate. All funds received at the World Renew Country Office are eligible and should be reported as World Renew revenue.

5.5 Information Technology

5.5.1 All restricted funding must be recorded and kept up to date in World Renew's centralized system for tracking of funding. See 5.2.4 above.

5.5.2 Existing reporting mechanisms/systems (standardized templates) should be used when possible to avoid duplication of reporting work.

5.5.3 World Renew staff will use a centralized system for tracking donor information to promote collaboration and effective communication.

5.6 Collaborations and Consortia

5.6.1 Innovative partnership engagements that are strong and diverse at the Home Office and Country Office level are encouraged as part of the revenue growth plans. Partnerships at the domestic and international levels are a critical component of the World Renew funding strategy.

5.6.1.1 New and existing implementing partners may be engaged for finite periods during a restricted-funded project. See Guidelines for Expediting Partnerships.

5.6.1.2 *Consortium*: The individual organizations that are interested in joining with World Renew in a consortium grant application to a donor must be carefully assessed in the pre-award stage, to ensure that they are compatible with World Renew's strategy and organizational standards and values.

When World Renew is acting as an Prime organization for a grant, in the post-award phase, an in-country management audit should be conducted for each sub-awarded agency before funds are released. If not covered in the project proposal, World Renew's country or regional office must budget

for an on-site visit and review.

5.7 *Marketing and Communications*

Marketing and Communications is the outward facing team of World Renew. Therefore,

5.7.1 All donor-facing communications and materials will be shared with the respective Designated Relationship Manager in charge of the related project(s) prior to sharing publicly to ensure organizational alignment and consistency in project messaging.

5.7.1.1 Designated Relationship Managers will ensure that reports and summaries for all projects are complete and accurate for marketing purposes.

5.7.1.2 Designated Relationship Managers will ensure required photographs and stories are collected in a timely manner.

5.7.1.3 The position that manages programme and funding alignment will be responsible for managing a repository of all summaries and reports.

5.7.1.4 Marketing and Communications is accountable for communicating to donors on match opportunities.

5.7.2 Donor cultivation should be coordinated but may be delegated to any qualified person. However, donor communications (reporting and communications) should always be completed by the same person to avoid confusion and irregularities.

6. Key Terms and Definitions¹

The Agreement: A grant fund is usually awarded based on conformity or compliance to official requirements of the fund, typically laid out in ‘an agreement’ with the donor. In the case that no specific compliance requirements are specified, World Renew will apply a minimum standard approach based on current procedures and policies.

Cash Contribution or Match Funds: The implementing agency (World Renew) is usually required to share the cost of a government grant-funded project. The ratio of the cost-share required can differ from project to project. Cash contributions raised by the agency for the project must follow any donor requirements relating to how the implementing agency raises the funds, and to how those funds are accounted for and used in the implementation. The cost-share is often referred to as ‘match funds’ because the implementing agency is matching the amount approved or allocated by the government to the project.

Comprehensive Impact Campaign Sectors: These sectors are the areas of programmatic emphasis

¹ World Renew commits to complying with its applicable statutory and legislative obligations. Accordingly, the specific definitions, terms or concepts used in this policy are for reference purposes only. If necessary, the applicable provincial, state or federal definitions mandated by the appropriate jurisdiction where an employee is employed, will take precedence and/or will supersede the definitions outlined in this policy.

that World Renew has identified as most important for changing the lives of the people it works alongside. Where possible and at a minimum, restricted funding opportunities should align with these sectoral priorities.

The Contribution Agreement (CA): A CA is the most common form of grant agreement signed with grantors. It will, by definition, require a cost-share from the recipient to support the budget of the project. The ‘contribution’ refers to the grantor’s contribution to an activity conducted by the implementer (World Renew) and not vice versa. As such, the grantor assumes that the implementer has sufficient funds, defined by the agreement or contract to share the cost of the project. The CA will specify the financial cost-share by the donor and the agency, which could be a mix of cash and in-kind contributions. The cost-share is a percentage of the Total Direct Costs of the project. Cost-share is usually calculated by assessing the total cost of the project and allocating a percentage to cash/in-kind; the percentage may be stipulated by the donor or negotiated by World Renew.

Country Fundraising Plan: A document created at country level and approved by the Regional Director which states the intention of the country to raise funds locally as well as the strategy for doing so. The document includes realistic fundraising targets for the fiscal year and plans for reaching those targets, including specific opportunities to pursue. See Local Fundraising.

Designated Relationship Manager: Designated Relationship Manager: The staff person assigned to be the interface between a specific funder of a restricted project and World Renew is called the Designated Relationship Manager for that restricted project. Communications and reporting to a funder, whether it is a foundation or other institution, an individual major donor, or a church, should always be the same person to avoid confusion and irregularities. That person will be responsible for the relationship between the funder and the World Renew teams (CORE, IDR, PE, country teams, and leadership) who must contribute to the successful implementation of a project. Although some responsibilities may be delegated for donor cultivation and stewardship and management of a project, the Designated Relationship Manager will be the main point of contact for critical communication to the funder and back to the World Renew teams.

Direct Costs: In most cases, direct costs are those that are directly related to, and expended on behalf of the recipients of the project(s). This may include full-time project staff, transportation, logistics and communications, directly related to the project(s). For example, a Project Finance Manager’s time on a project may be constituted as a direct cost to the project.

Donor Initiated Projects (World Renew): Restricted funding projects that are negotiated with donors on a case by case basis and only approved through the Go/No-Go scorecard process. These could include major donors, churches, corporations, and some foundations.

Eligible costs: These are costs used by a project and eligible as per the donor’s definition and requirements. These costs are reasonably and properly incurred and paid to the project and may be direct or indirect.

General Unrestricted Programme: This is the funding that is allocated to each team by World

Renew's Board for a fiscal year for planning purposes. Usually 92% of operational funds of this amount is guaranteed or fixed, while the other 8% is considered "variable", and is not approved until February 15 (dependent on revenue targets). Designated gifts from individuals, church congregations, or groups of constituents are not considered grants even if a small proposal was presented in order to solicit the gift and even if it provided additional funding above the general unrestricted programme.

"Go/No Go" scorecard: This is an initial assessment checklist for restricted funding opportunities that ensures that a) there is adequate country capacity to execute the project; b) there are adequate resources (staff, funding, etc.) to complete the planned objectives; c) the objectives align with the strategic priorities of World Renew, the Regional Teams, and the Country Team; d) the proposal meets the funding and proposal criteria of the donor, and; e) the proposal is well-written and enhances the professional image of World Renew. Country capacity is not a criterion for approving applications for disaster response grants, since DRS staff and International Relief Managers provide additional capacity for managing disaster response programmes and reporting to donors.

The Grant: A grant is a non-repayable restricted fund or product disbursed by one or more parties (grantor) to a recipient (World Renew), often from a government department (bilateral/institutional), a multilateral (e.g. UN), a private/corporate entity, foundation or trust. A 'grant' is the fund mechanism by which a particular project or projects may be activated. It does not describe 'the project' or 'the agreement' but rather, is a generic term to express the funding mechanism (e.g. grant-funded project).

Grants (recurring): Funding that is received from stable and pre-existing relationships such as CFGB, Growing Hope.

Grants (competitive): Funding that is received from bi-lateral, multi-lateral, and foundation organizations after a competitive process.

Indirect Cost: The indirect costs of a project may be defined as those costs that are 'in support of the project.' These costs may include Country Office support costs (share of operational or administrative expenses, level of effort contributed to the project by non-project staff). For example, 10% of a Country Director's time on a project may be constituted as an indirect cost to the project.

Indirect Cost Recovery (ICR): The Indirect Cost Recovery amount is an allowance to cover the organization's overhead costs of their office(s) in North America. These types of expenses cannot be claimed as direct programme/project costs in the contribution agreement. They include such things as advertising, bank charges, board activities, new business development activities, etc. The overhead rate is applied against eligible direct programme/project costs (e.g. normally 12% in GAC proposals). Indirect Cost Recovery is the costs of World Renew's administration which are incurred for the common objectives of the organization, and cannot be directly associated with a grant or

programme. Examples of these include the costs of operating and maintaining World Renew's Human Resources, Information Technology, and Financial operations. This indirect cost recovery is neither a fee nor a profit. It is simply a way of allocating administrative costs to grants so that a portion of those costs can be recovered.

In-Kind Contribution: In addition to cash match, an implementing agency may make contributions of materials, goods, services or time to which a dollar value can be attributed, that would otherwise be purchased and paid for by the implementing organization to achieve the project results. Those costs must be eligible under the Agreement, meet the in-kind contribution compliance requirements, be approved in the proposal and budgets, and must be accounted for and recorded accordingly. For example, World Renew may record timesheets of Home Office staff directly engaged with the project(s). 10% of a Grant Manager could be quantified by hourly rate and recorded as an in-kind contribution (by agreement with the donor).

Local Fundraising: Local fundraising includes all opportunities available in-country, both country-specific external grants, and donations from national groups or individuals. To do local fundraising effectively, Country Teams establish a Country Fundraising Plan, as well as building a cadre of networks and supporters. Local fundraising requires building trust and long-term relationships with communities, partners, and potential grantors (See SIG Recommendations 18-19 for specifics). See Country Fundraising Plan.

Regional Team Funding: Any programme that is funded in part or in its entirety with the Country Teams general unrestricted programme is considered part of the core programme.

The Project: The project is a set of interrelated tasks or activities to achieve planned objectives and results. This is over a fixed period and within certain cost parameters. Project implementers must meet compliance requirements usually articulated in a donor's guidelines and signed funding agreement, such as adherence to approved Project Implementation Plan (PIP) terms of financial and narrative reporting, separate accounting, activity implementation and spending timelines/schedules. For example: in GAC funded projects, projects are described in Appendix A of the GAC agreement.

Restricted (formerly known as above budget or over and above): Programmes that are considered above budget restricted are funded with gifts or grants that have been designated for a special purpose that goes beyond what is planned in the core unrestricted programme. These restricted projects can be initiated any time throughout the year and can have a duration of multiple years but must be assessed using the Go/No Go scorecard before approval.

Special Projects (World Renew): Restricted funding projects that the Country Teams identify beyond their yearly unrestricted programme funding. These are projects that ideally scale or complement core programmes.