

Basic financial education guide for grassroots organizations

This guide provides a basic glossary, tips for finding funds, and other useful information.

This summary was developed by Allyson Castillo.

Basic Concepts

1. Budget:

- **Definition:** An estimation of income and expenses over a specific period.
- **Importance:** Allows for planning and resource control.
- **Example:** In Chile, the NGO “Techo” uses monthly budgets to plan its housing construction activities.

2. Cash Flow:

- **Definition:** Tracking the inflow and outflow of money within the organization.
- **Importance:** Helps avoid deficits and ensures funds are available for essential operations.
- **Example:** In Guatemala, the cooperative “Maya” monitors its cash flow weekly to ensure the necessary liquidity for purchasing craft materials.

3. Savings:

- **Definition:** Part of the income set aside for unforeseen future expenses or investments.
- **Importance:** Provides a financial cushion to face emergencies.
- **Example:** In Argentina, the foundation “Huella” reserves 10% of its monthly donations for an emergency fund.

4. Investments:

- **Definition:** Using money to generate additional income or improve operational capacity.
- **Importance:** Facilitates growth and long-term sustainability.

- **Example:** The Chilean NGO “Patagonia Verde” invests in renewable energy to reduce long-term operating costs.

5. Accounting:

- **Definition:** Systematic recording of financial transactions.
- **Importance:** Allows understanding the real financial situation and complying with legal obligations.
- **Example:** The association “Mujeres Unidas” in Guatemala uses accounting software to keep detailed control of its income and expenses.

6. Transparency:

- **Definition:** Maintaining open and communicative practices about financial management.
- **Importance:** Fosters trust among donors and the community.
- **Example:** In Argentina, the organization “Manos Abiertas” publishes annual reports detailing the use of received funds.

Tools and resources

1. **Financial Management Software:** Tools like QuickBooks, Wave, and Xero can help maintain organized accounting.
2. **Continuous Training:** Participate in financial education workshops and courses offered by universities and specialized organizations.
3. **Support Networks:** Collaborate with other organizations to share knowledge and resources, strengthening collective capacity.

Key tips

1. **Diversify Income Sources:** Avoid relying on a single funding source. Seek donations, grants, fundraising events, and partnerships.
2. **Develop a Communication Strategy:** Maintain transparent and consistent communication with donors and the community. Use social media, newsletters, and events to keep everyone informed.

3. **Implement Good Governance Practices:** Ensure the organization has clear policies and an active, committed board of directors.
 4. **Staff Training:** Invest in the ongoing training of staff in financial management, human rights, and project administration.
 5. **Monitoring and Evaluation:** Implement systems for monitoring and evaluation to measure project impact and adjust strategies as needed.
 6. **Encourage Community Participation:** Involve the community in decision-making and project execution, ensuring activities meet their needs and priorities.
 7. **Develop a Sustainability Plan:** Create a plan that considers the long-term continuity of projects, including generational transitions and activity diversification.
 8. **Strengthen Strategic Partnerships:** Establish alliances with other organizations, local governments, and the private sector to maximize resources and broaden the reach of actions.
 9. **Transparency and Accountability:** Publish regular financial and activity reports, demonstrating efficient and transparent use of resources.
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International Funds

For organizations with legal status:

1. **International Foundations:**
 - **Ford Foundation:** Provides financial support to organizations working on human rights and social justice.
 - **Open Society Foundations:** Offers grants for projects promoting democracy, human rights, and justice.
 - **MacArthur Foundation:** Funds initiatives in human rights and social change.
2. **Foreign Government Agencies:**
 - **USAID:** Offers grants and technical assistance to human rights projects in various countries.
 - **UK Department for International Development (DFID):** Funds development and human rights projects.
 - **Spanish Agency for International Development Cooperation (AECID):** Supports human rights and sustainable development projects.
3. **International Organizations:**
 - **United Nations:** Through specific funds and programs, such as the United Nations Population Fund (UNFPA) and the United Nations Democracy Fund (UNDEF).

- **European Union:** Through initiatives like the European Instrument for Democracy and Human Rights (EIDHR).
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For organizations without legal status:

1. Crowdfunding:

- **GoFundMe:** A fundraising platform where human rights projects can be presented.
- **GlobalGiving:** Allows grassroots organizations and projects to raise funds through small individual donations.

2. Solidarity Networks:

- Collaborate with recognized international organizations like **Amnesty International** or **Human Rights Watch**, which can act as intermediaries to receive and manage funds.

3. Small Grants Programs:

- Some international funds are designed to support grassroots organizations without legal personality. Examples include the small grants programs of the **Canadian Embassy** in various countries and the **Australian Embassies Fund**.
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Places to Seek Information

1. **Avina Foundation:** Offers information on funding opportunities for sustainable development and human rights projects in Latin America.
2. **Charity Navigator:** A platform that evaluates charitable organizations and provides information on funding opportunities and transparency practices.
3. **GrantStation:** An online database providing information on funding opportunities for nonprofit organizations.
4. **Pro Bono Australia:** Publishes funding opportunities and resources for nonprofit organizations, including those working on human rights.
5. **Opportunities for Youth:** Especially recommended for finding opportunities and funds for young people and youth organizations.