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Counting the Cost:  
Questions For Faith-based Organizations To Consider Before Seeking Government Grants

*By Miles Zinn*



## Counting the Cost: Questions for Faith-based Organizations to Consider before Seeking Government Grants

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People of faith are compelled to respond to human need, and Faith-based Organizations (FBOs) have a long history of providing social and humanitarian services at home and abroad. For evidence, one needs to look no further than the many hospitals in the United States that were started by denominational entities. In African countries today, up to 70% of health care services are provided by FBOs.<sup>1</sup>

The comparative advantages offered by FBOs include mission-drive service, long-term sustainable presence in communities, grassroots efficiency and accessibility, and the ability to mobilize volunteers and leverage other resources. While offering so much value added in the delivery of social services, FBOs need to continually generate resources to sustain their efforts and must consider a variety of donors. Secular donors, including government agencies and international multilateral funders, are increasingly interested in funding FBOs and recognize that FBOs are making distinctive contributions. Under the Bush administration, US foreign aid to FBOs nearly doubled from 10.5% in 2001 to 19.9% in 2005.<sup>2</sup> In 2009, the British Department for International Development (DFID) pledged to double its funding of faith groups.<sup>3</sup>

While government agencies are willing to fund FBOs, they are doing so with a secular purpose. Therefore, it is important for FBOs to consider the expectations and requirements of the donor before acquiring government funding. Faith fuels the humanitarian response of FBOs, but it can also be flammable if it is not handled with care when mixing with external resources.<sup>4</sup> If government grant funds are not managed properly, the recipient organization can be required to repay the full grant amount and possibly pay other penalties. Therefore, FBOs must “count the cost” and assess whether they are ready, willing and able to handle government funding.

The following self-assessment questions can help guide FBOs in considering whether they should pursue government-funding.<sup>5</sup>

Yes	No	<b>Mission</b>
		Are the donor's requirements and expectations compatible with our mission?
		Will government funding enhance our effectiveness?
Yes	No	<b>Structure</b>
		Is our organization structured as a separate 501(c)(3) or NGO entity with its own board of directors to shield the church from liability?
Yes	No	<b>Faith Expression</b>
		Is our organization able to keep inherently religious activities such as worship services or church development separate in time or location from the government-funded project activities?
		Is our organization comfortable with expressing faith relationally in the government-funded project through care or support services rather than through a verbal gospel message?
Yes	No	<b>Non-Discrimination</b>
		Is the service we plan to provide a public service and not just a program for church members?
		In the donor-funded project, are we willing and able to serve anyone regardless of race, color, national origin, religion, gender, sexual orientation, age or disability?
		Are we willing to hire the best qualified applicants for the government-funded project regardless of race, color, gender, age or disability?
Note: At present, FBOs have the right to hire only those whose beliefs and behaviors align with their religious convictions.		
Yes	No	<b>Capacity</b>
		Will the funding support or enhance a service that we already provide or are equipped to offer in the community we serve?
		Does our organization possess the skills or competence required to perform according to the technical or administrative standards of the donor?
		If we are lacking in an area of skill or administration, are we able to fill that gap or build the capacity quickly enough to perform according to donor requirements and expectations?

Yes	No	<b>Accountability</b>
		Are we willing to commit to measurable performance indicators and targets?
		Are we able to document measurable outcomes in service delivery as required by the donor?
		Is our organization capable of writing regular reports and submitting them in a timely manner?
Yes	No	<b>Financial Management</b>
		Do we have the qualified staff and systems to carefully account for the donor's funds?
		Do we have financial policies and procedures that are consistently implemented within the organization?
		Are we willing to be audited?
		Are we able to commit matching funds, personnel or in-kind contributions as needed to support the project?
Yes	No	<b>Compliance</b>
		Do we understand the standard terms and requirements included in government grants?
		Do we have organizational policies and procedures that we consistently and systematically follow?
Yes	No	<b>Sustainability</b>
		Do we have other funding opportunities and diversified resources for organizational and programmatic support?
		How is our organization positioned to continue the project and other operations after this particular funding source is no longer available?

## **References**

1. From a speech by UNAIDS Executive Director, Michel Sidibe, at a Vatican health conference, [http://www.unaids.org/en/KnowledgeCentre/Resources/FeatureStories/archive/2009/20091013\\_MS\\_Vatican.asp](http://www.unaids.org/en/KnowledgeCentre/Resources/FeatureStories/archive/2009/20091013_MS_Vatican.asp)
2. “Exporting Faith”, Boston Globe Special Report, October 8–11, 2006
3. “Eliminating World Poverty: Building our Common Future”, DFID White Paper, 2009
4. “Handle With Care: Engaging with faith-based organizations in development”, Rick James, 2009
5. Questions Adapted from the Virginia Faith-Based & Community Initiative