**Match Funding**

Last updated : March 2013

This sheet explains how match funding works and what it means for how we work together with our partners.

**1-What is match funding?**

Some donors will contribute 100% of the costs of a project.

Other donors will contribute part of the costs but don’t worry about whether you have raised the rest or not.

But some donors who only give a percentage of the total cost of a project make it **a condition of their grant** that you raise and spend the whole amount. This is called a match funding requirement.

For many donors, can only count as match funding, **financial contributions**. **Donations in kind** (i.e. gifts of things or time) cannot be included as match funding.

Some donors ask you to show that you have secured match funding on a yearly basis. Others expect you to show that you have met the requirement at the time of submitting your final report.

***Example:***

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| MRG and a partner are running a project costing €100,000. The largest donor is the EC and they have agreed to contribute 75% of the budget (€75,000). However, on the contract there is a match funding requirement which means that we need to raise (and spend) the remaining €25,000.These €25,000 can come in the form of:* A grant from another donor secured by MRG and/or the partner during the lifetime of the project
* An existing grant from another donor secured by MRG and/or the partner which could cover activities including in the EU project
* Core funding from MRG and/or partner

If we are able to raise only €20,000 (instead of €25,000) from other sources, we would need to cut the project, not just by €5,000 (the match funding we didn’t manage to raise) but so that the EU funding was still 75% of the new total. In this case, the project would be cut by €20,000 and the new total would be €80,000 (This would be made up of 75% EU (= €60,000) and 25% match funding (=€20,000).Looking at this the other way round, if your organisation manages to raise €5,000 in funding for a project like this, it will actually mean that we can then spend €20,000 (the €5,000 you raised as 25% and €15,000 which is the EC 75% equivalent). You still can’t go over the maximum total grant agreed for the project by the EC. |

**2-Working together to secure match funding:**

Raising match funding for a joint project should be a common effort between all partners implemented the work.

MRG does its best to raise all the match funding needed for all of our projects. However, sometimes, we need the support and involvement of our partners in the project to do so.

*How?*

\* ***We may ask you to apply for sources of funding that can match fund the initial grant***: This is because sometimes it is much easier to raise money for work in the country where it is to be carried out and when this money is given directly to a local partner. We may therefore offer to work with you to complete applications for local sources of match funding. For the purpose of those applications, your organization will not be a partner but the “lead applicant”. If funding is secured, it will be paid to your bank account.

This might involve you in some extra work, but it will give you useful practice in completing applications. Where these approaches are successful, sometimes this will mean you might get a bit of extra money alongside the match funding for our joint project. But sometimes you will still get the same total funding, but instead of all of the funding coming via MRG from donors to our joint project, some of it would come directly from a donor to your organisation and then you would need to report on it to them. Even if you don’t get extra money, having a relationship with and a track record with a donor interested in your country and issues can be useful to you in the longer term.

*\** ***We may ask you to assess the possibility to provide funding that you have already secured prior to the project***: This funding could be either a grant from another donor towards activities that you had been planning to do and that were included too in our joint project. Or it could be funding for your organization that you had secured to cover office costs, management costs (i.e. “core” funding). In this particular case, you will not receive extra funding from MRG to implement work you had agreed to implement as part of our joint initiative. Instead, you will use existing funding to cover the cost of the activities. While this may not be “financially” attractive at the first glance, it could be interesting for you in terms of managing workload and avoid duplication of the activities you need to implement over a specific timeframe.

While we will always do our best to ensure that the second option is not the norm, we may end up having to make such requests to your organization if we face a situation where we cannot meet the agreed match- funding requirement.

**3-What counts as match funding?**

* It must be really clear that **the money has been donated for and spent on the project** (that has the match funding requirement). It must be spent on an activity included on that project and must be spent on costs that were included in that project budget – this can include staffing and local office costs.
* It must be given by/to and spent by an organisation formally listed as a partner on the project.
* It must be spent within the project period.
* You must be able to provide copies (not originals) of the receipts for the spending.
* The money must be included as income and expenditure in your annual accounts (if possible these should have been audited) and must be clearly listed as having been spent on the project.

**4- What we need to show the donor to prove we have secured match funding:**

1. If a project grant you have secured from another donor, we will need a **copy of the letter or contract giving you the grant** (which should state the project or work it is being given for.)
2. We will also need **a copy of the bank statement** showing the grant being paid into your account.
3. We will need an **official letter** from your organization confirming you are contributing towards the project. The letter should show the stamp of your organization or be on **letter headed paper**, indicate the **name of your organization**, state the **amount of match funding** you are providing and include the **exact title and contract number of the project** you are contributing towards.
4. We will need **copies of the receipts** showing that you have spent the money on the project. This could be a copy of the report to the other donor – provided that you can get this to us on time. If you are including receipts from money spent on match funding in your reports on funding we have transferred to you, please make sure we know this.
5. We will need **a copy of your end of year accounts** (normally these should be independently audited) showing the income and spend on this project from money donated directly to your organisation.

**4- Consequences of not raising match-funding:**

When one organization fails to meet its match -funding requirement with a donor, this may have a serious impact on its future ability to secure funding from this particular donor. Also, it may have an impact on the project we had been implementing with the grant to be match funded as the donor is entitled to claim back the money it may have given towards the project already.