**District 5500 Policy on Allocation District Designated Funds (DDF)**

**And District 5500 Global Grant Funding Model**

**As amended through February 17, 2021**

*References:*

* *Lead Your District Rotary Foundation* of*Committee 2018-21, RI Pub 300-EN-(717)*
* *District 5500 Policy for District Grants as amended through* June 14, 2018
* *District 5500 Global Grant Funding Model (attached to this DDF Allocation Policy)*
* *District 5500 Policy on Club Qualification* as amended through March 11, 2019

1. **District Designated Funds (DDF).** Each Rotary Year the Rotary Foundation (“TRF”) allocates to the district an amount of District Designated Funds (DDF) equal to 50 percent of the amount contributed by the district, its clubs, and their members to the Annual Fund-SHARE three years earlier. This amount is known as the DDF SHARE allocation. DDF is not cash sent to us. Rather, it is credit on the books at TRF available to us to allocate. The actual amount of DDF available depends on several factors, to include the amount of carry-over (unspent DDF) from the prior year. In accordance with the referenced RI Pub 300, the District Rotary Foundation Committee (DRFC) Chair, in consultation with the District Governor (DG) and District Governor-elect (DGE), decides how the district will use its DDF allocation. The following list illustrates some of the programs that we could support with our DDF:

* PolioPlus
* World Fund
* Rotary Peace Centers
* Global Grants
* District Grant

This policy statement is intended to serve as guidance for the DRFC Chair, DG, and DGE, in determining how to use DDF.

It is the policy of the district to give priority to using DDF to support Global Grant and District Grant projects initiated by qualified clubs in this district. (See District 5500 Policy on Club Qualification.) Only qualified clubs can apply for a District Grant. Only qualified clubs can serve as the International or Host Sponsor club for a Global Grant. Non-qualified clubs may provide funds to support a project of a qualified club. (See referenced policy on Qualification.)

1. **District Grant**. The District is allowedtorequest a single block grant (known as a District Grant) from the Rotary Foundation each Rotary Year that utilizes a maximum of 50 percent of its DDF SHARE allocation for the year. It is the policy of the district to request the maximum available amount each year, commensurate with requests for funds

submitted by the clubs. In other words, the district will attempt to fund all club requests that meet the criteria established in the document D5500 Policy for District Grants.It is in the best interest of Rotary, D5500, and the clubs to place a priority on encouraging clubs to become actively involved in supporting District Grant projects. The referenced District policy for District Grants provides further guidance applicable to District Grants.

1. **Global Grants for which a D5500 Rotary Club is the International or Host Sponsor Club.** It is the policy of the district to provide DDF in accordance with the procedures established in District 5500 Global Grant Funding Model (attached hereto). Clubs apply to the Grants Committee for DDF in support of club Global Grant projects. The Grants Committee will make a recommendation for action on the application to the DG, DGE, and DRFC Chair. The Chair of the DRFC will make the final decision on allocation and amount of DDF after consultation with the DRFC.

It is the policy of D5500 that the District itself will NOT serve as a Sponsor of a Global Grant.

In making a recommendation on DDF, the Grants Committee shall consider, and in making a final decision the DRFC Chair, in consultation with the District Governor and District Governor-elect, shall consider the following factors:

1. The need of the community that is the beneficiary of the project.
2. The ratio of the number of people who will benefit from the project divided by the total cost of the project.
3. The number of Rotary clubs in District 5500 that are helping fund the project.
4. The degree to which the project is sustainable.
5. The history of giving by the Sponsor club to the Rotary Foundation, with emphasis on giving to the Annual Programs Fund.
6. The amount of DDF available to the District and the likelihood of other requests for DDF.

Discretion regarding whether to approve a request for DDF and the amount to be allocated always rests with the DRFC Chair, in consultation with the District Governor and District Governor-elect.

Prior to starting a draft application for a Global Grant, the Primary Contact in the Sponsor club (usually the person writing the application) must attend a Grant Management Seminar (GMS.) This requirement is in addition to the requirement that two club members must attend a GMS in the year prior to the year of the application so the club can be Qualified.

1. **Allocations of DDF for other than Global and District Grants.** Expenditures of DDF for purposes other than grants (for example Peace Centers, Polio Plus, disaster relief etc.) shall be decided by the DRFC Chair, in consultation with the District Governor and District Governor-elect, upon review and recommendation of the District Rotary Foundation Committee.
2. **District Governor Discretion.** During the year of service as District Governor, the District Governor shall have authority to allocate up to $10,000 DDF in his or her sole discretion.
3. **Global** **Grants for which a D5500 club is not a Sponsor.**
4. Presumptively, if District 5500 clubs contribute cash in support of the project and that cash is contributed to the Annual Fund, the District will allocate 75 cents of DDF for each dollar of cash contributed. This procedure results in $1.35 in support of the project after the World Fund match. Because the World Fund matches DDF 80% for each dollar. In addition, if club cash is sent directly to the account of the grant, the club must add an extra 5% administrative fee. The total DDF available for award to any one global grant shall not exceed $10,000 in any one Rotary Year.
5. If District 5500 clubs contribute no cash, or if such cash is contributed directly to the project and not to the Annual Fund, then, upon recommendation by the Grants Committee, the DRFC Chair, in consultation with the District Governor and District Governor-elect, may allocate DDF to the project at his or her discretion. The total shall not exceed $20,000 in any one Rotary Year.

**District 5500 Global Grant Funding Model**

District 5500 has adopted a funding model for Global Grant projects that relies primarily on District Designated Funds (DDF) rather than club funds. DDF accrue to the district as a direct result of contributions to the Annual Fund-SHARE of The Rotary Foundation. The amount of DDF the district receives each year is equal to half of the amount contributed to the Annual Fund-SHARE three years prior.

District 5500 has adopted this funding model because it is beneficial to our district and the clubs.

**How It Works when a D5500 Club Serves as a Global Grant Sponsor**

1. The Primary Partner Club may seek funding support from other clubs. The district encourages such collaboration among the clubs because it leads to larger, more sustainable projects.
2. Money that D5500 clubs raise for Global Grant projects generally is not contributed directly to the grant.  Instead, at least the first $20,000 will go to the Annual Fund-SHARE. **The intent of the grant funding model is that such funds are IN ADDITION TO normal annual giving by members of the club.** D5500 will then apply DDF to support funding of the global grant in accordance with the policy statement in paragraph 4 below.
3. To ensure proper funding of Global Grants, and to ensure proper recognition credit, clubs must follow the procedures outlined herein.
   1. The first step is to contact the Global Grants Chair to determine the availability of DDF.
   2. DDF may be allocated in accordance with the model in paragraph 4 below. If the project receives provisional approval for DDF, clubs make their checks payable to the Rotary Foundation, with the notation “Annual Fund” and send the check to the Global Grants Chair, who holds the check until the project is approved by The Rotary Foundation. These checks must be in the hands of the Global Grants Chair PRIOR to final approval of DDF by the DRFC Chair. If club members are to receive Paul Harris Fellow credit for the donations, the club should send the member names and Rotary ID numbers with the check to ensure proper credit.
   3. Upon approval of the grant by TRF, the Global Grants chair will send the checks to TRF as an unrestricted gift to the Annual Fund-SHARE. If the application is still not approved 6 months after starting it, the Chair will return the checks to the

issuing club and request new checks.  If the application is ultimately not approved by TRF, checks will be returned to the issuing club.

* 1. If a club or individual pledges cash to support a grant, they must sign a form entitled “Commitment of Funds to Support a Global Grant.” A copy of the form is attached.
  2. **Special procedures at the end of the Rotary Year**. If, at the end of the Rotary Year, the Global Grants Chair is holding club funds, the donating club(s) and individual donors may request that these funds be forwarded to The Rotary Foundation to ensure Annual Fund credit within the current year. In such cases, if the grant is ultimately not approved by the Foundation, the district will “credit” these funds toward support of another qualified Global Grant at the request of the donating club(s).

1. **The amount of DDF to be allocated to a Global Grant is based on the criteria in Paragraph III of the DDF Allocation Policy AND on the availability of DDF. For planning purposes and assuming availability, DDF will be allocated in the amount of 125% of the first $10,000 of club cash, and in the amount of 100% of the second $10,000 of club cash. The presumptive maximum DDF for any one grant is $20,000.** That means that if D5500 clubs donate $20,000 to the Annual Fund, the district will allocate $22,500 in DDF to the project. Illustrative examples of the funding model are found on the following pages.  This policy applies to any requests for DDF made to the Grants Committee after April 1, 2019.

**Benefits of our funding model**

1. **Greater World Fund match.** The Rotary Foundation supports Global Grant projects with matching funds from the World Fund. The World Fund match for DDF is 80% for each dollar. There is no match for cash sent to the global grant. Further, TRF charges a 5% admin fee for all cash contributions to Global Grants. There is no admin fee for DDF. The funding model results in better leverage of funds.
2. **More Annual Fund-SHARE Contributions mean more DDF.** Because clubs contribute to Annual Fund-SHARE, the district will realize more DDF three years later and therefore will have more funds to support club projects (both Global and District Grant projects). Half of Annual Fund-SHARE contributions come back to the District three years later as DDF.
3. **Clubs earn higher Annual Fund credit.** Clubs are asked to set goals for annual giving to TRF. Restricted gifts for PolioPlus and for designated projects do not count toward this goal. Funds contributed to the Annual Fund in accordance with this grant funding model add to the club’s Annual Fund giving total and thus help the club reach higher per capita levels.
4. **Grant Funding Model does NOT apply to Global Grant scholarships.** Although TRF allows clubs and districts to apply for Global Grant scholarships, D5500 does not allocate DDF to support them. The rationale is that scholarships generally benefit only one person, and we believe our limited DDF will have more impact supporting humanitarian projects and Vocational Training Teams that benefit many individuals in need. Clubs may apply for Global Grant scholarships using solely club funds and the world Fund match.

**EXAMPLE 1 (Assuming availability of DDF)**

The Rotary Club of Anytown wants to undertake a $46,900 water project in Africa. The district in Africa contributes $3,000 in District Designated Funds to the project, and the Rotary Club in Africa contributes $1000 cash (plus a $50 admin fee).

The World Fund will provide $2,400 for an 80% match of the DDF from the district in Africa but no matching funds for the cash contribution. NOTE: The $50 admin fee is not matched and does count toward the grant. So now there is $6,400 available to the project from the African district.

The Rotary Club of Anytown and its D5500 partner clubs donate $20,000 to the Annual Fund. District 5500 will then provide $22,500 in DDF (125% of first $10,000 and 100% of the second $10,000). The World Fund provides an 80% match for adding another $18,000. So D5500 generates $40,500 in funding. Adding the African district and club contributions, the total funding therefore is $46,900.

This approach benefits both the club and for the project.

The Rotary Club of Anytown and its partners in District 5500 get an extra benefit from this funding model. The project contribution from each club goes to TRF as additional Annual Giving for the clubs (over and above the normal money sent into TRF as Annual Giving). The clubs earn credit for these contributions and can use the earned Foundation Recognition Points to award Paul Harris Fellow credit to members or non-members. And D5500 will get more DDF in three years and therefore will have more money to do projects.  It is a win-win situation!

**EXAMPLE 2 (Assuming availability of DDF)**

The Rotary Club of Anytown wants to do a $78,500 project to support health care in Brazil. Realizing the project is too big for its budget, the club builds a consortium of clubs in D5500 to help fund the project. Not all of the clubs, however, want to send their funds to the Annual Fund. They want to send the funds directly to the account of the grant. The project can be funded as follows:

* Anytown Rotary and its D5500 partners donate $20,000 to the Annual Fund. In exchange, D5500 will provide $22,500 in DDF to the project (125% of first $10,000 and 100% of the second $10,000). The World Fund provides an 80% match for another $16,000.
* The host district in Brazil provides $10,000 in DDF. The World Fund provides an 80% match of another $8,000.
* Anytown’s D5500 club partners make a cash contribution of $20,000 directly to the global grant, not to the Annual Fund. The World Fund provides no cash match, and the clubs will pay an additional 5% admin fee ($1000).

Overall Project Funding

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Funding Source | DDF | Cash\* | WF (80%) | Amount |
| D5500 | $22,500 |  | $18,000 | $40,500 |
| Brazil District | $10,000 |  | $8,000 | $18,000 |
| D5500 clubs |  | $20,000 |  | $20,000 |
| Total |  |  |  | $78,500 |

\*TRF charges a 5% admin fee on cash contributions to grants. The clubs incur this $1000 cost, which is not matched and which does not support the project.

The total cost to Anytown Rotary and its D5500 partners is $41,000 ($20,000 to Annual Fund, $20,000 to the grant, and $1000 in cash admin fees).

Because of the Annual Fund contribution, D5500 will realize an additional $9,500 in new DDF three years later from the SHARE program after the AF 5% operating fee. The district can use this extra DDF to support additional club projects.