

Characteristics of different funding sources

This section looks in detail at some different sources of funding to help us consider the benefits and drawbacks of each source so that we can identify a realistic fundraising strategy for our organisation.

Individuals and churches

Many development organisations have little experience of raising funds from individuals and churches. There are many reasons why organisations do not currently focus their fundraising efforts on individuals and churches:

- Organisations do not see the importance of seeking funding locally while money still comes in from other countries and institutional donors.
- There is no history of raising money from individuals and churches, so organisations do not know where to start.
- There is a common assumption that local people cannot afford to donate money.

Yet organisations which are committed to Christian development should aim to seek funding from those in sympathy with their aim. For this reason, Christian work should be supported in part by Christians. In addition:

- Local individuals and churches who support our organisation regularly will give us a more stable funding base.
- Unless we are raising money for a specific project, money donated by individuals and churches is not tied. This means that we have a choice about which part of our work we spend the money on.
- Once individuals and churches have donated to our work once, it is often much easier to get a repeat donation.
- Organisations who try to raise funds from individuals and churches are often surprised at their willingness to give.
- A commitment of money, however small, might lead to commitment in other ways, such as prayer, volunteers and campaigning.
- Encouraging local people to give towards our work enhances their ownership of what happens in the local area. This might lead to changing attitudes in the community towards poor people. It may also encourage local people to take up their own initiatives.

The case study on page 52 outlines some of these issues.

CASE STUDY
African Evangelistic Enterprise, Rwanda

Antoine Rutayisire, AEE team leader, writes:

‘Since the first missionaries came to Africa, churches and Christian organisations have operated on funds sent from the West. The belief has developed that it is impossible to raise money in Africa. Is it possible to break away from the culture? Is it possible to raise money in our back yards, even enough to sustain our ministries? My answer is yes. The question is – how?’

We have carried out many fundraising activities. Here is one example. In 1997, the Lord put on our heart to build a house of prayer. As usual, I wrote the proposals and sent many letters, faxes and e-mails to friends in America, Europe and Australia. Months went by without even a single answer. Then I prayed about it and wrote letters to Christian friends in Africa who I knew would understand the importance of a house of prayer. In one year, we managed to raise the funds and today the house of prayer is fully operational to the glory of God.

Most of our fundraising activities have been successful, but there are limitations and lessons we have learnt:

- Because raising money locally was new, we found we needed to use direct contact, such as oral communication and letters, to explain exactly what we hoped to achieve.
- Lack of permanent staff for fundraising made it a casual activity that was done only when nothing else needed to be done. We soon realised that collecting pledges and visiting and sensitising different potential donors are activities that should be organised, and not seen as an occasional opportunity. A full time ‘local resource mobiliser’ has recently been employed by AEE.
- Prayer should be the first step in raising funds. All hearts are in God’s hands and he leads them where he wants to. Learning to wait on the Lord is one lesson that we have learnt and that has freed us from the pressure of financial fears.
- Trust that people will fund what they believe in. Take time to explain the cause, rather than putting pressure on them to give.
- Fundraising based on a target is more productive. Every time we went visiting people to sensitise them about our financial need, they became excited knowing that it was possible to reach the goal.
- We may not raise the totality for everything, but it is possible to raise much more than many people believe.’

Raising awareness

Awareness-raising and education is key to raising funds from individuals and churches. Sometimes people are unaware of the issues facing poor communities. Even if people are aware of needs, they might feel there is little they can do to help. They might not know of organisations which exist to help those communities. We therefore need to educate them about the needs and what our organisation is doing to help meet these needs. If people build up trust in us, they might decide they want to give towards our work.

There are many ways of raising awareness. This might involve distributing leaflets or speaking at community meetings. We might talk to church groups or even during church services. Sometimes churches do not see development work in their communities as part of their role. We can raise awareness of our organisation by first approaching pastors.

Once good relationships are built up with them, they might encourage their congregations to become involved in God's work in the community by supporting our organisation.

CASE STUDY
Pakistan Bible Correspondence Institute

To help encourage churches to give towards their work, PBCI runs Pakistan Bible Correspondence Institute Sundays. In a variety of churches, services focus on the work of PBCI and offerings are given to support their work.

Enabling giving

Consider ways to enable individuals to give regularly. If they have bank accounts, they could set up a standing order where the bank automatically transfers money from their bank account to the organisation's bank account on a regular basis. Churches could be encouraged to take a collection each week for a specific need or organisation.

CASE STUDY
Pakistan Bible Correspondence Institute

The Pakistan Bible Correspondence Institute sends a letter to students to invite them to contribute towards the free Bible training course to be run the following year. It also provides collection boxes that people can keep in their homes to collect spare cash.

Fundraising events

Events are a good way to raise funds. They are more likely to lead on to repeat donations if they educate and raise awareness at the same time. However, a successful event requires a lot of thinking. We need to be imaginative and think of new and creative ways to engage people. Events that are successful in one country might not be appropriate in other countries. It is worth doing some research to find out what events other organisations have used in our country. If a particular event is successful one year, it might be worth repeating it the following year. However, repeating events too often can make people lose interest.

CASE STUDY
Cedar Fund, Hong Kong

Every year Cedar Fund holds a bare-footed walkathon. This is an event where around 350 participants ask their friends and others to sponsor them to walk a certain course with no shoes on. By wearing no shoes, Cedar Fund hopes it will help participants identify with the poor people and refugees that Cedar Fund aims to help. The walkathon has proved to be popular among young people and students. Past walkathons have raised up to \$35,000.



Photo: Cedar Fund

Planning fundraising events

Some events will require a large investment of time and money to set up. We should begin to plan events well in advance.

If we are running an event, it is important to carry out a risk assessment. If the event is not a success, it could damage our reputation, rather than enhance it! A risk assessment should ask the following questions:

- What are the risks?
- What is the probability of the risks happening?
- What will be the likely impact of the risks, if they happen?
- How can we reduce or eliminate the risks?
- What action could we take if the risks do happen?

The answers to these questions can be inserted into a table for easy reference.

EXAMPLE We are organising a fundraising dinner, where our director will speak about the organisation's work.

RISKS	PROBABILITY OF HAPPENING	LIKELY IMPACT	REDUCTION MEASURES	ACTION TO BE TAKEN IF HAPPENS
Problem with venue booking	Medium	Medium	Take out insurance or get sponsorship from local company to organise and take on risk	Book alternative venue or use local church hall
People might not buy tickets	High	High	Ensure good advertising of event and write appropriate letters of invitation to those likely to be interested in coming	Cancel or postpone the event
Our director might become ill just before the event	Low	Medium	Ensure the deputy director will be available to speak if necessary	Deputy director will speak instead

CASE STUDY

Samaritana, Philippines

Samaritana wanted to choose a fundraising event followed by a chain of related activities in the future. Just before their ninth anniversary celebration, they held an art competition. The theme was 'Women in the eyes of God', aimed at raising awareness of the dignity of women involved in prostitution. Cash prizes were given to winning entries. All winning entries automatically became the property of Samaritana, and other people chose to donate their entries. An art exhibition and auction was then held. To raise more funds, a raffle was held, with the winning paintings as major prizes. After the event, thank you letters were sent to all the people who had bought raffle tickets, using the addresses that had been written on the ticket stubs. This helped to foster a good relationship with donors. For organisations wishing to use similar events for fundraising, Samaritana offer the following advice:

- Allow at least six months to prepare.
- Invest time in speaking to specialists to ensure the event is realistic. Samaritana made contact with art specialists to talk through the rules and guidelines of the competition and to find judges.
- Take full account of the risks. Risks involved in this event included not being able to provide cash prizes, having no entries in the art competition, and having no buyers at the auction.

TIPS

for raising money from individuals and churches

PUBLICATIONS

- Use images, such as photos, to attract attention.
- Use stories about specific people.
- Use simple words and language.
- Do not provide too many details. Provide enough details to explain the need and how our organisation will help.
- Make it easy for donors to give. For example, provide a form for them to complete and give or send back.
- Tell donors exactly what different amounts of money can be spent on.

SPEAKING ENGAGEMENTS OR EVENTS

- Use simple words and language. Avoid using development jargon.
- Use the opportunity to educate those present about development issues.
- Use visual aids to keep people's attention.
- Provide collection boxes.

Reflection

- How would we describe the culture of giving by local churches in our country?
- Why do churches in many countries not have a culture of giving towards needs in their communities?
- How can those views be challenged?
- How can we encourage local churches to give more towards development work?
- What work do we carry out to encourage local churches to support our organisation?
- Money is rarely preached about in sermons, particularly in cultures where people do not like talking about money. When giving is preached about, it is often done in a way that makes people feel guilty. What is the biblical teaching on giving? How could we encourage this to be shared more widely?
- Are there individuals in our own country or in another country who might support us or who could be fundraisers?
- What fundraising events might be appropriate in our country?

Income-generation

Some organisations decide to generate some of their income by selling goods and services. This can enable the organisation to expand its work. It can also enhance local people's awareness of the organisation's work, which can lead to increased giving. However, as a method of fundraising, income-generation works only if approached in a business-like manner. Although it reduces dependency on donors, it relies on market forces, which can be risky. The problem for many development organisations is that few members of staff have knowledge of business principles and practice. Too frequently, income-generation projects fail to make a profit and instead drain organisations' resources. If an income-generation project is done badly, it can damage the organisation's reputation and result in funding being withdrawn from other sources. Income-generation often requires considerable start-up investment, so the organisation has a lot to lose if the project fails. A drawback of successful income-generation is that other donors might decide that their support is no longer needed. In some countries a separate income-generation enterprise needs to be set up because development organisations are not allowed to sell products or services.

Some organisations might feel uncomfortable raising money through market forces. This might be because they do not fully understand the difference between a business and a development organisation. The box below explains this and shows that raising money through the market does not clash with development organisations' 'non-profit' ethos. This is because income is never distributed beyond the work of the organisation. However, it is important to avoid business practices that exploit people or the environment.

What does 'non-profit' really mean?

- **A BUSINESS** is formed for the purpose of generating funds for its owners (individuals or shareholders). Once its income has covered its costs, what is left is profit. The profit is distributed among its owners. It can also be used to increase salaries, give staff bonuses and to expand the business to generate more profits.
- **A DEVELOPMENT ORGANISATION** is formed for the purpose of benefiting communities. It is not owned by anyone, but is usually held in trust by a voluntary board committee. Once it has covered its costs, any money left over is not profit, since there are no owners to distribute it amongst. Neither is it used to increase salaries or for bonuses. Instead, it is income which is invested in ongoing work of the organisation or used to expand what the organisation does.

Adapted from *The worldwide fundraiser's handbook* (2003) p124-6 by Michael Norton, Resource Alliance.

There are many different ways that organisations can earn income. These include:

- establishing an income-generating project
- charging fees for services
- selling staff skills
- renting out property.

Establishing an income-generating project

By establishing an income-generation project involving beneficiaries, we can support local economic development and earn some income for the organisation. Examples are poultry farming, pottery and making greetings cards. However, the amount of money raised using this method is often low, and the amount of time and money spent on setting up the project can be high.

CASE STUDY
Salvation Army,
Bangladesh

The Salvation Army in Bangladesh has been running health care, education and community development projects for many years. They set up an initiative which enabled them to raise funds locally for the projects, while at the same time providing income-generating opportunities for poor people involved in their community programmes. The initiative is called **Sally Ann**. Its aim is 'Fair Trade, not Aid'.



Photo: Stig Sperrevik

At the beginning, they looked at their strengths and their resources. These were:

- some women trained in embroidery
- a pool of women and some men involved in their projects who were willing and able to learn some new skills
- some staff and beneficiaries with skills that they could share with others.

They realised that they could develop these strengths and provide an outlet for handicrafts to raise funds for their projects.

Next they identified their target customers. Dhaka has a large expatriate community, so it was decided to target them with products they would find attractive and interesting. To start with, the 'Sally Ann' shop was set up in a room of the Salvation Army's Head Office, situated near an area where many expatriates live. Products were advertised in places such as clubs and churches, targeting expatriate buyers. They also participated in the annual craft fairs of various clubs and schools.

Women in the community work in embroidery and sewing groups to produce the goods, and receive payment for each article produced. The cost of production is based on the average time required to produce each article, to ensure they receive a fair wage. Women's groups from some local churches produce cards and other items. A designer was employed in 2002 to help develop new products and designs. Staff have been trained in quality control.

It is mainly women who benefit from the 'Sally Ann' programme. However, men are not excluded. Men have benefited from the revolving loan programme for handloom production, and now produce woven silk material for the shop and for export. Men with carpentry skills from local churches or projects have been hired to produce wooden furniture and other small products. As local skills are identified, 'Sally Ann' decides whether a new product can be included into their products.

'Sally Ann' helps all producers work out the costs of their materials, labour, and other expenses to ensure they can make a profit. Every level in the chain adds on 20% to 50% to the price to cover costs and make a small profit. This is reviewed regularly to ensure that profits are being made at all levels.

There are definite risks in this initiative. It is impossible to know which products will sell well. There have been some financial losses through products which fail to sell. It is important to ensure high quality, which can be difficult when dealing with so many different producers. It is important to keep up with the trends and needs of the target customers and ensure that producers do the same.

As 'Sally Ann' developed, the Salvation Army in Norway set up their own 'Sally Ann' trading company and shop in Oslo, the capital city. They buy products from 'Sally Ann' in Bangladesh. They have also provided valuable expertise to help 'Sally Ann' find opportunities in the export market.

CASE STUDY
Club Deportivo,
Colombia

Tearfund partner, Club Deportivo, runs a sports ministry for children. Since 1994 the organisation has been developing a bakery business, which helps to fund Club Deportivo's sports ministry.

A member of the board committee used to serve brownies (a type of chocolate cake) to people who visited his home. It was suggested that as the brownies were so delicious, he should take some samples to a leading ice cream company to see if they wanted to sell them. The following week the company made an order, and a young soccer player who became a Christian through the sports ministry was offered a job making the brownies. A year later, with the help of some friends, they were able to buy a gas oven and a food mixer, and move the business out of the board member's home.



Photo: Paul Stephenson

At various times, they tried to expand the market beyond the relationship with the ice cream company, but the attempts were not successful. This was because they were not able to find someone with vision and marketing knowledge to market the product. They also did not have money to invest in expansion. However, in 2003, they were able to expand the business by opening a bread bakery, having applied for, and received, trust funding. Several people with business experience were invited to share ideas. The bread bakery employed someone with 13 years of experience in making bread, who already had links with the sports ministry. One member of staff was provided with basic marketing knowledge and contacts, and works full-time to market the products. Six people are now employed full-time, with a few part-time staff. After costs, the business has an income of around \$1,500 per month.

Club Deportivo offers the following advice:

- Structure and organisation are important for the growth of any business. Up to now, they have been using the sports ministry administrator to carry out the administration of the business. They now see the need to employ a full-time business administrator so that the business can grow.
- It is important to market a good-quality product from the outset.
- Start out small. Involve as many people as possible in setting up the business to increase ownership. They will appreciate what they are doing much more because they have to work to make the business work.
- Seek business advice. For example, university students who needed to do a project for their degree course, provided marketing research.
- Avoid getting into debt. Club Deportivo could have obtained a loan to start the business, but interest rates were very high. Instead, they waited and invested time in preparing a proposal to approach a trust for funds.
- Pray. God's will and guidance is very important.

Charging fees for services

By charging fees for services, the money saved can be spent on other things. Many organisations struggle with the idea of recovering the costs of providing services from beneficiaries. They argue that since development organisations exist to provide services for poor people who cannot afford to buy the services themselves, it seems unfair to expect poor people to pay towards them. However, evidence shows that many poor people can afford to pay towards the use of services, even if they only contribute a small amount towards the full cost. Being willing to pay shows that they value the service. It also enhances ownership. If they value and begin to own the service, they are more likely to use it effectively. For example, if an organisation pays for a handpump to be installed, maintained and repaired, the community will not necessarily use and maintain it well. However, if community members are required to contribute towards the installation, maintenance costs and fees of a mechanic to repair the handpump if it breaks down, they are more likely to look after it.

Poor people who cannot afford to pay money towards services could be given the option of providing materials, labour or goods in kind. This also reduces project costs that the organisation needs to pay.

When considering whether to charge fees for services it is useful to think about what people can afford to pay. If the project helps people to become more productive, then they might be able to pay towards the service. For example, charging user fees for water services might be feasible if people can use the water for their vegetable plots or for making bricks. On the other hand, charging fees for caring for people with AIDS might not be appropriate as they are unlikely to have an income.

Selling staff skills

An organisation might offer the time and skills of certain staff members to other organisations for payment. This might involve training or consultancy. This is an option only if the staff members have the capacity to do this in addition to coping with their normal work. They also need to have skills that are in demand.

CASE STUDY
HEED, Bangladesh

Tearfund partner HEED developed a micro-finance institution that began as a co-operative over 20 years ago. They now have considerable experience of setting up micro-finance projects and they provide consultancy to other organisations wishing to do the same. Some of these organisations are in other countries.

Renting out property

This could include office space, a conference venue, land or equipment. It is important to think carefully about the amount of time needed for administration, and to consider the legal and tax implications. If we wish to rent out property that has been funded by an institutional donor, we should always ask them for permission first.

Setting up an income-generation project

Setting up an income-generating project requires:

- knowledge of the market in order to know what to sell and how to set a fair price
- start-up capital
- technical training
- ability to respond to market changes.

Principles of marketing: The Four Ps

If we are to market our product successfully, we need to consider 'The Four Ps':

- Product** What is it we are selling? What are the benefits of the product? Is it good quality and well designed?
- Price** What is a fair price for the product, so that people will buy it and we will more than cover our costs?
- Place** Where will we sell the product?
- Promotion** How will we tell people about the product?

To research these issues, it is useful to talk to potential customers.

A business plan should be drawn up for income-generation projects. This requires expertise.

Consider income-generation as a fundraising option only if:

- members of staff have good business experience. Organisations should also be willing to invest in relevant further staff training in business and to contract consultants where necessary.
- the organisation has enough money to invest in the work. Large donors will rarely provide grants for income-generation because it is risky and many income-generation projects have failed in the past. If organisations already have money that could be invested in income-generation they should consider carefully the risks and benefits compared with spending the money elsewhere.

The following case study shows what can happen when these issues are not considered.

CASE STUDY
ICAN, Pakistan

ICAN (Islamabad Christians Against Narcotics) works to provide drug abuse prevention, awareness and rehabilitation services in low-income areas of Islamabad and Rawalpindi. This case study looks at two projects ICAN has carried out, which aim to fulfil its mission and, at the same time, raise an income to fund ICAN's activities.

PROJECT 1 **Goat farming**

The main purpose of the project was to breed goats in order to raise money and to provide an activity which would occupy people recovering from addiction. Nine animals were bought from the market, including female animals near to giving birth. The project went very well and within 18 months the number of goats had almost doubled. However, when disease broke out, despite being treated by a local vet, the animals became weaker and weaker. Eventually the goats that had not died were sold at a very low price.

A number of issues led to the failure of this project:

- No advice was taken from a vet or experienced goat keeper before the animals became ill.
- The climate was too cold for the goats.
- The animals were kept near a lake. The goats drank water from the lake and caught stomach diseases.
- ICAN's staff had neither the experience nor the time to help the goats' carers. As the carers recovered from their addictions, they moved on, so the level of care was not consistent.

PROJECT 2 **Maintenance services**

The main purpose of the project was to provide various mechanical and electrical services in order to raise money and to provide opportunities to people recovering from addictions.

A workshop was set up inside the building on the ICAN Rehabilitation centre. All the necessary tools were bought. One of the people recovering from addiction had skills in welding and making steel. He was employed to run the workshop. A full-time manager was appointed to market the services.

The target market was foreign missions, UN agencies, oil companies and other big organisations. Introduction letters were sent and meetings were arranged with contact people in the different organisations. It was hoped that profits made would pay the salaries of the staff involved. Small-scale services were provided at first at low cost to gain goodwill by the organisations buying the services. Unfortunately, one electrical contract resulted in a short circuit, which lost profit and reputation. After that, a few other jobs were carried out, but no profit could be made, so the project was closed.

Several lessons were learnt, such as:

- The workshop was far away from the market, making it difficult to find business. The project could not afford to hire a shop in the city centre.
- Some of the people recovering from addictions started using drugs again and did not show commitment to their work.
- ICAN did not have a large enough stock of money to buy raw materials. The project therefore did not have the opportunity to start to make a profit.

As with other fundraising activities, it is vital that we regularly revisit the SWOT analysis when raising money from income-generation. For example, a generous donor might offer us a building which we can use as an opportunity for fundraising. On the other hand, our SWOT analysis might reveal that there are changes in tax law which mean that we have to pay tax on the income we raise from selling goods and services. The analysis could also reveal that the markets have changed, and the product we are producing is no longer competitive.

Reflection

- What are the advantages and disadvantages of using income-generation for fundraising?
- What is the attitude of our organisation towards income-generation? Why is that view held? Should it be challenged or changed?
- Does our organisation currently use income-generation as a way of fundraising?
- Is it successful? If so, why? If not, why not?
- How can some of the problems be overcome?
- What should we consider before our organisation starts an income-generation project in order to fundraise?
- What impact will the income-generation project have on the communities with which we work and where we are situated? What message will it send out to our donors?

Institutional donors

Institutional donors include:

- Governments in the same country (national, regional or local government)
- Government agencies in other countries, which specialise in relief and development, such as the Department for International Development, UK (DFID) and United States Agency for International Development (USAID)
- Institutions representing a number of countries, such as the World Bank, United Nations agencies and European Union
- NGOs in other countries, usually in the North, such as Tearfund (also called International NGOs). While International NGOs are not strictly institutional donors, the system for applying for funding from them is similar. In this book, for convenience, the term 'institutional donors' includes International NGOs.

Generally, institutional funding will not encourage organisational sustainability because they tend to provide only project funding. They will not necessarily fund organisational core costs beyond overheads linked to the project. They rarely provide seed capital to help organisations expand, although International NGOs may be an exception.

Our ability to fundraise is dependent on the relationship we have with donors. Although our relationship with institutional donors is usually more professional and less personal than our relationship with other donors, relationships are still important. Institutional

donors are unlikely to fund an organisation they have never heard of, so it is necessary to provide a lot of information about our organisation when applying for the first time. They are more likely to give money to an organisation if they have funded it before.

Distance can make a big difference to relationship-building. It is often easier for organisations to get funding from institutional donors within their own country than from institutional donors in other countries for a number of reasons:

- Members of the organisation's staff can communicate better with the institutional donor, eg: through visiting them.
- Organisations can find out more easily about what institutional donors will fund, by visiting the donor and talking to other organisations that have received funding from them.
- Institutional donors in the same country will be more aware of the development organisations that exist.
- Institutional donors in the same country are more likely to be familiar with the development organisation's activities and success.
- Institutional donor staff are better able to visit the organisation and its projects.

It can be more difficult for organisations to get funding from institutional donors in other countries because they have to judge the quality of the organisation's work by what the organisation tells them, rather than seeing for themselves. There is a lot of pressure on southern development organisations to write a clear and realistic proposal.

Institutional donors in other countries

Unless organisations are particularly large and experienced, they are unlikely to be able to raise money from large institutional donors. These donors usually only give large grants to organisations that can prove they have the capacity to manage the money and spend it.

Most smaller development organisations who access funding outside of their country are funded by International NGOs. This often provides funding which is more sustainable than from other institutional donors, since International NGOs are usually interested in building up partnerships with southern development organisations. While the grants might be smaller than those given by large institutional donors, it is often easier to obtain further funding. However, the problem of relying on international funding remains.

Institutional donors in the same country

Many large institutional donors like DFID and United Nations agencies have offices in southern countries, which provide small grants to development organisations working within that country. Contact the local offices to find out what funding is available to development organisations.

The likelihood of obtaining funding from institutional donors is increased if we form a consortium with other development organisations. A consortium enables organisations to make joint applications, which draw on the strengths of those organisations. Sometimes a consortium is set up for only one particular funding application. It is important that all member organisations sign a Memorandum of Understanding in order to manage expectations and identify the roles and responsibilities of each organisation.

Most southern governments provide grants for development organisations working in their country. Many will offer contracts to development organisations to provide services. However, the relationships between development organisations and governments are often strained. The tables below list some of the reasons that might stop government and development organisations working together.

Collaboration from government's perspective

BENEFITS	RISKS
<ul style="list-style-type: none"> • Better delivery of services • More information from grassroots available to government • Better cost-effectiveness • Better co-ordination of organisation's activities 	<ul style="list-style-type: none"> • Organisation might show government services to be inefficient • Organisation's mobilisation work might result in social instability • Organisation has more control

Collaboration from development organisation's perspective

BENEFITS	RISKS
<ul style="list-style-type: none"> • Improved access to policy-making • Access to specialist research facilities and expertise • Opportunity to improve government services 	<ul style="list-style-type: none"> • Greater government control of organisation's work • Organisation becomes more bureaucratic • Focus too much on service provision at expense of wider programme • Loss of credibility • Government takes credit for organisation's achievements

Adapted from *Reluctant partners* (1993) by John Farrington and others, Routledge

Questions to ask regarding working with government donors

When considering the extent to which our organisation should work with government agencies (or any other institutional donors) it can be helpful to ask the following questions:

- What are our goals? What are the government agency's goals? Are they compatible or do they conflict?
- What procedures are involved? Do we have the capacity (eg: administrative) to follow these procedures?
- Do our working methods conflict? For example, government agencies and development organisations may have different views about ownership of development projects by poor people.
- How accountable is the government to the public who are funding it and to the beneficiaries?
- Are we willing for the government to look in detail at our working practices, financial management and past projects in order for it to consider funding us?

Applying for funding from institutional donors

There are a number of key questions that every organisation should ask if considering looking for funding from institutional donors. By asking these questions we can save ourselves time and money by ensuring that we apply for funding only where we really have a chance of success.

Some of these questions can only be answered by contacting the donor. This is best done by writing a short letter or e-mail or telephoning them to ask them to provide funding information and an annual report. Most institutional donors now have websites that will provide some basic information. Further enquiries could be made by visiting the donor.

Applying for funding is like a job interview. Too often, applicants go to an interview with the view that the employer is finding out whether they want to employ them. In fact, an interview is also an opportunity for the applicant to find out whether he or she actually wants to work for the employer! The concept note we send to donors is to give the donor an opportunity to decide whether they like us and want to give us money. But we need to do some work before we even begin to write the concept note in order to find out whether the donor is suitable to approach for funding.

Research

- Which institutional donors are offering funding that we can access?
- What is their current strategy? Which regions, sectors and types of projects are they willing to fund? Are these compatible with our strategy?
- What size of grants do they offer? Are these too large or small for the type of projects we want funding for?
- What can we get funding for? Will they fund only projects, or will they provide other types of funding, such as core costs?
- How are funding decisions made by the institutional donor?
- Have we had any previous communication with the institutional donor? Do any of our board committee members or members of staff have good personal contacts with institutional donors?
- What projects have the donors funded in our country? Could we visit those projects and talk to project staff?
- When is the funding available? When are decisions made? Are they ongoing or are there set dates when funding decisions are made? If funding is agreed, how long is it likely to take for us to get the money? How will this affect our plans?
- What are the donor's reporting procedures? Can we meet those deadlines?

Applications

- What is the application procedure for each donor? How do we apply? Is there an application form? Is there a deadline for applications? How long will we need to wait for a response?
- Does our proposal show that our project will be effective and that we will be efficient in the use of their money?

TIPS
Applying to institutional donors

- Use the application form if one is provided.
- Ensure that all the questions are answered clearly.
- Ensure that research has been carried out into what the donor will fund, and that any application deadlines are met in good time.
- Keep to the specified length. Remember that quality is more important than quantity. Institutional donors often do not have time to read through the whole application. Ensure that the introduction is a summary of the proposed project.
- If we are applying to an institutional donor for funding as part of a project budget, tell them where the rest of the funding will come from. The institutional donor may have more confidence in us if they know other donors have already promised money to us.

We might have to wait up to six months before finding out whether our application has been successful. Institutional donors might not fund our project simply because they have already allocated the year's funds. We could ask them to give feedback on our proposal and submit it again next year, taking their comments into consideration.

If our application is successful, we should ensure we keep to the donor's reporting guidelines and take note of any specific recommendations about the implementation of the project. This is important if we are to be accountable to our donors. It will also enhance our reputation with the donor so they are more likely to consider funding us again in the future.

CASE STUDY
ACCRAD (Christian Civil Association for the Recovery of Drug Addicts), Argentina

In recent years, ACCRAD's projects have been financed by various national and international organisations such as the government of Argentina's Ministry of Health, World Bank and GTZ (the development agency of the government of Germany).

At the beginning, ACCRAD used the opportunity to network nationally and internationally with other development organisations. By joining these networks, they found that their work became more widely known by government agencies, international agencies and other development organisations.

Little by little they were invited to take part in research, workshops and conferences in order to share their experience, do advocacy work and access more information about potential institutional donors. It was worth investing time and effort in this work, as gradually, ACCRAD were invited to present their projects to institutional donors. While they did not always get funding, this process enabled them to develop their skills in fundraising. It is vital to have members of staff who can write good funding proposals.

ACCRAD were careful to ensure that all of their projects funded by institutional donors were well evaluated. They spent a lot of time writing documents about what they had learned. By sharing these things, they were able to get funding from other institutional donors.

Reflection

- What kinds of institutional donor funding has our organisation applied for in the past?
- What kinds of institutional donor funding have we been most successful in obtaining?
- Use our experience of applying for institutional donor funding to write a list of things to do and things to avoid that we can use next time we apply for funding.

Companies

There are a number of different ways in which commercial companies could support our work:

- They might give our organisation a sum of money for us to use however we like. This funding could be on a one-off or an ongoing basis.
- They might provide funding for a certain aspect of our organisation's work, such as a project linked to their area of work.
- They might support a project in other ways, such as by employing our beneficiaries.
- They might sponsor a fundraising event, or provide our organisation with samples of free products. We could use these products in our fundraising events or in our projects. For example, a company which makes cleaning products might donate soap for our beneficiaries in a refugee project.
- Certain companies could provide us with support in terms of expertise or a service.

When thinking about funding from companies, it is important to consider ethics. When specific companies are identified, their reputation and working practices should be examined.

We need to try to find out exactly why they are interested in funding our work. Their reasons might include:

- enhancing their image with their customers, by showing concern for the needy
- keeping up with their competitors, who also donate money to charities
- promoting products or services
- an interest in a particular issue that senior staff of the company have
- reducing their tax burden, since they can often give to charities tax-free.

We need to consider carefully what our Christian response towards these reasons should be.

CASE STUDY
Samaritana,
Philippines

As part of their tenth anniversary celebrations, Tearfund partner Samaritana organised a banquet and concert. They produced a souvenir programme, in which advertisements could be placed for a small fee. This helped to fund the event.

Reflection

- Have we approached companies for funding before?
- If so, what can we learn?
- Are there local companies that we could approach for funding?

Trusts

Trusts (also called foundations) are charitable bodies with funding from rich individuals, a company or a public appeal. They are often set up to address a particular development issue. Some are large and some are small. Often, trusts are based in Europe and the United States, but they also exist in other countries. Some will fund only certain types of work in certain countries. Others are less restricted in what they fund.

For this reason, trust funding should be seen as a good opportunity in our fundraising work. Many trusts are keen to support new ideas and Christian work. They are often a good source of short-term income.

It is important to research trusts in order to find out what they will fund and who the decision-makers are. It is better to spend two or three months researching trusts and then approaching four or five with tailor-made applications than to send a standard letter to hundreds of trusts. Some trusts have an application form to fill in. Larger trusts have full-time staff who can explain how to apply. It can therefore be helpful to have a contact within the trust's country who can approach the trust on our behalf. For a directory of trusts, look on the Resource Alliance website or ask in a library.

Volunteers

Volunteers are a valuable resource for development organisations. They do not require wages and can aid fundraising through freeing up resources which would otherwise be used to recruit paid staff to fulfil their role. They may also provide useful expertise. Recruitment of volunteers enables community members to contribute to the organisation's work through service rather than donating money. It can help the organisation to learn about, and identify better with, a community with which it works.

Volunteers can play an important part in keeping the organisation going. They can give their time to help with administrative tasks, help or speak at fundraising events and carry out tasks which support other staff as they work, such as maintenance of the office building and driving vehicles. Sometimes volunteers can offer technical expertise, particularly those who have retired or who have a few spare hours during the day.

Sometimes people approach an organisation asking to be volunteers. Sometimes organisations may find they need to look actively for volunteers. Either way, organisations should be careful not to take on volunteers simply because they offer their services. Measures should be taken to minimise the chances of taking on volunteers who are not

trustworthy. These should involve an interview and references. It might also involve asking them to read and agree to a child protection policy.

An interview will also ensure the volunteer is well-matched to the role they are to carry out. If volunteers are not very suitable for the role, greater investment of paid staff time might be needed in order to supervise them.

Recruiting volunteers

Many creative ways can be used to recruit volunteers:

- Invite people, in fundraising literature, to contribute their time as well as their money.
- Visit student groups and other groups to talk about what the organisation does and suggest ways in which they can help.
- Advertise in the local newspaper, the organisation's newsletter and on the radio.
- Approach institutions that may have experts in particular fields who might be willing to act as volunteers.
- Use word of mouth to find people to fulfil a specific role.

Managing volunteers

Despite the major contribution that volunteers make, they are often undervalued by development organisations. They are often not treated as well as paid staff, even though the organisation should be as grateful to them as to their paid staff! If organisations are to keep their volunteers and attract new volunteers, they need to ensure that volunteers' needs are addressed. This involves:

- providing a warm welcome and giving good orientation
- providing a role which matches their interests, skills and time availability
- providing training for their role
- paying their expenses, such as travel to and from work, and lunch
- giving regular feedback on their work
- allowing them freedom to be creative and to develop their role
- ensuring they are not over-worked.

It is important to treat volunteers in a similar way to paid staff. For this reason, managing volunteers can be expensive. For example:

- Interview them and take up their references to ensure their skills match the role they are given.
- Provide a written agreement outlining the conditions under which the volunteer works for the organisation. This protects both the volunteer and the organisation and will help the volunteer know what to expect from the organisation. If there are problems on the part of the volunteer or the organisation, either party should be able to end the agreement.
- Provide a job description so volunteers know what their role is.
- Make it clear how many hours the organisation would like them to work.

- Management staff should hold regular meetings with volunteers in order to discuss any problems or other issues related to their role.
- Volunteers should be supervised and supported in the same way as paid staff.

CASE STUDY
Salt and Light
Audio Library,
Brazil

Tearfund partner, Instituição TEAR, runs an audio library for blind people. Over 100 volunteers work at the library, and 200 more are waiting for a vacancy. With numbers like these, Instituição TEAR gives volunteers high value. They see the importance of valuing volunteers' time and offer the following advice:

- Include volunteers in planning, because they have a lot to offer in terms of ideas.
- Be organised. Make sure all the necessary resources are available for volunteers to carry out their work.
- Listen to their needs.
- Allow them access to all the organisation's reports and accounts.
- Value their opinions and suggestions.
- Be friendly and welcoming.
- Train them and retrain them.
- Keep the church informed of what we are doing in the project. Have regular meetings with the pastor to maintain the church's commitment.

Exercise A useful exercise can be to estimate the value of volunteers to our organisation. In other words, we can calculate how much the volunteers would cost if we were to pay them. If we write a budget or proposal without referring to the work carried out by unpaid staff, we will not be giving a true picture of actual costs.

To estimate the value of volunteers to the organisation, calculate how much an hour of a volunteer's time costs. This could be estimated as the average wage of paid staff, or the national minimum wage. This can then be multiplied by the number of hours worked and the number of volunteers.

$$\boxed{\text{Value of volunteer time to the organisation}} = \boxed{\text{hourly cost}} \times \boxed{\text{number of hours worked}} \times \boxed{\text{number of volunteers}}$$

This exercise can also be carried out for items given to the organisation as gifts, such as equipment or buildings. This is done by estimating the market value of the goods given to the organisation.

Reflection

- How many volunteers does our organisation have? List the roles that they carry out.
- What recruitment techniques could we use to encourage volunteers?
- What measures could be taken to ensure trustworthiness?
- What kind of a formal agreement would be needed? What should it include?
- How are volunteers treated in our organisation?
- What measures could be taken to ensure that their contribution is valued and celebrated?
- Calculate the value of volunteers to our organisation.