Global Member Meeting

Casablanca, Morocco 19-21 May 2015

Training Sessions on:

Fundraising Essentials

Session 1:
- how to go about successful fundraising
- how to identify different sources of fundraising

- List of Handouts –

Robert Wilkinson (Associate, BOND)

HANDOUTS

1. Objectives of sessions
2. Funding Strategy - rationale and scope
3. Resource Mobilisation defined
4. SWOT format for Funding Strategy
5. Risk analysis for Funding Strategy
6. Funding Strategy planning cycle
7. Simplified format for Funding Strategy
8. Funding Strategy - Logframe format for implementation plan
9. Resources map
10. Donor mapping format

Fundraising Essentials: Objectives of Sessions

1. ***Session 1 - 19 May, 16.10 – 17.45***

   - **How to go about successful fundraising (i.e. developing a plan or strategy).**
     - **Why? – why a fundraising plan/ strategy is useful**
     - **What? – what it covers – internal resource mobilisation issues as well as donor mapping and targeting**
     - **How? – how to develop a funding strategy; what tools and processes might be used**

   - **How to identify different sources of funding.**
     - **Identifying different types of income stream and how they might be relevant (project/ research grants, development funding; intermediary funding – e.g. partnerships/ sub grants from INGOs; earned income (enterprise); use of social media (crowdfunding etc)**
     - **Existing resources to help identify funders and their priorities (including the GnB resource); pros and cons of using consultants; tools such as donor mapping, competitor analysis**

2. *Session 2 – 20 May 11.00-12.30*
   - *How to apply to and approach donors (i.e. how to build relationships with donors).*
     - *Relationship mapping; relationship cultivation and management; donor compliance and grant management; the importance of all-round relationships – beyond the proposal/ compliance cycle*
     - *How to make the "ask"*
     - *The key components of a funding proposal*
     - *Tips on effective proposal writing – including addressing the "hard to write" sections (e.g. monitoring systems; impact; value for money; risk/assumptions)*

   - *What systems/processes need to be in place in order to apply/respond quickly to donors (i.e. due diligence, developing a core case for support).*
     - *The importance of a robust funding cycle and internal review/ approval processes*
     - *Due diligence – what is it, and how to prepare standard responses, e.g. on legal status; governance; policies; systems; finances; human resources, partnerships etc*
     - *Building a corporate c v – Mission, Vision Values; Theory of Change; Demonstration of track record; Key personnel bios; Case studies/ success stories; Endorsements; Capacity Statements (technical capacity), etc*

FUNDING STRATEGY - RATIONALE AND SCOPE:

What are the benefits of a funding strategy?
A strategic approach will enable your organisation to:
- Plan over the longer term and manage a growth or decline in funding
- Maximise opportunities for securing and allocating funding
- Assess and manage financial risks in an unstable and complex environment

What is involved, beyond fundraising?
Fundraising – the acquisition of more donors and more funds – is only one part of a funding strategy, which also needs to address the implications of factors such as:
- Aid trends
- The changing nature of your organisation's strategy and work areas
- The quality of your organisation's "offer" – ensuring the capacity to build quality programmes that meet the donors' requirements, which impress ahead of the competition
- "Ethical" choices: for example, are there some donors that you would not engage with? What are the screening processes?

Organisational context of Funding Strategy
This means addressing issues such as:
- Integration into planning and budgeting cycles and processes
- Meeting targets for overhead recovery
- Mobilising fundraising, technical and communications support from across all sections of the organisation and key partners

Integrating funding strategy into organisational planning also creates opportunities to review the model of how you work. It is a "reality check." If there is not enough money to do everything you want to, you can look at different strategies for achieving your goals or "scaling up" your work.

Implications for business processes
Working out an institutional funding strategy will force you to re-consider some business processes. For example:
- ***Cross departmental working:*** An integrated funding strategy will require good cross-departmental working, regardless of organigrams.
- ***Bottom-up planning and budgeting***: We need reliable baselines for identifying the funding need (including phasing and contingencies, core and "wish list" projects) and donor prospects. Are systems in place to provide that information?
- ***Roles and responsibilities***: Roles and responsibilities in the whole funding cycle need to be clear and agreed. Key donor relationships need to be mapped and managed systematically. There needs to be some process for risk-assessing any new funding opportunity.

What would be included in a Funding Strategy? the main components would most likely be:

External analysis: to include
- funding environment: global trends, donor feedback on past bids
- donor mapping, "competitors

Internal analysis: to include
- funding need – short/ long term; core costs, "hard to fund" areas
- capacity, skills, resources
- systems and processes
- management, coordination, organisational structure
- organisational culture

Setting objectives and KPIs: e.g.
- increase income by %
- diversify donor base
- improve proposal quality
- establish funding team

Action Plan: to include
- targets
- roles and responsibilities
- timetable – short/ medium term priorities
- resources needed and dependencies
- monitoring and evaluation

Robert Wilkinson, Associate, BOND
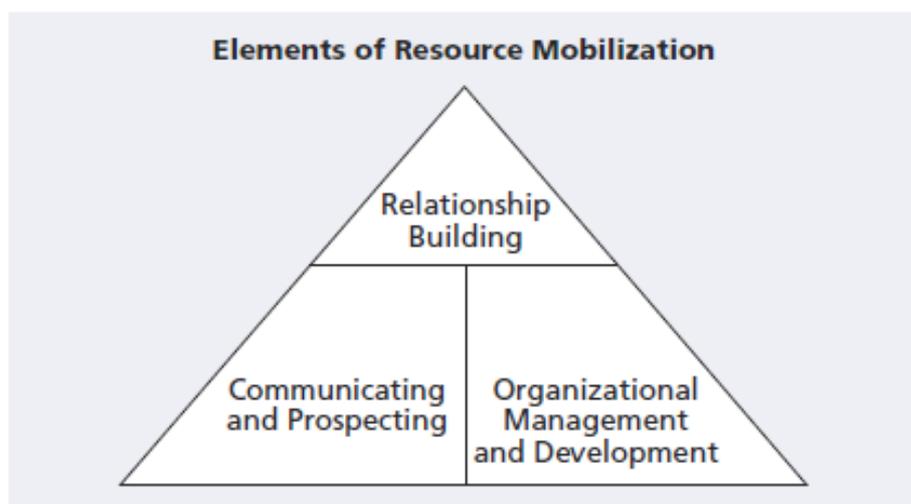
Resource Mobilisation Defined

Source: **Resource Mobilisation - A practical Guide for Research and Community - Based Organisations,** produced by IDRC (Canada) and Venture for Fundraising. The full publication is available online at: http://www.idrc.ca/EN/Documents/Donor-Partnership-guide.pdf

Defining Resource Mobilization

Thus resource mobilization may be defined as:

> a **management process** that involves identifying people who share the same values as your organization, and taking steps to manage that relationship.

Looking closely at this definition, one can see that resource mobilization is actually a process that involves three integrated concepts:

Elements of Resource Mobilization

Relationship Building

Communicating and Prospecting

Organizational Management and Development

The key concepts are: organizational management and development, communicating and prospecting, and relationship building. Each concept is guided by a number of principles which are further elaborated in the forthcoming chapters.

Organizational Management and Development

Organizational management and development involves establishing and strengthening organizations for the resource mobilization process. It involves identifying the organization's vision, mission, and goals, and putting in place internal systems and processes that enable the resource mobilization efforts, such as: identifying the roles of board and staff; effectively and efficiently managing human, material, and financial resources; creating and implementing a strategic plan that addresses the proper stewardship and use of existing funds on the one hand, and identifies and seeks out diversified sources of future funding on the other.

Tools for Building a Funding Strategy: SWOT

Robert Wilkinson, Associate, BOND

The SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis can be deployed at different stages in the process of developing a Funding Strategy. Strengths and Weaknesses refer to internal factors, such as for example proposal writing expertise. Opportunities and Threats refer to external factors such as increased public awareness of the issues of forced marriage, or changes in donor priorities.

This tool suggests structuring the SWOT according to five areas of activity relevant to funding prospects.

Examples are suggested of the types of factor that might be relevant.

Proposal development

Strengths	Weaknesses
Detailed programme plans and budgets in place to base proposals on	Little proposal writing experience in the team
Opportunities	**Threats**
Training available from Girls not Brides (Webinar)	Competitors have more experience in successful proposal writing

Donor knowledge

Strengths	Weaknesses
Good contacts at trustee level with X and Y Foundations	No system for sharing information about donors and opportunities across organisation
Opportunities	**Threats**
Networks involve donors – opportunities to discuss funding opportunities	Donor priorities change – information out of date

Grant management

Strengths	Weaknesses
Experience of grants with X and Y foundation	Roles and responsibilities not clear across project/ finance/ communication staff
Opportunities	**Threats**
New finance system being developed – potential to improve grant accounting	Partners have limited capacity to comply with donor conditions

Programme delivery and monitoring

Strengths	Weaknesses

High calibre project staff	Hard to demonstrate impact beyond direct intervention at grass roots level
Opportunities	**Threats**
Training on project cycle available through networks and INGO partners	Donors only interested in larger scale multi-sector projects

Quality of partnerships

Strengths	Weaknesses
Partners have trust of local communities and good connections with local government agencies	Grass roots partners need capacity building in all areas
Opportunities	**Threats**
New partnerships being developed with X and Y	Increasing restrictions imposed on local NGOs

Risk Analysis for Funding Strategy

Robert Wilkinson, Associate, BOND

Risk analysis, like SWOT, is a tool for identifying key issues for a funding strategy, and actions to avoid or mitigate problems. Assessment of risk factors is a valid activity for monitoring the funding situation on an ongoing basis and adjusting action plans year by year under the strategy.

If the strategy and/or plan is to be set out in a logframe format, identification of risks will be part of the normal process of completing the final column of the logframe and testing the connections between the different levels. Risk, like SWOT, covers both internal and external factors.

Categorising risk types: One familiar approach to categorising risk, which is a useful way of making sure that important factors are not being overlooked, is to follow the acronym "PESTEL":
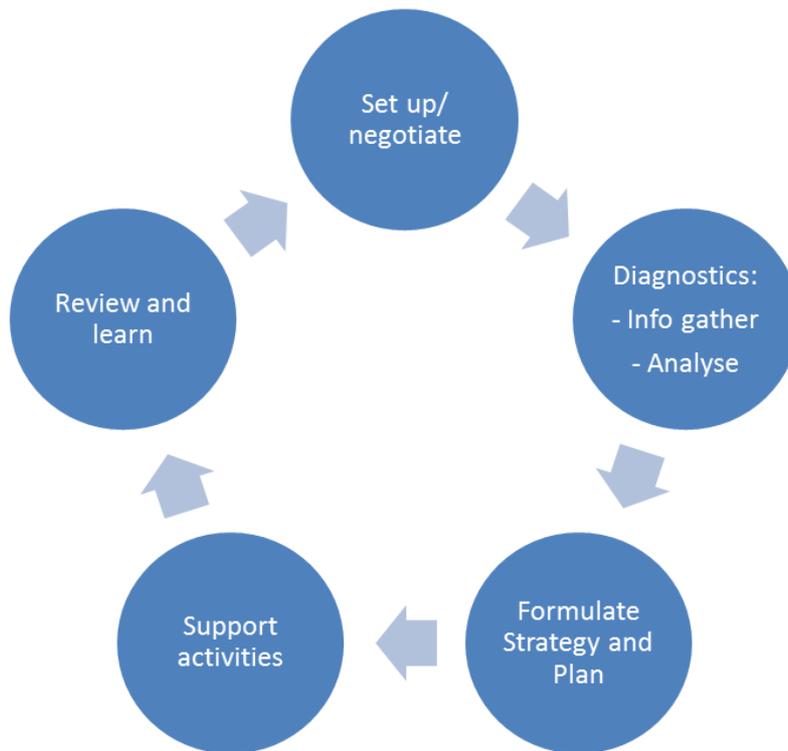
- political
- economic
- social
- technological
- environmental
- legal

Another approach is to use the same categories as were suggested in relation to the SWOT. The matrix below suggests examples of risks that might relate to those factors:
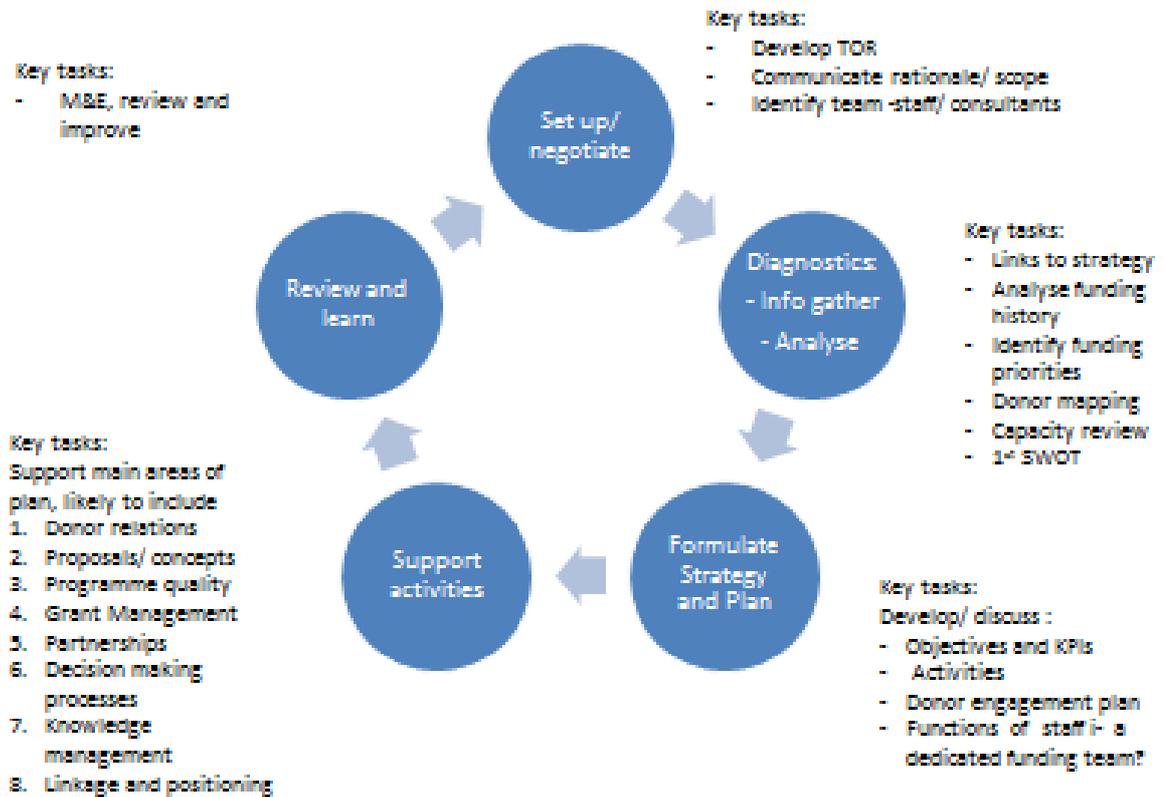
	Risk	**Action**
Proposal development	Weaknesses identified in proposal writing skills of programme managers	Build proposal writing capacity; Identify experienced consultants to support proposal writing and training of staff
Donor knowledge	Relationships with donors need to be more systematized and pro-active.	Donor leads identified Donor engagement plan
Grant management	Reputation damage/ disallowances due to late or substandard reporting	Training in grant management, contract compliance for staff and partners
Programme delivery	Insufficient analysis and critical thinking during programme implementation	More regular meetings with beneficiaries during projects. More regular meetings budget holders, coordinators, and supervisors.
Quality of partnerships	Developing strategic partnerships pro-actively to leverage funds (not simply when calls published).	Partnership strategy; including improved assessment and contracting processes

Funding Strategy Cycle

Robert Wilkinson, Associate, BOND

Funding Strategy Development

Key tasks:
- Develop TOR
- Communicate rationale/ scope
- Identify team -staff/ consultants

Key tasks:
- M&E, review and improve

Key tasks:
- Links to strategy
- Analyse funding history
- Identify funding priorities
- Donor mapping
- Capacity review
- 1st SWOT

Set up/ negotiate

Review and learn

Diagnostics
- Info gather
- Analyse

Support activities

Formulate Strategy and Plan

Key tasks:
Support main areas of plan, likely to include
1. Donor relations
2. Proposals/ concepts
3. Programme quality
4. Grant Management
5. Partnerships
6. Decision making processes
7. Knowledge management
8. Linkage and positioning

Key tasks:
Develop/ discuss :
- Objectives and KPIs
- Activities
- Donor engagement plan
- Functions of staff i- a dedicated funding team?

Simplified Format for a Funding Strategy

Robert Wilkinson, Associate, BOND

This example of a short format sets out the essentials of a funding strategy, without the underlying analysis.

Overall objective
Increase income secured by 10% in FY 2010
Specific objectives
1. Diversify the funding base   2. Strengthen relationships with current core institutional donors   3. Ensure greater donor satisfaction with grant management   4. Proposal pipeline exceeds funding requirements by 25%
Activities   **By whom? By when?**
1.1 Identify new donor prospects through research   1.2 Set up initial cultivation meeting   2.1 Prepare annual donor engagement schedule for key donors   2.2 Inform existing donors about unified presence plans and director   3.1 Narrative and financial reports submitted together   3.2 Narrative and financial reports submitted on time
Indicators
1. Value of income secured in contracts   2. Percentage of successful funding applications   3. Number of new donors recruited   4. Percentage of current donors retained

Funding Strategy – Logframe Format for Implementation Plan

Robert Wilkinson, Associate, BOND
This is a (redacted) example of a matrix format for implementation – and monitoring – of a funding strategy used by the head office of an international NGO. I have retained some of the actual content to illustrate the sort of measures and targets that might be developed.

Three Year Plan for the Implementation of the Institutional Funding Strategy

Outcomes (max 3 per programme/theme)	Baseline (end of 09/10)	Progress Indicators end of 2010/11	Progress Indicators end of 2011/12 (Revised Jan 2011)	Progress Indicators end of 2012/13
Programme Objective: To increase the amount of institutional funding raised and improve the quality of programmes developed				
Outcome 1: Raise £XX million in special programme funds by 2013, as a result of a more diversified funding base and larger contracts	1.	1. Income of £XXm raised in special programme funding plus £XX in appeal funding 2. New frameowrk funding worth £Xm pa secured 3. At least 15 full proposals submitted with 40% success rate 4. Programme teams have identified their funding targets, built into 3 year plans and corporate funding targets are adjusted if required. 5. At least 3 applications are programmes which have been developed in advance of launch of call for proposals		

Outcomes (max 3 per programme/theme)	Baseline (end of 09/10)	Progress Indicators end of 2010/11	Progress Indicators end of 2011/12 (Revised Jan 2011)	Progress Indicators end of 2012/13
		6. [INGO] has strengthened relationships with other Northern INGOs and is part of at least X consortium programmes with at least 1 other agency 7. Significant research undertaken into 'new' donors with at least X applications submitted 8. Funding officers provide guidance and tools to programme staff to help them to engage effectively with in-country donors		
Outcome 2: Improve quality of programme development and Contract management – being more programmes team and partner lead	1. Prog dev tools rarely used by prog teams 2. Small % of programmes have detailed baselines and monitoring frameworks 3. Few programmes currently include this 4. This is happening on ad hoc basis	1. Funding officers work with programme staff and partners in a participatory way to increase the use of programme development tools. 2. Funding officers provide greater assistance to prog teams in the development of measurable outcomes and indicators and systems to monitor impact in new programmes 3. Increased number of donor applications include establishment of beneficiary accountability systems and complaints mechanisms 4. Funding officers are facilitating	1. 45% success rate for full proposals submitted 2. 50% success rate for applications to humanitarian donors for relief and response programmes 3. Global reporting indicators are being used in all livelihoods, DRR and HIV programmes submitted to donors.	

Outcomes (max 3 per programme/theme)	Baseline (end of 09/10)	Progress Indicators end of 2010/11	Progress Indicators end of 2011/12 (Revised Jan 2011)	Progress Indicators end of 2012/13
	5. X progs have acc framewks, 6. Not currently possible to track – estimate 30% late 7. XX completed foundation course	the sharing of key lessons learnt from donor funded programmes 5. Accounting Frameworks are developed for all new programmes and are jointly owned with programme staff. Financial guidelines for Progs rolled out. 6. Improved quality of donor reports and none submitted late– all exceptions communicated and agreed with donors in advance of deadline 7. At least 50% funding officers trained in PRINCE 2 project management techniques .	4. ZERO disallowables from audits 5. 50% of financial reporting is generated from accounting frameworks 6. Reduced amount of contracted funding outstanding at 31/3/12 than 31/3/11. 7. Funding officers report use of project management techniques is improving contract management	

Outcomes (max 3 per programme/theme)	Baseline (end of 09/10)	Progress Indicators end of 2010/11	Progress Indicators end of 2011/12 (Revised Jan 2011)	Progress Indicators end of 2012/13
Outcome 3: Programme staff have skills, confidence and tools required to develop and manage institutionally funded programmes	1. No process in place for this 2. No baseline info available 3. Takes place in ad hoc manner as needed 4. Cost Recovery Principles drafted			

Resources Map

Robert Wilkinson, Associate, BOND

An organisation will have a range of different types of income, some more restricted than others. The funding strategy should aim to ensure that resources are used strategically; for example unrestricted funds should not just be used to fund project expenditure if there are needs for investment, research and development or funding core costs that cannot be expected to be met from grant funding.

The simple Resources Map below is a useful tool to stimulate discussion about how resources are currently used and how to target different resources against "hard to fund" parts of an organisation's programmes or core costs.

A "mapping" system might be beneficial in supporting decisions as to the best use of funds. A simple example of the sort of system that might be used is to categorise income as "red, yellow and green," and to notionally allocate it to particular cost items as follows. This can help to prioritise and target fundraising efforts by matching different types of need to different types of funding, and to prioritise the use of unrestricted or earmarked funds.

RED = RESTRICTED	YELLOW = EARMARKED, OR BROADLY RESTRICTED	GREEN = UNRESTRICTED
↓	↓	↓
Field programmes under donor contract	"Hard to fund" areas, gaps, bridge funds	Core costs Reinvestment in fundraising
Policy/ research commissioned by donors	R & D "seed funds": assessments, feasibility studies	Training, capacity building (HO and Field)
M & E within approved budgets	Emergency response (pre-funding)	Emergency response (pre-funding)
	Policy research, M & E, Publications	Policy development, advocacy, lobbying
	Match funds	Systems

Donor Mapping - example

Understanding the funding environment involves bringing together knowledge of donors at country level and at "home office" level. It also involves understanding the overall trends in aid and development cooperation, and how these might impact on funding prospects.

The process brings together the knowledge of a range of people in the organisation and partners, and is one that should continue to be developed through the life of the funding strategy as part of the process of donor relationship-building.

The matrix below was developed with an international NGO with head office in Europe and a number of country programmes. It can be easily adapted for use by other types of organisation.

Robert Wilkinson, Associate, BOND

COUNTRY LEVEL FUNDING PROSPECTS: **[COUNTRY]**

DATE: **COMPILED BY:**

Please share your knowledge and experience on funding prospects, ideally by using the matrix suggested below:

1. New donors: which donors do you see as potential funders for your country programme that are not already donors to [NGO]? [Include bilateral/ multilateral agencies, trusts and foundations, corporates]

2. Existing donors: identify donors on [NGO]'s current list that you know are funding relevant work in your country for other organisations, but not for [NGO].

3. Why do you think that [NGO] has not accessed these donors in your country?

DONOR AGENCY	WHO/ WHAT/ WHERE THEY FUND	TRENDS	[NGO] SECTORS RELEVANT	PAST/ CURRENT RELATIONSHIP	CONSTRAINTS	PROSPECTS
Example: Donor A	Funding only in X region Prefer to fund local NGOs; will support capacity building programmes by INGOs	Reducing staff next year	All	None	We do not have experience in capacity building in-country	Good if we can recruit expertise in organisational development to strengthen local partners
Example: Donor B	Funds INGOs - Save, Oxfam Has announced new programme for health system strengthening [deadline for proposals xx/yy/zz]	20% Global aid budget cuts taking effect 2014/15	All	CD has good personal contacts from previous job	We have little track record with MoH in this country Time/ capacity constraints to meet proposals deadline	Worth following up contacts; would need technical inputs and examples from other programmes