

## Fact Sheet number I: General Information on Fund-raising

### Introduction

The key question all NGOs face is where and how to generate the income necessary to carry out their work and cover all general operational expenses. Which type of grants are appropriate for which activities? How can long term financing be secured through different financial resources? Many NGOs rely for a large part on grants from (international) donors. However, there are many other ways to find money for your activities, and external fund-raising is just one of them. We wish you success with your fund raising efforts and hope these information sheets will be useful to you. Please send your comments, additional remarks and other ideas to Both ENDS.

<b>Sheet I:</b>	<b>General information on fund-raising</b>
<b>Sheet II:</b>	<b>Financing your project without seeking grants from donors</b>
<b>Sheet III:</b>	<b>Fund-raising through a donor</b>
<b>Sheet IV:</b>	<b>How to write a project-proposal</b>
<b>Sheet V:</b>	<b>How to make a budget</b>
<b>Sheet VI:</b>	<b>After the money comes</b>

### 1. About these sheets

NGOs can use various sources to diversify their income and build up capital reserves. Especially for starting NGOs and grass-roots organisations, there are many options for project financing. Funding agencies often do not allow NGOs to use grants or subsidies to build up reserves, as most of the grants must either be used up or returned. However, reserves can be built up through gifts, membership fees or other self-financing initiatives. More about this in **sheet number II**.

Once you have decided to look for external grants to finance your projects, the question arises where to ask for funds: your national government, international foundations, sponsors, corporations or other multilateral financing institutions? In **sheet III** we will go further into this question.

Fund-raising can be a very long, expensive and frustrating process, and there is no way to ensure success. However, if you follow certain basic guidelines, you can considerably increase your chances of receiving donor funds. Some general guidelines on how to formulate and write a fund-raising application can be found in **sheet number IV**. In this sheet we collected

as many tips as possible to make your application a success.

Ultimately, an organisation needs to have a well-balanced budget, in which the expenses should be covered by a number of financial resources. This limits dependency on one source of income and ensures that the organisation can still continue operating should one or more sources of income dry up. Constructing a budget is one of the most important parts of your fund-raising application. In **sheet number V** we have put together different suggestions and tips on how to make a budget.

Experience shows that assistance in fund-raising alone is not enough. Both ENDS always stresses to NGOs the importance of thinking about how to handle the money once it has come in. It's really a pity if you succeed in raising funds for your projects and then new problems arise because you don't know exactly how to report back to your donor or don't do adequate bookkeeping. We try to give you some tips about this in **sheet number VI**. Another important issue in fund-raising refers to ethical questions. From whom do you want to accept money and where is the grant you have just received coming from?

## 2. Ethical questions

NGO work is often voluntary work, usually characterised by concern or criticism about the dominant system. Should and can you accept money from the same system, without being co-opted or even corrupted by it? The one who provides the grant often wants to decide on the spending and use of it.

Does money corrupt? A project grant requires an organisational structure, some form of administration, accountability and control, it also certainly has risks of new power imbalances (who gets paid, what are priorities, etc.). Spirit may disappear and a power structure may come in its place. In this context, it is interesting to recall a BE project on gender and health which showed that initiatives and campaigns concerning health were often originally undertaken by women, but when money came in, the leadership was taken over by men.

What are the motives of donors and funds in providing money? Religion, charity, political, idealistic, opportunistic, ignorance, curiosity, (they want to visit you etc.). Where money is, some action will be taken. All motives have their negative side, and there's always some selfish side to it.

On the other hand, money can create time, space, efficiency, independence and opportunities. Almost any activity requires money: meeting, travel, printing, communication, etc., and people without money hardly have such resources available. However, organisations who know themselves and know what they want have no need to be afraid. Many funds and donors are actually concerned about a mutual learning process and will look at the work from the perspective of the executor. Asking - "begging" - for money may affect your sense of respect, but charity, financing of development projects, etc. is a market - with market rules - with high interests for both parties. Conditions can always be discussed, and you should see yourself as an equal negotiating partner; you are the expert on the local situation. Your ideas, your innovative approach and your constituency are your selling points; money should not be the guide.

What matters is trust in your own approach, learning from approaches by others and selling your expertise in the interest of the donor/funding agency.

## 3. Both ENDS' Information Service

Each year, hundreds of requests reach Both ENDS, from organisations seeking some kind of assistance to realise their plans for a better environment. In order to cater for many of them, Both ENDS has developed a wide range of information materials. Examples are:

- **Lists of local offices of donors and funding agencies:** information sheets with names, addresses and policies of local offices of international donors, national and foreign government funds and other local funding possibilities for environmental projects by NGOs. Funding inventories have been made for the following countries (1997, constant up-dates):

Argentina, Bangladesh, Benin, Bolivia, Brazil, Colombia, India, Indonesia, Kenya, Mexico, Nepal, Nicaragua, Pakistan, Peru, the Philippines, South-Africa, Senegal, Sri Lanka, Uganda and Zimbabwe.

- **Fund-raising guides on specific themes:**

*Big Cities, Small Means.* European Funding for Environment and Urban Development, an Orientation Guide for Southern NGOs (pp. 160), 1997 (with ENDA Tiers Monde /Preceup, Paris). Also available in French.

*Saving our Soils, Raising Funds for the Struggle Against Desertification* (pp. 110), 1997 (with ELCI, Nairobi).

- **Donor database**

Containing information of more than 200 relevant funding agencies and donors in OECD countries providing financial assistance for environment and development NGOs

- **Information services**

Both ENDS' service department can send you selected organisational profiles and addresses of resource centres and information service organisations

- **Information packages** on various issues linking environment and development (sustainable energy, desertification, eco-tourism, women & environment, coastal management and dams. In preparation are packages on mining and oil exploitation).

#### 4. Make a leaflet

Whatever your fund-raising strategy, local or international, through membership fees or selling products, you should always start to make a leaflet about your organisation. In this leaflet you should include the main aims, objectives, activities, successfully completed projects, previous funders and other relevant information about your organisation. You can give it to any person or organisation interested in your activities, and perhaps also in donating, collaborating or linking up with your organisation.

#### 5. Suggested reading

Books marked with an asterisk have been used to compile these sheets. Of course, a lot of information comes from non-written sources and Both ENDS' own experiences.

- 'Alternative financing of third world development organisations and NGOs', Volume I & II, IRED, Fernand Vincent, June '95, ISBN 2883680051/288368006x\*
- *Derde Wereld*, jrg 16, Nr 3. Thema: 'NGOs en alternatieve Financiering van Ontwikkeling', the Netherlands, 1997.
- 'Dinero para su causa, como obtener fondos de empresas y de instituciones filantropicas', Daniel Q. Kelley, Panorama Ediciones, Mexico, 1995.
- 'Funding Community Initiatives - the role of NGOs and other intermediary organisations in supporting low-income groups and their community organisations', Arrozi, F. Bombarolo, D. Saterthwaite, a.o, 1994 ISBN 1853832049.
- 'Generating local resources, Case histories and Methods for Supporting Human Rights Organisations In-Country', Fund for Peace, New York, 1996\*.
- 'How and where to get funding for small projects', ELCI (Bert van Pinxteren & John Kananda), 1988
- 'Grassroots Grants: An Activist's Guide to Proposal Writing', Chardon Press, Berkeley, California, 1996.
- 'How to draft a grant application for a research proposal', International Foundation for Science, 1993, ISBN 9185798320.
- 'Initiating National Desertification Funds. Suggested guidelines for NGOs', ELCI, Nairobi, 1996.
- 'International Funding Resource Guide', The Star Project of Delphi International, 1996\*.
- 'Manual of practical management for third world rural development associations', volume II: Financial management, Fernand Vincent, Ired, Geneve, Switzerland, 1989.
- 'Money for Earth!' Fund-raising for Central and Eastern European environmental NGOs", Milieukontakt Oost-Europa, the Netherlands, 1995\*.
- 'Nuestros proyectos: como financiarlos, medios de financiación para proyectos de mujeres', Maria Negroni & Joanne Sandler, Centro de la tribuna internacional de la mujer, New York, USA, May 1992.
- 'The Oxfam handbook of development and relief', Eade & S. Williams, 1995, ISBN 0855982748.
- 'Practical fund-raising for Individuals and Small Groups', David Wragg, 1997, ISBN 0749974769.
- 'Towards greater financial autonomy, a manual on financing strategies and techniques for development NGOs and community organisations', IRED, Fernand Vincent & Piers Campbell, Sept. '89: ISBN 2883680035\*.
- 'Writing better fundraising applications' Norton, 1997, ISBN 0907164668.

## 5. Addresses of organisations for assistance in fund-raising

### IRED/RAFAD

General secretariat

3, rue de Varembe - Case 116

1211 Geneve 20, Switzerland

Tel: 41 22 734 17 16, Fax: 41 22 740 00 11

E-mail: ired@worldcom.ch

Both organisations (RAFAD and IRED) facilitate North/South exchanges of experiences and communication among grassroots associations. They help to create networks, strengthen these and provide technical support, e.g. training, (financial) management, appropriate technology, negotiations.

### Collectif d'échanges pour la technologie appropriée (COTA)

rue de la Sablonnière 18

B-1000 Brussels

Tel: 32 2 218 18 96, Fax: 32 2 223 1495

E-mail: cota@innet.be

COTA is an NGO which delivers services, such as information facilitation, documentation and support in fund raising for development organisations in both North and South.

COTA has established a documentation centre and developed a number of services to support technical communication. The main services are: The Consultancy and Study service, the Questions and Answers service, the Commercial Documentation service and the publication service.

### SNV

Head office: Bezuidenhoutseweg 161, 2594

AG Den Haag, the Netherlands, Tel: 31 70

3440139, Fax: 31 70 3855531.

There are local offices of SNV in Albania, Benin, Bhutan, Bolivia, Botswana, Burkina Faso, Cameroon, Ecuador, Eritrea, Ethiopia, Ghana, Guinea Bissau, Honduras, Kenya, Laos, Mali, Mozambique, Nepal, Nicaragua, Niger, Peru, the Philippines, Rwanda, Sudan, Tanzania, Uganda, Vietnam, Zambia, Zimbabwe.

SNV is a Dutch volunteer sending organisation which also works on development issues in collaboration with the local people. Its aim is to empower the poor and the oppressed groups in the South. The main themes are sustainable development, gender and environmental care. Most offices of SNV have a fund to finance small-scale projects. SNV can assist NGOs in finding local sources of funding.

## 6. Interesting Internet addresses

On these sites you will find links to donors and further suggestions and advice for fund-raising:

[http://www.nsfre.org/book\\_works.html](http://www.nsfre.org/book_works.html)

<http://www.fundraising.co.uk/books.html>

<http://fdncenter.org>

<http://www.cof.org>

<http://www2.poptel.org.uk/efc>

<http://raise-funds.com>

<http://www.rec.org>