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## **PI-DOC 10: FUNDRAISING IN** THE NETHERLANDS **AND IN PARTNER COUNTRIES**

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# PI-Doc 10: Fundraising in the Netherlands and in partner countries

The success of a development project depends of sufficient financial resources, among other. Dutch Private Initiatives (PI) and their partners, the Project Owners in the developing country are jointly responsible for fundraising. This document covers the basic principles, requirements and definition of fundraising.

Fundraising – or resource mobilization - is practiced all over the world. And often with great ingenuity, especially where the social need is demanding and resources are scarce. But (local) fundraising is not always easy. To be successful, a number of requirements must be met, both within the organization and in its environment.

Fundraising is the mobilization of people and organizations to support social change with money, services, goods, know-how, time and moral support. As such fundraising functions as *the bridge* between *a shared dream* and *a new social reality*.

In developing countries fundraising is often referred to as resource mobilization. The mobilization of resources – rather than funds – is in fact a better definition of our mission as fundraisers.

#### FACTORS INFLUENCING FUNDRAISING

- ✓ Culture of giving (philanthropy) in a country
- ✓ Availability of funds in a country
- ✓ Legislation; tax benefits for NGOs etc.
- ✓ Image of philanthropic sector
- ✓ Knowledge and skills needed to mobilize resources

There can be many reasons for an organization to start mobilizing resources. Often more than one factor is at play that makes an organization decide to start raising funds.

Aside from raising the level of total income, reasons can be:

- To engage the public
- From a perspective of financial risk management
- For a sustainable development of the organization
- To become more autonomous

#### Sources of Income and Methods of Fundraising

There are *five main sources of income* from which a social change organization can finance its activities.



#### **<u>1 FUNDS FROM GOVERNMENT</u>**

Fundraising with governments and institutions is also referred to as *institutional fundraising*.

Government funding comes as subsidies for organizations, but also and more and more project-related. Both central, regional and local governments offer subsidies. Sometimes you can also apply with embassies or – with expert support – with the European Union to fund your work.

#### **2 FUNDS FROM INSTITUTIONS**

There are several not-for-profit institutions that offer funding for social causes:

Private family foundations – institutions that support social cause(s) through funding from the interest on their wealth.

Non-governmental organizations (NGOs) – institutions that raise and give funds according to their mission. Often they channel funding through other (partner) organizations.

#### **<u>3 FUNDS FROM INDIVIDUALS</u>**

Fundraising with individuals and companies is referred to as *private sector fundraising*.

This way of fundraising is interesting and important. Private persons can connect to your organization. Apart from money, they can also offer their time, knowledge and network. Evidently, this requires a strong commitment of the donor to the organization. The organization should take care to invest permanently in this long-term relationship.

#### **<u>4 FUNDS FROM COMPANIES</u>**

The old juxtaposition between the business and the social sector is becoming less sharp. Companies are more social and social organizations operate in a more business-like manner. Companies are more active in the field of corporate social responsibility (CSR). For social change organizations corporations thus become more attractive partners for social change.

#### **5 EARNED INCOME**

Earned income is the generation of income through business activities. For instance, an eye hospital is able to offer free consultations and operations to the poor, because it offers its services at a commercial rate to other patients. Formally, this source of income generation is not part of the definition of fundraising and will therefore not be covered in this document.

#### Methonds of fundraising

Fundraising is a dynamically developing work field. The description below gives an overview of the most important methods at this time.

#### **FUNDRAISING WITH GOVERNMENTS**

The allocation of government grants takes place according to specific policy guidelines and timelines. More and more often it takes the form of a public tender, to which organizations may apply. It is essential to stay up to date with new trends and policies to be able to seize the opportunities that present themselves.

#### **FUNDRAISING WITH INSTITUTIONS**

If you plan to raise funds from institutions, this can be done in various ways:

- Donors that have supported your organization in the past
- Donors of similar/like-minded organizations (annual reports)
- Donors of similar/like-minded organizations in other countries
- Annual reports and websites of specific organizations you are targeting
- Network meetings
- Sponsors of conferences and fairs
- Media of your sphere of activity
- Special databases (some paid)

You can apply this approach also when looking for suitable corporate partners.

Here are some additional tips when raising grants with foundations and NGOs:

- Do your research thoroughly
- Develop a strong proposition
- Show impact
- Produce accessible and readable information materials
- Invest in the relationship if possible through personal contact
- Offer no more information than is asked for
- Use clear and compact language ask help, if needed
- Respect deadlines
- Be transparent and accountable
- Communicate changes beforehand
- Don't start the project until the grant has been approved

#### **FUNDRAISING WITH INDIVIDUALS**

There are many ways to raise funds with individuals. Here are the main ones.

- Direct mail
- Regular giving through 'project adoption'
- Diaspora fundraising<sup>1</sup>

<sup>&</sup>lt;sup>1</sup> raising funds with people from your own community/country who have migrated to countries with stronger economies

- Events
- Collections
- Face to face fundraising
- Street collecting
- Major gifts
- Legacies
- Product sales
- Network fundraising
- E-fundraising (new media)

#### Collecting boxes in supporters' homes

The Association for the Welfare of the Handicapped, a Muslim organizations in Calicut, South India, placed 32,000 plastic collecting boxes in the homes of families in and around Callicut. This supporter base was built up over four years. The average take per collecting box per annum is only the equivalent of 40 UK pence, yielding the organization a total of just under 13,000 British Pounds per annum. The challenge of the organization now is to try and find a way of getting each supporter to give or raise more money.

(Bron: The Worldwide Fundraiser's Handbook, Michael Norton)

#### **FUNDRAISING WITH COMPANIES**

There is a whole range of possibilities to mobilize resources from companies. Money is just one of them and not always the most profitable. For instance a company can:

- Provide support through a CSR (corporate social responsibility) program
- Sponsor events
- Match gifts from its employees with a company gift
- Adopt a program
- Lend out expert employees on a project basis
- Open up their distribution or media channels
- Distribute a flyer of the NGO with their product sales
- Donate a percentage of their sales
- Gifts in kind

You should also consider various types of companies, such as:

- Media agencies, marketing, PR, web services
- Restaurants, tour operators
- Chain stores
- Banks, insurance companies and other service companies

NGO's with high brand awareness, a 'cute' project or an ambassador/door opener within the company have the best chances. But without that you can also be successful by intelligently 'matching' your organization to a suitable corporation. The key for you is to have clear goals, know what you want and with who you want to affiliate yourself (and with who definitely not!). There should also be a balance in power and in the short and longterm gains for both parties. Only then there will be a win-win situation from which a sustainable partnership can develop.

#### Target audience and message

You should make a clear choice for target groups that are most likely to host your biggest potential support. This can be done through the method of 'like seeks like' looking at:

- a) The current groups of stakeholders
- b) Socio-demographic characteristics such as social class, age, gender (women are often better donors than men!),
- c) Value-based interests (action groups and religious communities)

Special attention should be given to target groups that can serve as *portal* to other groups of donors:

- Schools
- Service clubs (like Rotary, Lions, Soroptimists)
- Religious organizations/communities
- Tour operators (tourists)

#### **FUNDRAISING MESSAGE**

Your message should be clear and concise and it should *inspire to action*. After all, we want people to contribute! Good fundraising communicates the problem, the steps taken by the organization, the social impact and how the donor can contribute. The communication is *emotionally charged*, *is* powerful and authentic but absolutely not sentimental! When appealing to different target audiences, it is advisable to adapt your message.

#### Why people give

- Involved with the problem
- Sense of duty (culture, religion)
- Guilt
- Personal experience
- Recognition (of their generosity)
- Because they are asked
- Pressure from their peers
- In memory (of a loved one)
- Tax benefit (not primary, but can influence amount)

#### Tips for authentic fundraising

#### **<u>1. ENTER INTO A DIALOGUE AND INVITE YOUR (POTENTIAL) DONORS TO</u> <u>PARTICIPATE</u>**

The focus in fundraising is to get money from donors for a prolonged period of time. In other words: we are interested in their money, far less in their ideas and other ways of involvement. That is outmoded and a missed opportunity. Don't talk *to* your donors but speak *with* them and involve them.

#### Activate youngsters

Adolescents seem 'hard to approach', but are often interested in the problems of the world and want to act in a concrete manner. The organization dance4life makes use of this by informing students around the world about their body and safe sex, to dance for life and to raise funds in support of HIV-aids projects. Dance4life links the interests of young people to activities they enjoy. In 2006 this resulted in 10,000 Dutch students dancing in solidarity and fundraising for HIV-aids combat with tens of thousands other young people in Tanzania, Nigeria, South Africa, Egypt, Russia, Germany and Great Britain.

#### 2. MAKE YOUR FUNDRAISING PERSONAL

Be personal in both meanings of the word: truly focusing on the person you approach, using your own personality. After all: people give to people.

#### **3. BE PROFESSIONAL**

Prepare yourself, know what you are talking about and above all, know who you are talking to and what interests the other person. And keep the promises you make.

#### **4.FEEL PASSION FOR WHAT YOU DO AND SHOW IT**

Our work demands that we believe in it and are emotionally attached to what we do. So make sure that you are involved in a cause that you can truly commit to. Don't be afraid to show it.

#### **5.SUPPORT WHAT YOU BELIEVE IN AND GIVE FIRST BEFORE ASKING**

Lead by example. It will make you credible.

#### To Give and to Get

The young African Women Development Fund in Ghana finances women's rights programs throughout Africa. Fundraising is at the heart of the organisation and the board plays a leading role. That is why they introduced the 'give and get' policy by which every board member commits herself to giving \$250 and raising another \$5,000 per year. This policy has proved to be very succesful, not only financially but also in conveying credibility to new major donors.

#### **6.BUILD SUSTAINABLE PARTNERSHIPS AND COLLABORATE WITH YOUR**

#### PROJECT PARTNER

You often invest a great deal of time and energy in building new relationships. So be careful in your choices. Most mistakes we make at the start of a partnership and the profit is relatively small. Often in the second and third year we make real progress by learning from the past. By working together you are stronger, there is a bigger potential to invest, a broader support base, and more visibility.

#### **7.SEEK BALANCE IN GIVING AND TAKING**

In your relationship with donors it is important to strike the right balance in what you ask. Often much more is asked than is being offered. Or that we offer what people don't want. Fine-tuning the relationship is therefore important. But also do something unexpected now and then. That should not cost a lot, but it can make a huge difference in the connection someone feels with your organization.

#### **8.BE TRANSPARENT ABOUT YOUR WORK AND YOUR SPENDING**

Public support for social change organizations is vulnerable. So take good care of your public image and offer a lot of information. Present your financial and program results regularly and in a clear and understandable manner. Ensure that people can ask you questions. Don't hesitate to communicate the bad news as well as the good news and share what the experience has taught you for the future.

#### **9.IT IS NOT ALWAYS ABOUT THE MONEY**

Sometimes someone can give us something that in terms of value exceeds a financial gift by far. For example, this person can open up and reach out to his/her network or offer you knowledge that you don't have yourself, or open up a distribution or media channel for which you lack the financial resources. So be creative in what you ask for.

#### **10.LEARN YOUR LESSONS**

In a learning organization the word 'failure' does not exist, instead we speak of learning experiences. Success and innovation do not fall from the sky. They are almost always the result of hard work and trying often.

#### **Resource information**

Books:

• The worldwide fundraiser's Handbook, a Resource Mobilisation Guide for NGO's and Community Organisations, Michael Norton, Directory of Social Change, 2003 (2nd edition)

#### Internet:

<u>www.-resourcealliance.org</u> – a site with lots of information on all aspects of fundraising

www.sofii.org – a site with many examples of fundraising



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