



## **Module 1 - Introducing Grant Writing and Fundraising**

In this module you will be introduced to the concepts of grant writing and fundraising for a Non-Governmental Organization (NGO) working on HIV/AIDS-related issues.

### ***Learning Objectives***

- To determine a project's sustainability, effectiveness and value
- Develop communicational skills that will help you convey your message in a concise and clear manner, which can be understood and accepted by a prospective funder
- To understand the basics of grant writing and fundraising

### **Importance of resource mobilization**

Resource mobilization is about an organization getting the resources that are needed to be able to do the work it has planned. Resource mobilization is more than just fundraising – it is about getting a range of resources, from a wide range of resource providers (or donors), through a number of different mechanisms.<sup>1</sup> Resources are not only financial, but are also in the form of goods and services. For example, human capacity can be one of the most important resources for the work you want to do. However, before you even think about resource mobilization, you must ask yourself (and your colleagues) several questions that will help you think through why you will mobilize resources in the first place. The first questions you will ask is regarding program sustainability.

### **What is sustainability?**

As resources become more limited and demand increases, the topic of how to sustain a program is of utmost importance. The pathway of moving a program toward sustainability is not an easy one—there are no quick solutions and it takes a concerted, deliberate effort to achieve sustainability. Thus, once you have a project or program in mind, you should ensure that it is sustainable by using the analysis tactics offered below.

There are different interpretations regarding the meaning of the word “sustainability.” Most professionals define the word in terms of **financial sustainability**: *diversifying revenue streams so as not to become overly dependent on a limited number of funding sources*. This means that you should think about a variety of funding sources so that you don't rely on a limited few.

### **How would you know if a program is financially sustainable or not?**

To determine if a program is financially sustainable, ask the following questions:

1. Does the program have diverse funding sources so as not to be overtly dependent on a single fund source?
2. Is there mutual respect, knowledge and integrity between the staff of the program and its funders?
3. Does the program's staff communicate with its major donors on an ongoing basis to address fiscal or implementation issues or challenges?

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<sup>1</sup> From International HIV/AIDS Alliance Toolkit



4. Does the program attract, create, and sustain new resources by continuously seeking potential funding from a variety of sources, not only international, but also domestic?
5. Are appropriate financial controls established and followed within the program?
6. Do independent auditors conduct financial audits and reviews at regular intervals?
7. Are financial crises are managed (unpredictable events that are the result of circumstances beyond the control of the management of the program)? How have financial crises been managed in the past?
8. Has the program's leadership, as a matter of policy, established a reserve fund sufficient to cover the program's operating expenses for a planned period of time?

#### **Is sustainability only about income?**

In order for a program to be truly sustainable over a long period of time, it needs to have:

- Clearly defined realistic goals and objectives – Does the project have specific, measurable, achievable, results-based, timely (SMART) objectives? ;
- High quality delivery of services or products;
- Impacts and outcomes that are highly valued by key stakeholders;
- Leadership and staff whom are consistently competent;
- An eagerness to interact with similar organizations;
- Ability to engage in multi-sectoral partnerships;
- A positive image that is recognized by the public;
- Transparent and accountable;
- An enabling legal, political, and social environment; and
- Diversified revenue streams.

As you can see, sustainability is really about a lot of what goes on within a program—how it carries on its work, the quality of its relationships with a variety of stakeholders, and how it is perceived.

#### **Besides financial sustainability, are there other types of sustainability?**

Besides financial sustainability, there are at least three other types of sustainability:

1. **Benefits sustainability**—the continuation of benefits that result from the service delivery of a program. The source of those benefits may change (i.e., the government takes over from an NGO as the service provider), but the benefit is still available because of demand.
2. **Programmatic/institutional sustainability**—building the internal capacity of a program by attracting competent leadership and staff and developing their technical competencies; and being entrepreneurial, flexible, and adaptable to changing internal and external conditions.
3. **Political sustainability**—gaining government and community support and participation in the program; networking and collaborating with other affinity organizations; and in engaging in multi-sectoral partnerships.

So when you are thinking about the project, consider the above four points and try to look at the project in the context of the above sustainability points. Having a project or program that meets all four sustainability types is not easy – but try to analyze it in terms of the four points as much as possible!

#### **How are strategic planning and sustainability linked?**

Programs that are successful at sustainability use strategic planning to understand where they are, where they want to go, how they will get there, and how they are making progress. They generally have the answers to four key questions about financial sustainability:



**Question 1: Where is the program now in terms of its financial sustainability? What are the challenges and opportunities to becoming more financial sustainable?**

**Look at:**

- The program's purpose and goals;
- Current key stakeholders;
- Internal strengths and weaknesses;
- External opportunities and threats in the environment;
- Current financial sustainability challenges.

If the program has not been implemented, still make sure to consider these points.

**Question 2: Where does the program want to be and how long will it take? What are its goals to achieve greater financial sustainability?**

**Look at:**

- The envisioned future;
- Goals for financial sustainability; and
- Potential new supporters and revenue streams.

**Question 3: What needs to be done to reach the program's desired future?**

**Look at:**

Strategies and plans to identify new means of support and diversify income sources.

**Question 4: How will the program monitor its progress as it works toward its desired future?**

**Look at:**

- Measurable objectives;
  - Clearly defined benchmarks; and
  - Periodic assessments of progress.
- The tools of strategic planning can help you answer these questions by describing the envisioned future for your program versus its present state. Strategic planning will also help you understand what is necessary to close the gap between your present financial reality and a desired future one. More information on strategic planning will be provided in the later modules.

**What is the single most important strategy to financial sustainability?**

Many program managers in developing or transitional economy countries have discovered—often to their dismay—that the relatively high levels of funding coming into their countries may not last indefinitely. Their challenge is to mobilize as much as possible from international donors before the funding evaporates, while at the same time developing domestic funding sources, recovering costs, and earning income.

The single most important strategy to financial sustainability is to develop a variety of sources of income to ensure that a program is less dependent on a limited number of sources. By the way, this does not mean going from 100 percent reliance on bilateral aid funds to 100 percent corporate funding, which is really just another type of dependency.<sup>2</sup>

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<sup>2</sup> World Bank's Guide to Resources for NGOs and Other Organizations of Civil Society



## **Basic Concepts relevant to a youth-serving NGO:**

### **What is fundraising?**

**Fundraising** is the term referring to the process of soliciting and gathering financial support and income or any kind of support, by requesting donations from individuals, businesses, charitable foundations, or governmental agencies. Although fundraising typically refers to efforts to gather funds for not-for-profit organizations, it is sometimes used to refer to the identification and solicitation of investors or other sources of capital for for-profit enterprises.

There are different sources of funds:

- Own resources and/or revenue coming from services provided through your NGO;
- Public funding from various levels of government, ranging from international to local;
- Private funders such as foundations, corporations and philanthropists.

### **Some fundraising activities can include:**

#### Participation fees – get your project off the ground

Members are committed to a youth organization and its goals. They often participate in its activities but they are not necessarily the only ones who take part. Therefore you might wish to have different participation fees for members and non-members. Often organizations recruit new members through their activities by offering membership in combination with participation fees. This has the advantage of creating a source of income over and above the basic project.

In general, if someone wants to take part in an activity and is directly benefiting from a specific project, there is good reason to ask her/him to contribute financially. Sometimes the participation fee is symbolic or low because other sources of funding are available. In this case participation fees are the best source of the “own contribution” part of the budget that funders or donors request. Participation fees are also a good check on whether your project is relevant and attractive to your target group. Asking participants to pay some of their fee in advance secures good cash flow for your project, since most funders will only advance the agreed money in installments.

#### Providing services – your hidden financial potential

Services provided by your organization might actually be a part of your “core work” which you never thought of offering to others for payment. Most organizations have a lot of expertise which is of interest to others. It might take the form of volunteers or staff who are experts in training or other fields your organization is engaged in. All organizations know a lot about people in their community. This knowledge or expertise could be offered to companies, other organizations or individuals in a position to pay for it.

If you do not want, or are not able, to offer knowledge or expertise you can also raise funds by “creating work” for yourself and earning money from it. Your organization’s members and volunteers are valuable human resources who can offer their labor for money, which they can then donate to the organization.



### **Fund-raising Classics**

Never forget that business raises money from almost everything. If business can do it, you might as well, particularly since it is for a good cause. You can raise money from anything and there is a lot of experience in this field. Some ideas for fund-raising events are:

- seasonal bazaars
- auctions
- street collections
- parties/discos
- sports competitions
- lotteries

If you are organizing an event where the main priority is to raise funds, there are two ways you can do it. You can cut costs to a minimum and you can raise as much income as possible. Cutting costs does not necessarily mean that you have to cut services or facilities. It means that you cut costs for your organization. Increasing income means that you look at every aspect of your event and exploit all areas to generate extra cash. In general, it is better to hold fewer, larger events than a lot of small ones because they raise more money with less effort and they mean you are not asking people to turn out again and again.

### **What about fundraising for conferences?**

Before you even think about attending a conference, you must ask yourself similar questions outlined above but relevant to the purpose of attending the conference. Some tactics for conference fundraising will be covered in the next modules. However, before you even think about the need to fundraise for conferences, ask the following questions:

- How will the conference further my organizations' programming?
- What would be the value-added of attending this conference?
- Is it absolutely necessary for me to attend? What would I lose if I did not attend?
- Identify at least 2 outcomes you envision from attending the conference. What are some follow up activities that you envision to implement with what you gain from attending the conference? Looking ahead beyond the conference and what you plan to achieve if you attend is the most important element of WHY you should go to the conference in the first place. Without identifying key follow up activities, you face the risk of being perceived as a tokenistic attendee – don't become a conference hopper!

### **What is a grant?**

**Grants** are non-proprietary financial support for research and research-related activities in a particular subject area or field. Grants are normally awarded by sponsors whose purpose in supporting research or a program is scientific, cultural, or philanthropic. Increasingly, private-sector organizations will award grants to sustain a higher level of activity and training in a field of interest to them, as well as to increase the probability of results in potential commercial interest.

### **How do you get to a grant?**

The single most important success factor in seeking funds from foundations and corporate funders consists on doing necessary research and preparation. Grantmaking organizations have distinct personalities and histories, with unique requirements and interests. A major element in successful grantseeking is finding the appropriate match between a program's



needs and a donor's interests. **More information on writing a grant will be provided in the next module.**

### Exercise 1

1) What kinds of programs do you need funding for? Please identify the program – Answer Who, What, Where, When, How?

2) Have you funded this program in the past? Or is it a completely new idea?

If you've funded it in the past, where did the funding come from? How temporary was the funding? Will you have it again? Was your program sustainable? If so, then how? (please describe)

If this is a completely new idea, ask yourself the above questions mentioned in the module about how sustainable the project is. Address benefits from the program, political sustainability and programmatic/ institutional sustainability

3) Do you plan to submit grant proposals for this program? If so, when are the deadlines? Keep track of these! If not, do you have an idea of who you think you might like to target to submit a grant proposal?

4) a) Have you ever fundraised? If so, what are some tactics you used?

b) Do you plan to use them again?