

Fundraising





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by Rachel Blackman

Design: Wingfinger

The author wishes to thank Rupert Haydock, Dewi Hughes and Liz Waldy for their input and all Tearfund staff who spent time reviewing drafts. Thanks to our partners who field-tested this resource.

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ISBN 1 904364 28 4

Published by Tearfund. A company limited by guarantee.
Registered in England No 994339. Registered Charity No 265464.

Tearfund is an evangelical Christian relief and development agency working through local partners to bring help and hope to communities in need around the world.

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Introduction

Adequate funding is always a concern for development organisations. While our aim is to reduce poverty and facilitate change, it is tempting to be money-centred and let our funding direct what we do. Instead, we need to start with our vision, mission and strategy and then decide on a plan to ensure that we have enough funds to implement the strategy. We should think about how we can raise different kinds of support, such as encouraging people to pray, volunteer and take part in advocacy campaigns, as well as approaching donors for funding.

A donor is any person or organisation who supports our work, such as an individual, church, company, trust or institution.

Some Christians think that people are not trusting God if they actively seek funding and have a plan to raise funds. This book looks at a biblical approach to fundraising and shows that, by planning our fundraising work, we can increase the impact that we have.

Many development organisations rely heavily on a few large donors outside their communities. This causes two main problems. First, they are vulnerable. If one donor decides to withdraw its funding, the organisation might have to make cutbacks in terms of staff and activities. At worst, the organisation may not be able to function any longer. Secondly, development organisations may be restricted in the way they can spend the money. They might change their strategy according to the donor's strategy to ensure they can access further funding. This might result in organisations moving away from their vision and mission.

To overcome these concerns, organisations should think about how they can diversify their funding base. Usually this means considering donors apart from large donors. It involves looking at how support can be raised locally. For example, organisations could require project beneficiaries to pay a small amount towards a service or product or they could set up an income-generating project. Christian organisations can consider how they can raise money from local churches. This is one way that they can join together to extend the Kingdom of God. Development organisations can facilitate an important connection between individuals and organisations with financial resources and those in need.

The aim of this book is to encourage organisations to have confidence in their ability to raise support. It looks at key principles involved in fundraising. Often, fundraising is done in a disorganised way in response to needs, rather than in a planned, forward-looking and strategic way. This book explains how to develop a fundraising strategy. It also looks at options available for diversifying our funding base.

Glossary

This glossary explains the meaning of difficult words according to the way they are used in this book.

- accountability** explaining decisions and actions to donors
- brainstorm** to state whatever immediately comes to mind about an issue
- budget** planned income and expenditure for a certain period of time
- Christian development** a process of change during which people are able to reach their unique God-given spiritual, physical, mental, emotional and social potential
- collaboration** working together to achieve something
- concept note** a brief summary of an idea for a project
- consortium** two or more organisations that make a joint funding application
- cost-effective** economically worthwhile in terms of what is achieved for the amount of time and money spent
- credibility** the ability to gain trust
- dignity** a sense of self-respect and confidence in one's own value
- donor** a person or organisation that gives money for development work
- efficient** functioning well while using few resources
- ethical** behaving in a way that is consistent with God's standards
- funding mix** the proportion of income that comes from different types of donors

fundraising strategy a plan of how an organisation will carry out its fundraising activities

income-generation raising money by selling products or services

institutional donor a funding agency, usually linked to government. In this book, the term includes International NGOs because the way we apply to them for funding is similar

Memorandum of Understanding a document which states the intentions and responsibilities of two or more organisations who have agreed to work together on a specific issue

NGO non-governmental organisation

organisational strategy a plan of what an organisation wants to achieve

proposal a document containing details of an intended project, which is submitted to donors to request funding

return the money that we raise compared with the investment in raising it

short circuit an electrical fault which cuts off the electricity supply

signatory someone in a position of responsibility who signs a funding proposal

stewardship wise and careful management or use of money or possessions belonging to oneself or another person or organisation

strapline five or six words that describe an organisation, which are usually used on an organisation's letterhead and publications

trend changes over time

vulnerable open to external pressures which may lead to failure

Christian fundraising

As Christian organisations with a God-given vision and calling, we should be looking for support in a godly way. We want to make sure that the way we raise money is consistent with our Christian faith. This section looks at some of the issues we should consider.

Raising money in an ethical way

We should consider carefully all the fundraising approaches we use. It is important that our fundraising methods reflect our organisation's values. We also do not want to offend potential donors or damage our reputation in any way. For example, Christian organisations might decide not to use any fundraising method that involves gambling, such as lotteries and raffles. Others might decide that a beauty competition is not ethical because the Bible says that God looks at the heart and not at outside beauty.

It may be useful to consider marketing principles when developing a fundraising strategy. However, they should be applied carefully to fundraising for development work because the money that donors give is all spent on poor people. It does not bring the donors any financial return for their money. In a sense, poor people become the 'product' we are 'selling' to donors. It is important to ensure that we treat both the potential donors, and those we are raising money for, with respect.

EXAMPLES of bad practice

- We might be tempted to exaggerate the needs of the beneficiaries in order to obtain more funds.
- Photos of unhappy children might be used to increase the donors' sympathy.

Fundraising values document

It can be useful to write a set of fundraising values. A fundraising values document should be written with our organisation's vision, mission and values in mind. The key questions a fundraising values document asks are:

- Are we being truthful in the information we provide about ourselves and the beneficiaries?
- Do we treat our donors with respect?

This document should be referred to frequently in order to ensure our fundraising methods are good. We might decide to share this document with people outside our organisation in order to enhance our reputation.

EXAMPLE
Some of Tearfund's fundraising values

- We believe that there should be a good balance between rationality and emotion in any fundraising proposition.
- We will issue large fundraising appeals only in the event of a genuine disaster emergency for which Tearfund has undertaken a needs assessment and has the capacity to respond.
- We believe that money, prayer and time as forms of support are of equal importance.
- We will thank supporters for each donation, unless a supporter has indicated that they would not like their gift acknowledged.
- We will seek to inform supporters of the impact of their giving on beneficiaries.
- We will seek to provide the best possible service to supporters, irrespective of the value of their donation.
- We will seek to be truthful in all our fundraising propositions.
- We will not use more than 15% of Tearfund's income on fundraising and publicity.
- We will honour supporters' wishes in how their gifts are to be used, whilst making it clear how the greatest impact on beneficiaries would be achieved.

In our communication:

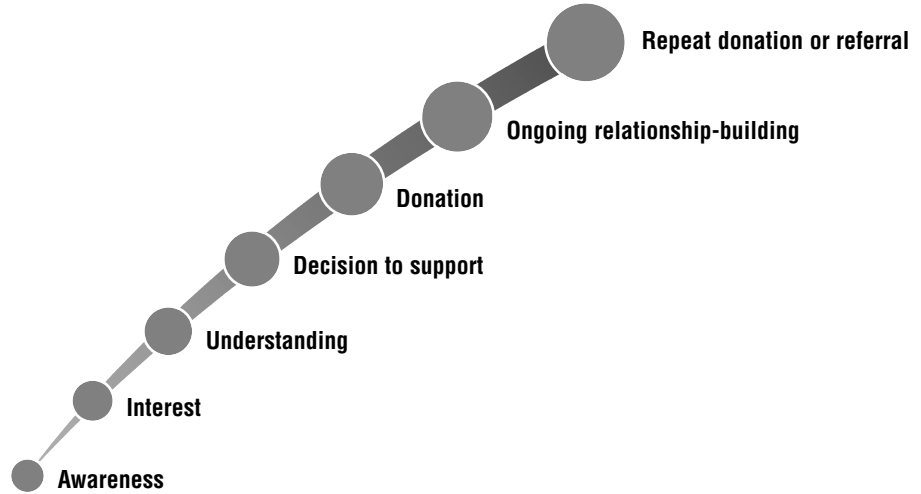
- We will represent the poor as real individuals, not as symbols of suffering which enable us to raise funds.
- We will look beyond the surface issues, to educate and inform our supporters about the structural causes of poverty.
- When we quote, we will quote from named individuals, to respect their dignity.
- In our visual images, our overriding principle is to maintain respect and dignity in our portrayal of people and situations. We do not exploit the subject (eg: we do not ask them to cry for the camera).
- We use images truthfully – where possible we use a balance of images, both positive and negative, to reflect the reality of the situation.

Organisations involved in relief work could sign up to the Red Cross Code of Conduct and quote this in their fundraising materials.

Fundraising principles

As a general rule, successful fundraising will take donors through the following process:

The fundraising process



Whatever type of fundraising work is carried out, there are some basic principles that should be followed to ensure that all the links in this process work. Many of the principles involve relationships. It can be said that fundraising is first about 'friendraising'.

PRINCIPLE 1 **EDUCATE**

Education can be an effective way of gaining interest in our work, leading to donations. Donors are more likely to give if we are specific about what the needs are.

EXAMPLE If potential donors hear about an organisation that works with street children, a few might want to donate money because they feel sorry for them. It is worth the time and effort to explain the complex reasons why children live on the streets. If the organisation also gives out information about what the needs of street children are and how the organisation's projects respond to the need, more potential donors might decide to donate money.

Reflection

- Are we good at educating those around us about our work and the people we work with?
- If not, how can we improve the way we educate people?

PRINCIPLE 2 **ASK**

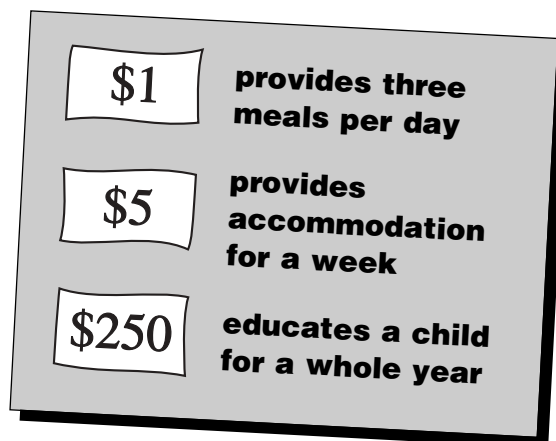
Often, educational materials are enough to encourage potential donors to give towards our work. However, sometimes we need to ask for support directly, as people are unsure about how to respond. Apart from money, we may want to ask for prayer or volunteers to support our work.

How we ask depends on the local culture. It is important that we find appropriate ways to approach potential donors for money. Asking for money can be embarrassing. For example, it is common in churches for people who need financial help to ask others to pray for them in their need. While prayer certainly helps, this kind of request is often used to ask those present to donate, which can be misleading. As organisations, we need to remember that the money is not for us but for the people we serve. Often, donors are waiting for an invitation to give.

It is important to consider ways to make it easier for donors to give money. For example, always provide a contact address in educational materials, fundraising literature and proposals. Perhaps provide collection boxes that can be left in homes and offices and organise for them to be collected on a regular basis.

Unlike other types of donors, institutional donors and trusts will not seek out organisations to fund or simply respond to the general fundraising literature we produce. We have to ask them directly for money for specific projects. They often ask organisations seeking funds to complete a proposal template.

The organisation could be specific about what it asks for. If people have a good idea of exactly what their money will help to fund and how it will change lives, they will be more willing to give. The organisation might therefore tell potential donors what different sizes of donations will fund.

EXAMPLE

Reflection

- What methods do we use when we approach people for funding?
- What methods are more successful and why?

PRINCIPLE 3 USE A PERSONAL APPROACH

Fundraising is all about relationships. Our aim should be to build good relationships between donors, the organisation and the people we serve. This can be more time-consuming but also more worthwhile and effective. We need to treat donors as people and not just as money providers. Likewise, we need to show donors that the people we serve are individual people and not simply a certain category of people who receive donors' support. We also need to be aware that we are representatives of the organisation we work for. In order for donors to trust us with their money, we should be seen as both professional and yet personal at the same time.

Think carefully before approaching donors

We should think carefully about how we will approach donors for money. If we decide to write to them, it is better to use letters addressed to individuals than standard impersonal letters. It is important to spell the name right. The most effective way is to meet people face-to-face because it is easier for us to get people's attention. This might mean visiting a church, company or funding agency. Dress appropriately, as first impressions are important.

Using stories of individuals in our fundraising materials can help potential donors identify better with the needs we are meeting. They realise that real people are experiencing real problems. If we can tell donors about specific people who are already benefiting from our work, they are more likely to give money because they know the kinds of people who will benefit and that their money will be well spent.

EXAMPLE If we are raising money for educating children, we might want to use stories about children who do not receive education, those who are currently benefiting from the project, or children who have graduated and found jobs. We might also want to include stories about parents whose children have benefited from the project and look at the impact our work has had on their lives. In some circumstances we might decide to use only first names or even change their names in order to protect their identity. We might also decide not to use any photos of individuals in case it puts them in danger. For example, publishing a photo of a man with HIV might alienate him from his community if anyone in the community sees the photo.

Reflection

- How personal is our approach to fundraising?
- How can we improve this?

PRINCIPLE 4 UNDERSTAND THE DONOR'S VIEWPOINT

Donors usually have two main reasons for giving to our work:

- They trust that we will spend their money wisely.
- They think their donation will make a difference to people's lives.

It is useful to remember this as we think about how we carry out our projects and how we approach them. We could use role play to help us to think about the donor's viewpoint.

Some donors might have additional reasons for giving towards our work. It can be useful to think about what these might be. For example, companies might be willing to donate money only if there is some benefit for them. We need to make a careful decision about whether we want this kind of funding.

There might be potential donors who are very interested in our work, but cannot afford to give money. We could consider inviting them to give their time, or to involve themselves in the work of our organisation through prayer.

EXAMPLE An individual donor is interested in supporting a development organisation. The development organisation has a number of projects, one of which is to build a school. When the fundraiser speaks to the donor she discovers that he used to be a school headmaster and still has an interest in education. The fundraiser can then talk about the school project, which the donor might be particularly interested in supporting.

Reflection

- How could our fundraising be more effective if we thought more about our donors' points of view?

PRINCIPLE 5 SEEK ETHICAL DONORS

It can be tempting to pursue easy sources of funding or take whatever money is offered in order to maximise our funds. However, in the case of donors who give large sums of money, particularly companies, it is important to consider whether accepting money from them might be unwise:

- Perhaps the donor has a bad reputation. By accepting their funds, we may put our ability to obtain funds from other donors at risk.
- The donor might wish to influence our work in a way that goes against our organisation's mission and values.
- The donor may raise its funds in an unethical way. For example, a clothing company might be using child labour to make its clothes.
- Perhaps the donor's mission and values conflict with our own. For example, a Christian organisation might decide not to accept funding from an arms manufacturer. We may decide not to approach a certain government for funds because they are not governing legitimately.

We might want to consider the following issues about the donor:

- Are they socially responsible? In other words, does the donor look after their workforce, preserve the environment and work to improve society?
- How are they viewed by the public?
- Is there any conflict between their mission and values and what our organisation stands for?
- Do the organisation's employment practices agree with good community development principles? For example, do they discriminate against certain members of staff on the grounds of gender, age or ethnicity?

It might be helpful to identify the kinds of donors we will not seek or accept funding from, such as those involved in arms or tobacco manufacture.

Reflection

- Are our current donors ethical?

PRINCIPLE 6 SAY THANK YOU

This might seem an obvious principle, but saying thank you gets more difficult as the number of donors we have increases. It is not only polite to say thank you and show that we value the donor's generosity – it is vital if donors are to give money to us again. It is important that our expression of thanks is appropriate, timely and not seen as wasteful.

How we say thank you depends on the donor. If a church or community group has raised money, a member of staff could perhaps visit the group to say thank you in person. Alternatively a letter could be written. Some organisations have a standard thank you letter that they send out to their donors. Try to make it personal and address it to an individual. Try to say something about the impact of their particular donation.

While it might not be appropriate to thank institutional donors in such a personal way, it is worth telling them how much we appreciate their contribution to our work. A short initial thank you letter to tell them we have received the funds from them is often enough. Later they will receive regular reports throughout the project as part of the funding agreement to show them how their money has been spent. It is these reports which will influence their decision to fund us again in the future.

EXAMPLE A church gave a donation to pay for some play equipment at a club for street children. Even though the church was thanked when the donation was made, three months later a letter was sent, along with photos of the children playing on the equipment.

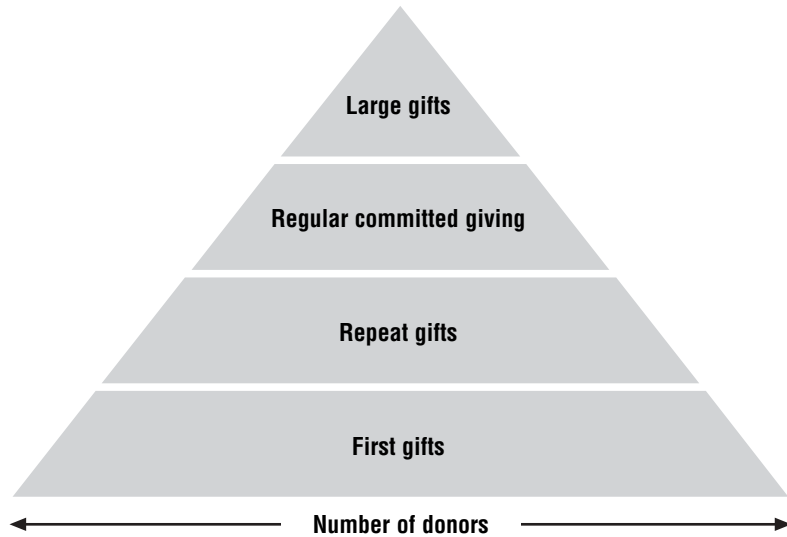
Reflection

- Do we thank all our donors?
- If not, can we think of appropriate ways to thank our donors?

PRINCIPLE 7 **INVEST TIME AND MONEY IN RETAINING DONORS**

To create a stable funding base, we need to have donors who will donate money again and again. It is more cost-effective to retain donors than to find new ones. The pyramid below shows that most donors will give once. While each layer is equally valuable, if we can move donors up the pyramid so that they become regular, committed givers, we will have a more sustainable funding base.

The donor pyramid



Donors need to have confidence in our organisation and the work we carry out before they are willing to donate again. They need to know that the money they donated in the past has been used wisely.

We should be aware of how much money we spend on retaining our donors. If donors feel that we have spent too much money on retaining their support, they will not give money again, as they will be unsure about whether their money will actually be spent on development work. This does not apply to institutional donors and trusts who require a full application for each project we seek funding for.

Donors are more likely to donate again if they become committed to our cause or to what our organisation stands for. This commitment can be increased by enabling donors to involve themselves in what we do. This could include sending them prayer letters, enabling them to become volunteers or by involving them in advocacy campaigns.

To turn one-time donors into regular donors, we should thank them for their donation and give them updates on how their money is being spent. One important benefit of investing time in retaining donors is that not only might they give further donations, but that they might also encourage others to give towards the cause.

EXAMPLE An organisation working with children calculated that every year 10% of their regular small donors stopped giving. This meant about 100 small donors each year. The organisation calculated that they spend about \$10 on time, materials and postage to recruit one new regular small donor. They decided to send a newsletter to regular donors twice a year. The newsletter tells about how their money has been spent and about how particular children have been helped. It costs about \$200 to

produce and send out the newsletter to all their regular donors, and the following year only 50 donors stopped giving. The organisation had saved the \$500 it would have cost to replace the other 50 donors.

Reflection

- How many of our donors give more than one donation?
- What methods could we use to encourage them to make repeat donations?

PRINCIPLE 8 **MAINTAIN A GOOD REPUTATION**

A good reputation will enable us to retain donors and attract new ones. People are much more likely to give money to an organisation that they have heard of and which is well-respected. Reputation is as important as the quality of our work and our fundraising methods.

We should ensure that our work with communities and our fundraising work reflect our organisation's values. Our reputation should match closely with what we are as a Christian organisation. In general, the closer the match, the more our donors will trust us.

We should be open about our achievements and our failures. For example, we should make project evaluation reports available to whoever asks for them, even if the projects were not successful. Honesty and openness lead to trust and a good reputation.

Reactions to fundraising work

Potential donors may have the following reactions to our fundraising work:

The diagram consists of five speech bubbles arranged in a cluster. Each bubble contains a different reaction to fundraising work:

- They are too religious
- Their work is controversial
- There are too many organisations doing the same thing
- I have never heard of them, so they can't be doing a very good job
- They are too political

All of these reactions relate to potential donors' perceptions of our organisation. Some of their perceptions might be true, but others will be false. If they are true, we should think

about whether we should change our practices. If the perceptions are false, we should not change who we are to suit them. We should use education to challenge false perceptions.

If people view our work as controversial, we could ensure that our promotional materials educate potential donors about both sides of the argument. This will help them to see our side of the argument and encourage them to make an informed decision about whether they want to donate money.

Sometimes we might find we need to justify our involvement in politics. Perhaps development organisations have been invited to discuss issues with government leaders. Perhaps we have been involved in advocacy work with poor communities. We can show potential donors that engaging with politics does not mean taking sides, and that it is vital if there is to be lasting change at community level.

Some donors are unwilling to support Christian organisations. We need to be clear about what our mission is so that people are aware about what exactly their money is supporting. What we should not do is to give up our Christian identity in order to attract more donors! We need to be aware of people's perceptions of our Christian development work. For example, donors might think we help only Christians, when in fact we help anyone who needs it, whatever their religion. In this case, we need to find ways of explaining this to them.

**PRACTICAL
IDEAS
Improving
knowledge of our
reputation**

Some practical ideas for improving knowledge of our reputation include:

- Keeping copies of letters from grateful beneficiaries and collecting quotes of positive things people have said about our work.
- Getting our work evaluated. It is useful to have copies of evaluation reports to give to potential donors.
- Providing good service to our donors, such as saying thank you, answering correspondence promptly and keeping them updated about our work.
- Getting press coverage of our work. The more we can advertise our work in the media, the more money we are likely to raise. However, having wide media coverage can also mean that if anything bad happens to the organisation, more people will know about it.
- Preparing our accounts to show to donors who ask for them.
- Writing papers for academic journals and conferences in order to raise the profile of our organisation.
- Bringing well-known people into our organisation by inviting them to be patrons, advisors or board committee members.

EXAMPLE Local doctors often refer people to a development organisation's project that cares for people with HIV/AIDS. When applying for local government funding, the organisation asks one of the doctors to write a letter to recommend the work of the organisation and explain why they are happy to refer patients to the project.

Reflection

- In what ways is our reputation important to our organisation?
- Reputation can take years to build, but can be damaged in seconds.
 - Can we think of any organisation or people whose reputation has been damaged?
 - What happened as a result?
 - In what ways could our organisation damage its reputation?
 - How can we reduce the risks of damaging our reputation?
 - If our organisation damaged its reputation, what could be done to improve it again?
- Imagine our organisation is about to produce a document with an institutional donor. They do not want us to use our logo on the document because it contains a cross representing the cross of Christ. What do we do? Think through all the options and decide on the best course of action.
- What are the drawbacks of using the image of a well-known person in promoting our work?

PRINCIPLE 9 **BE ACCOUNTABLE**

When donors fund our work, they expect us to use the money wisely. If we do, they will trust us with their money again. However, if we do not use it wisely, they will not be interested in funding our work in the future and we might get a bad reputation. By being accountable to our donors, we also show accountability to God for what he has provided for us.

Section 2 looks at our role as stewards of God's creation. Stewardship and accountability are linked. When we are stewards, something has been entrusted to us. If we are to be accountable, we should use what has been entrusted to us for what the donor intended.

The way we show our accountability will vary depending on the source of funding. For example, we can show accountability to individuals and churches by giving feedback in meetings or producing literature about the projects we have carried out. We can show accountability to institutional donors by reporting regularly and organising an independent evaluation of our work.

EXAMPLE A development organisation produces an annual review each year for its donors. The annual review contains information about how much money was raised from different sources and how the money was spent. It highlights a few key achievements of the past year and some lessons learned.

Reflection

- In what ways are we currently accountable to our donors?
- How could we make ourselves more accountable to our donors? What processes would we need to put in place?

What the Bible says about money

The issue of money and possessions is referred to many times in the Bible. This section looks at what the Bible teaches us about our attitude to money. It will help us to consider what it means to be good stewards of the money our organisation is given. It will also challenge us to be generous givers as individuals. It will help us to encourage local churches to think about giving money towards needs in their communities.

Our role as stewards

In order to look at what our relationship to our possessions should be, we have to go right back to the creation of the world.

Genesis 1:1 tells us that God created the heavens and the earth.

Since God created all things, all things belong to him. See Exodus 19:5 and Psalm 24.

In Genesis 1:28-30 and 2:15, God gives humans the responsibility of looking after his creation. God still has absolute ownership, but humans are to be stewards. All the things God has created have been entrusted to humans who are to take care of them and use them wisely. This means we are to be good stewards of our bodies, our abilities, our time, our possessions and the world around us.

Deuteronomy 8:17-18 reminds us that the resources we have access to and the power to use them are given to us by God. We are therefore accountable to God for the way we use the wealth that he provides.

The box on page 22 shows God's concern for the way we use the things he gives us. He wants us to honour him, bless others and to help extend his kingdom.

Land in the Old Testament

In the Old Testament we read that God provided the Israelites with land to live on as proof of his relationship with Israel. God laid down a set of laws so that the Israelites would be responsible to God for the land and each other.

- **RESPONSIBILITY TO GOD** This included tithing and offering the firstfruits of the harvest to God (Exodus 23:14-19). Leviticus 25:23 is a reminder of God's ultimate ownership of the land and authority on how it should be used: 'The land must not be sold permanently, because the land is mine and you are but aliens and my tenants.'
- **RESPONSIBILITY TO OTHERS** This included enabling the poor to gather the gleanings of the harvest (Leviticus 23:22) and to benefit from the tithes (Deuteronomy 14:28-29, 26:12) in certain years. To stop people becoming wealthy at the expense of others, God did not allow land to be sold permanently. Instead, during the year of Jubilee (every 49 years), land which had been sold was returned to the original owner. This ensured that future generations had access to land. It also meant that the price of land decreased as the Jubilee year approached, so that nobody was taken advantage of (Leviticus 25:14-17).

Based on *Living as the people of God* (1983) by Christopher Wright, IVP

It is important to note that God provided the Israelites with land to live on as a blessing – out of his goodness and not because they deserved it. Likewise, the wealth we have should be viewed as a gift from God and not as something that we have a right to. Riches and blessing are not necessarily linked. Many people in the Bible who served God faithfully were materially poor. A common worldview is that having wealth is important. It is often assumed that money is the only way that God blesses us. In fact, being blessed with money gives us greater responsibility. We have to be careful not to love the money we have at the expense of our relationship with God.

Reflection

- If we borrowed someone else's bicycle, would our treatment of it be any different than if it was our own? Why?
- What about the money our organisation is given? What should our attitude towards it be?

Our attitude towards money

The way we handle our possessions is an indication of our commitment to God. God focuses not so much on what we have but on our attitude towards what we have. For example:

- The tenth Commandment is 'You shall not covet' (Exodus 20:17), but we find ourselves comparing our circumstances with others. We often view each other in terms of material wealth before anything else.
- Our attitude towards money has a big impact on our relationship with God. In Deuteronomy 8:10-14, God is concerned that our greedy view of material things will make us proud and forget God and his goodness to us. This is reflected in Proverbs 30:8-9, '...give me neither poverty nor riches, but give me only my daily bread. Otherwise, I may have too much and disown you and say "Who is the Lord?" Or I may become poor and steal, and so dishonour the name of my God.'
- The New Testament encourages us to guard carefully against the pursuit of riches. Jesus did not say that being rich is wrong, but he had a lot to say about priorities and attitudes towards the money we have. For example, Jesus tells us to guard against greed (Luke 12:15).

The following Bible studies challenge us to look at our attitude towards money and possessions. Only when our attitude is right will we use money in a way that serves God and those around us.

BIBLE STUDY

We cannot serve both God and money

- Read Matthew 6:19-34. This passage is part of the 'Sermon on the mount'. Jesus is speaking to his disciples, telling them about the Kingdom of God.
 - *Why should we not store up treasures for ourselves on earth?*
 - *What does it mean to store up treasures in heaven?*
 - *How are Kingdom of God attitudes different from the world's?*
 - *What point is Jesus making in verse 24?*
 - *What do these verses say about what our attitude to money should be? Is it wrong to be rich? If not, why not?*
 - *Verse 24 says that we can serve either God or money but not both. What practical steps can we take to ensure that we do not become tempted to serve money?*
 - *How do verses 25-34 encourage us as we avoid serving money?*
 - *What does the passage tell us about the security we find in God? How does that compare with the security we find in money?*
 - *How does this passage challenge us as we consider how we use our money:*
 - *individually?*
 - *as an organisation?*

BIBLE STUDY

Our attitude towards possessions matters

- Read Luke 12:13-21.
 - *What does Jesus warn about in verse 15? How is this shown in the parable that follows?*
 - *Look at how many times the rich man in the parable says 'I', 'my' and 'myself'. What does this say about his attitude towards his possessions?*
 - *Do money and possessions help or hinder this man in his relationship with God?*
 - *What does it mean to be 'rich towards God'? Are we?*
 - *Read Psalm 49. Summarise the Psalm in a sentence. How does this Psalm challenge us in the way we use our possessions?*
 - *How do these passages challenge us as we consider how we use our money:*
 - *individually?*
 - *as an organisation?*

There are many reasons for giving to poor people, which include:

- giving money to the needy was praised and encouraged in the early church (eg: Acts 4:32-35, 1 Corinthians 16:1-4, Galatians 2:10)
- our calling to be compassionate (Deuteronomy 15:7-11; 1 John 3:17)
- showing our obedience to the gospel. In Luke 19:1-10, Zacchaeus showed true repentance by showing that he could be freed from his attachment to his possessions. He demonstrated that he could trust God by giving away half his possessions to poor people.

BIBLE STUDY

We are called to give

- Read 2 Corinthians 8:1-15. In this passage, Paul encourages the rich Corinthians to be generous and uses the model of the Macedonians who were poor.
 - *What is the motivation behind the giving of the Macedonians?*
 - *Does our church most resemble the church in Corinth or the church in Macedonia?*
 - *How have we come to this conclusion?*
 - *How does this passage challenge us in our attitude to giving?*
 - *Notice how Paul encourages the Corinthians to give:*
 - *He acknowledges their other gifts (verse 7).*
 - *He recognises that they had begun to give (verse 10).*
 - *He gives the model of the Macedonians, emphasising God's grace as their motive.*
 - *What could church leaders today learn from the way Paul encouraged others to give?*
- What wrong motives for giving might people have? Read 2 Corinthians 9:6-15.
 - *What prompts people to be cheerful givers?*
 - *Verse 7 calls us to be ready to give. What does this mean practically?*
 - *What is generous giving?*
 - *How do we know how much to give away?*
 - *In verses 10-15, what are the results of generous giving?*
 - *What does Paul mean in verse 11 by 'being made rich in every way'?*
 - *How would we answer someone who claimed that giving generously will result in health and wealth for the giver?*
- The three points of John Wesley's sermon on *The Use of Money*, based on Luke 16:9 are 'Earn all you can, save all you can, so that you can give all you can.'
 - *Do we agree with this statement?*
 - *How does this work in practice in our individual lives and our organisation?*
 - *Is it easier to earn, save or give?*
 - *How can we get the balance right?*

Developing a fundraising strategy

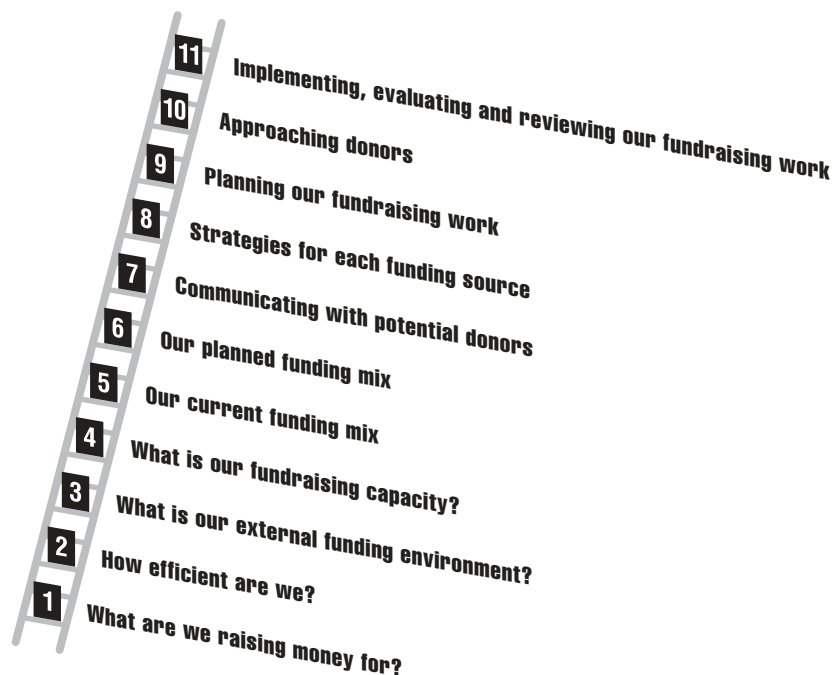
It is important to develop a fundraising strategy to help us to identify our needs, to choose the best approach and to plan. A fundraising strategy is not the same as a project proposal. A fundraising strategy looks at how the organisation will raise money for all of its work. A project proposal is used to raise money for just one project and is just one element of the organisation's fundraising strategy. The process of developing the strategy will ensure that we consider all the things that might influence fundraising success.

The strategy should be written by members of staff involved in fundraising and then approved by the board committee. Many smaller organisations, and others which have not yet developed their fundraising work, may not employ a fundraiser. Larger organisations might employ one or more fundraisers. Organisations could consider employing a fundraiser if they believe that the person, whose main role is to raise funds, can raise more money than their salary and overheads.

Effective fundraisers need to be aware of what is happening in the wider organisation. Other members of staff should be aware of the fundraising work that is being carried out so that they use the funds wisely. For this reason, if possible, other members of staff should be involved in developing the fundraising strategy and helping with fundraising work.

Eleven steps in developing a fundraising strategy

Help and Hope is an imaginary development organisation. At every step in this section we will illustrate how Help and Hope developed their fundraising strategy.





STEP 1

WHAT ARE WE RAISING MONEY FOR?

It is important to start with the organisational strategy. Fundraising is much more successful if we can tell potential donors exactly why we are raising money. It takes time, usually several years, to build up a good donor base. We therefore need to ensure that our fundraising strategy is in line with our organisation's strategy for the next five to ten years. If the organisational strategy changes during that time, our fundraising strategy needs to change with it. We will not be fully accountable to our donors if we tell them we are raising money for a nutrition project when the organisation's priorities have changed and we no longer support nutrition projects.

Another reason for looking at our organisational strategy is to estimate how much money we will need to raise over the next ten years. For example, our organisation's strategy might involve a shift in priorities, which will require new specialist staff or input from consultants. We might find we need to invest in a new building or equipment. Some of the work might require volunteers.

The organisational strategy might also encourage us to investigate new fundraising opportunities. For example, if the organisational strategy is to focus on HIV/AIDS in five years' time, we can start to find out about donors who specifically fund HIV/AIDS projects.

WARNING

It can be tempting to change our organisational strategy in order to obtain easy funding. For example, we may decide to start working on water and sanitation issues because institutional donors have decided to make a lot of funds available for that kind of work. However, this might go against our vision and mission. Even if it does fit in with our vision and mission, we will not necessarily be able to make the best use of funds if there is no experience, knowledge and expertise within our organisation to carry out water and sanitation projects. We should stay focused on work that uses our present skills and experience rather than planning around available funding.

Method

Look through the organisational strategy and note down all the funding that will be needed to achieve all the objectives by copying and completing the table on page 29. Remember to look beyond project costs:

- Include administrative costs, staffing and office space.
- Consider new areas of work, such as focusing on new development issues, which may require a large investment of money to set up.
- Budget for fundraising costs – we usually have to spend money to raise it.
- We may want to save up some money each year to provide for building repairs, renewal of equipment or unforeseen difficulties.

Be realistic in making a budget. Do not underestimate how much money will be needed or not enough money will be raised. On the other hand, do not overestimate how much money will be needed, or we will have to work harder than we need to. It might help to

analyse the organisation's budgets and expenditure over the last five years to provide a clearer picture of actual costs. Consider trends, such as salary increases, so that our budgets take account of this each year.

OBJECTIVE IN ORGANISATIONAL STRATEGY	COST OF FULFILLING OBJECTIVE			TOTAL COST (A)	AMOUNT WE ALREADY HAVE (B)	AMOUNT WE NEED TO RAISE (A-B)
	STAFF	MATERIALS	OTHER			

EXAMPLE Help and Hope have three projects in different communities. They have staff working in an office in the city, with vehicle costs for visiting the projects. They are hoping to start a fourth project next year and need to employ someone part-time to do their fundraising, with a small budget for producing fundraising materials. They need to allow for salary increases and would like to set up a fifth project the year after next.

They estimate that their total expenditure budget for year 1 is \$170,000, and this will increase to \$200,000 in year 2 and \$225,000 in year 3. These are therefore their total income targets for the next three years. Institutional donors have committed to give them \$50,000 for each year, so the income Help and Hope need to raise is \$120,000 in year 1, \$150,000 in year 2 and \$175,000 in year 3.

 **STEP 2 HOW EFFICIENT ARE WE?**

Before we consider raising new funds, it is important to check that we are using our present resources in the best possible way. Can we make any improvements in the way we now spend our money and time to make our resources go further? As a result, we might be able to reduce our fundraising efforts.

The efficiency of our organisation can become part of our organisational culture. People are used to doing things the way they do them and may never have taken a step back to see if they could be done better. Consider the following questions, either as an organisation as a whole or in departments if the organisation is large.

Are we making wise choices about the type of work we carry out?

- Would our work have more impact if we diverted our funding to other sectors, places or activities?
- Is money being wasted on projects that are unsustainable?
- Are we learning from past projects?
- Is the cost-effectiveness of projects being measured?
- How can we improve the quality and cost-effectiveness of our projects?

Is our organisation using its resources (including time) efficiently?

- Is the organisation as a whole, and are individual staff members, showing good stewardship of our resources?
- Are there any unnecessary processes?
- Are some processes a waste of time or money compared with the value gained?
- Do we waste money on administration, such as telephone calls and paper? Do we make unnecessary journeys in the organisation's vehicle?
- Could we make some processes easier and faster?
- Are there other ways we could do things?
- How do we decide what is a valuable use of our time? Do we spend enough time in prayer while at work?

It is good to consider how we can improve our efficiency during the annual budgeting process. We could look at how we could increase the volume of activity with the same resources or we could spend less time on a process. We might try to make a saving in certain areas of expenditure. We should consider only changes that will not affect the quality of work that is done.

EXAMPLE Help and Hope look at the efficiency of what they are currently doing. They decide that some of the director's time could be used on fundraising if he cuts back on tasks that are not very productive. They decide to wait until the second year to employ a fundraiser so that their total budget for year 1 reduces from \$170,000 to \$160,000.



STEP 3

WHAT IS OUR EXTERNAL FUNDING ENVIRONMENT?

By analysing our external funding environment we can identify funding opportunities and trends in giving.

One way of doing this is to join a fundraising network. Networks enable fundraisers and development organisations from across the country to share their ideas and news about funding opportunities.

If we are seeking to broaden our funding base, it can be helpful to consider attitudes to money in our local area. For example:

- How do institutions, churches and individuals view money?
- Is giving money away part of the local culture?
- What are people's attitudes towards the work of development organisations?

EXAMPLE The staff of Help and Hope and some members of the board committee brainstormed all the things they could think of about giving by individuals and churches in their country. They made the following list:

- People are very bad stewards of their money and rarely make personal budgets.
- People do not talk about money.
- The church is very young and is not yet funding itself.

- People go to church to get support, not to give it.
- There are new laws that mean people get tax benefits if they give to charity.
- People do not trust development organisations as they think that anyone who has a lot of money has obtained it through dishonest means.
- People are watching more television and television has been used successfully for fundraising by a number of other organisations.



STEP 4

WHAT IS OUR FUNDRAISING CAPACITY?

By identifying our fundraising capacity we can find out whether our organisation is ready to fundraise. To do this a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis can be carried out. The SWOT analysis will identify:

- **STRENGTHS** of the organisation which will help when fundraising. These strengths can be used and built upon.
- **WEAKNESSES** of the organisation which might affect fundraising ability and success. These weaknesses can be avoided or addressed.
- **OPPORTUNITIES** which might help the organisation to raise funds.
- **THREATS** to fundraising which should be considered when developing a strategy.

SWOT analysis

SWOT analysis is usually represented as a table. This enables us to compare the four areas.

STRENGTHS	WEAKNESSES
OPPORTUNITIES	THREATS

Issues to consider include:

- staff and volunteers
- current funding base
- organisation's assets, such as buildings and land
- previous fundraising experience
- reputation of the organisation
- local contacts

- access to the media
- economic trends
- local and national politics
- other organisations
- donors.

We should refer to our SWOT analysis as we develop our fundraising strategy. It will help to guide our planning. For example, the SWOT analysis below might encourage Help and Hope to consider options such as aiming for increased funding from churches, improving their promotional materials and organising a fundraising campaign as part of their anniversary celebrations.

It is important to keep the SWOT analysis up to date as it can make a big difference to the success of our fundraising strategy. Perhaps there are new strengths, weaknesses, opportunities or threats, or perhaps the old ones have changed. We should be ready to change our fundraising strategy if the SWOT analysis changes, in order to take advantage of positive changes and to address new threats.

EXAMPLE
Help and Hope's
SWOT analysis

After looking at their external funding environment, the staff of Help and Hope carried out a SWOT analysis of their fundraising capacity. This was the result:

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ■ Successful applications to institutional donors over the past three years ■ Strong director who is good at fundraising ■ Good contact with churches in the UK ■ Growing support from local churches ■ The number of volunteers has doubled in the past year 	<ul style="list-style-type: none"> ■ Too much reliance on institutional donors ■ Poor promotional materials
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ■ Interest in supporting our organisation shown by local company ■ Our organisation celebrates its 10th anniversary this year ■ Good contact with churches in the UK 	<ul style="list-style-type: none"> ■ Possible reduction in institutional donor funding to our country due to political instability ■ Loss of reputation due to one controversial project last year



STEP 5

OUR CURRENT FUNDING MIX

Our funding mix is an analysis of the sources of an organisation's income. The funding mix tells us whether we rely on too few donors. It can help us focus our fundraising work. We need to identify all our different sources of income and work out their percentage of our total income. This can be drawn as a table.

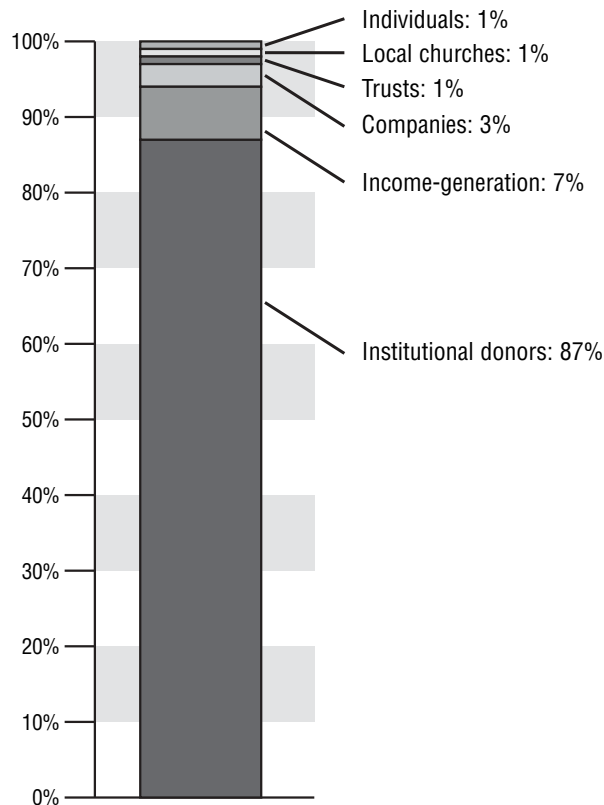
EXAMPLE
Help and Hope's current funding mix

Help and Hope analysed where their funding comes from and drew the following table to show their funding mix:

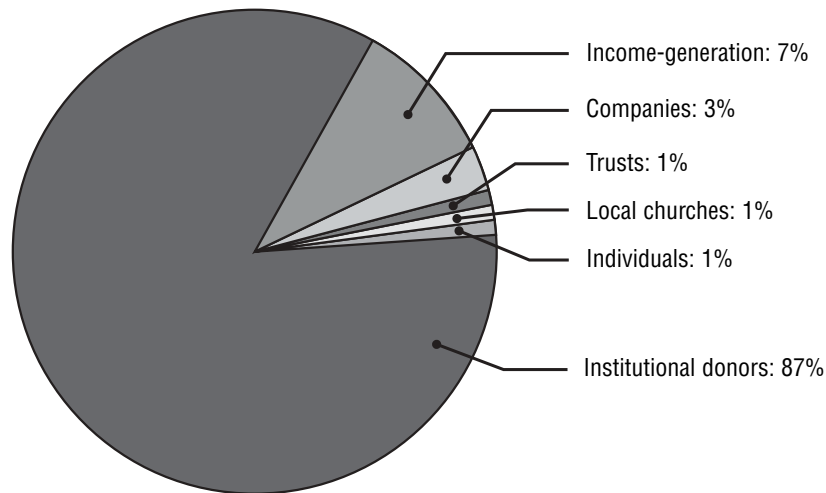
SOURCE OF INCOME	AMOUNT \$ (A)	PERCENTAGE OF TOTAL INCOME = $\frac{A}{B} \times 100$
Institutional donors	\$130,000	87%
Income-generation	\$11,000	7%
Companies	\$5,000	3%
Trusts	\$2,000	1%
Local churches	\$1,000	1%
Individuals	\$1,000	1%
	Total (B): \$150,000	100%

The funding mix can be shown graphically as a bar graph or pie chart. This can be useful for an annual report or other literature.

EXAMPLE
Current funding mix **bar graph**



EXAMPLE
Current funding mix pie chart



It can be useful to draw a table with separate columns showing income for different years. This will reveal recent trends in funding.

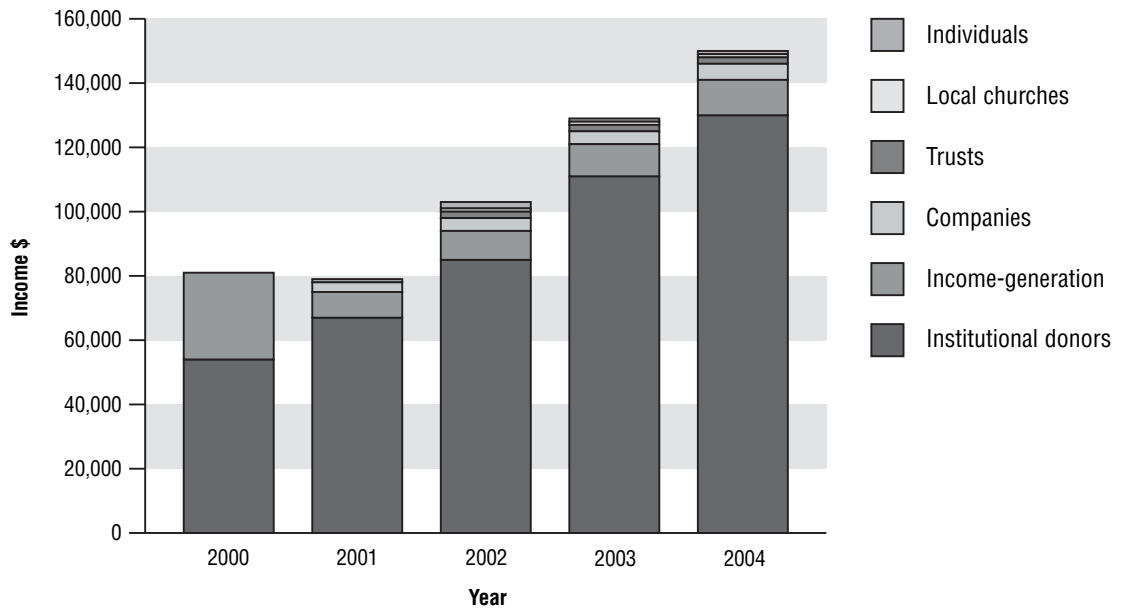
EXAMPLE
Help and Hope's income during recent years

	2000	2001	2002	2003	2004
Institutional donors	\$54,000	\$67,000	\$85,000	\$111,000	\$130,000
Income-generation	\$27,000	\$8,000	\$9,000	\$10,000	\$11,000
Companies		\$3,000	\$4,000	\$4,000	\$5,000
Trusts			\$2,000	\$2,000	\$2,000
Local churches			\$1,000	\$1,000	\$1,000
Individuals		\$1,000	\$1,000	\$1,000	\$1,000
Total income	\$81,000	\$79,000	\$103,000	\$129,000	\$150,000

The table can be converted into a bar graph like the one on page 35. The graph shows that Help and Hope's total funding has increased over time. They might want to explore why their income decreased slightly in the year 2001. Why has the amount and proportion of money coming from income-generating activities decreased since 2000? There has been a slight increase in funding from individuals, churches, trusts and companies over the last five years. Help and Hope could use this graph to discuss whether they have become more or less vulnerable over time. It could be argued that Help and Hope have been, and continue to be, vulnerable because so much of their funding comes from institutional donors. This is particularly the case if Help and Hope receive funding from only one or two institutional donors.

EXAMPLE

Help and Hope's funding mix during recent years



STEP 6

OUR PLANNED FUNDING MIX

Once we have identified our current funding mix and learnt lessons from our fundraising experience over the last few years, we can start to think about what we want our funding mix to be. This will involve:

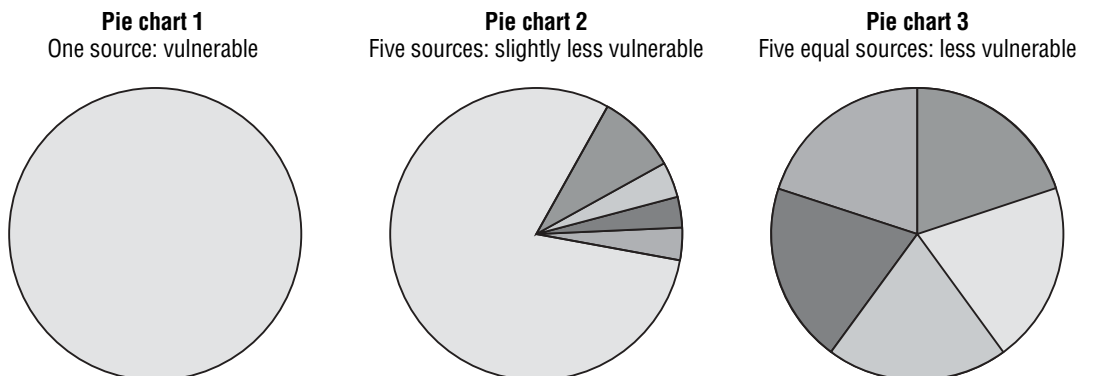
- making our organisation less vulnerable
- identifying appropriate sources of funding
- considering which sources of funding to approach.

Once we have considered these issues, we can draw a new graph showing our desired future income and funding mix. We can use this as a target.

Making our organisation less vulnerable

By altering our funding mix, we can reduce our vulnerability. The pie charts below represent an organisation's funding mix. Each segment represents one source or type of funding. The larger the segment, the greater the funding as a proportion of the organisation's total income.

EXAMPLE
Funding mix



If the organisation has only one source of income it is very vulnerable (pie chart 1). If that source of income stops, the organisation has no income and would have to close.

When an organisation has funding from several sources, it is less vulnerable (pie chart 2). If the source of funding represented by one of the smaller segments dries up, the organisation's work will not be affected much because there are still other sources to rely on. If the source of funding represented by the large segment dries up, the organisation will be very vulnerable, but will still have other sources of income to rely on.

Pie chart 3 takes risk into account. Some sources of funding are more risky than others. For example, we may find that institutional donors are less reliable than local churches. If institutional donors provide a large proportion of our funding, we might decide we need to change the balance of funding so that our sources are more equal (pie chart 3). While the risk of losing institutional funding stays the same, the impact of losing it is reduced.

It is important to remember that while having a variety of funding sources makes us less vulnerable, it is not always beneficial to have too many different sources. In general, the more sources of income we have, the greater the administration costs in raising and receiving the funds and keeping track. The skill in deciding our funding mix is to balance:

- the benefits of reducing vulnerability by having a variety of funding sources
- the drawbacks of having high administration costs through too many funding sources.

We can change our funding mix to reduce risk. However, our funding mix will always depend on the sources of available funding which our organisation is able to access.

Some fundraising sources will provide funds quickly, but others may take longer to show results. It might therefore take a number of years to diversify our funding base. Sources of funding like institutional donors and trusts can provide large amounts of money relatively quickly to support our work while we build up income from other sources such as churches and income-generating activities.

Identifying appropriate sources of funding

In order to raise funds, we need to find out what funding is available. This involves identifying all organisations and individuals who might be interested in providing funding.

First, consider all sources of funding. These might include:

- individual donors who give small donations
- individual donors who give large donations
- churches
- income-generation by selling goods and services
- companies
- trusts or foundations
- local government
- national government

- funding from other countries, such as government funding agencies and International NGOs.

Create a list of funding sources

To help identify potential donors, it can be useful to look at a funding directory, ask another organisation or existing donors, or join a network. Write down all the sources of funding in a list.

Look down the list and ask the question, ‘Who do we think should be funding us?’ This is not the same as, ‘Who wants to fund us?’ For example, we might want to encourage local churches to give to our organisation, but there might not be a culture of giving by local churches in our country. If we believe that local churches should be a funding source, our fundraising strategy will need to look at ways that we can change the culture. Start with those close to the organisation, with whom our organisation already has a relationship, rather than jumping straight to large donors who do not know our organisation.

Look down the list again and ask the question, ‘What might be their interest in funding us?’ This will help us to think about whether we should invest time in them.

- We might know for sure that they would not be interested in funding us. For example, they might not fund religious organisations. In this case, it would be a waste of time approaching them for funding.
- If we do not think they have much interest in our work, but we think they could be funding us, we might consider spending more time and money on raising funds from them.
- If we think they already have a lot of interest in our work, we might be able to spend less time and effort on them, but enough to ensure they donate money.

Look down the list a third time and think about the appropriateness of the different funding sources. For example, we might want to consider whether they have funds available, whether they are ethical and whether they are likely to donate just once or continue to give. It is worth finding out about different funding sources used by organisations with similar aims to our own. For example, there might be other organisations that local churches support; institutional donors may fund many different organisations. Try to find out who the organisations are, what they do and about their fundraising strategies. This will help us to know whether we could try to access funding from that source.

EXAMPLE Help and Hope listed all their different sources of funding and discussed what they thought of each one.

- They are very positive about income-generating projects as they help the communities to be involved in funding their work. They would like to see more of their total income coming from this source.
- Giving by local churches was very low. Although they know it will take many years for attitudes to change and for this source of income to be built up, Help and Hope feel it is important and want to see local churches providing more of their total income.

- A small amount of the income had come from individuals in the past and they want to increase that. Help and Hope have good contact with churches in the UK, many of whom send volunteers. They want to begin to use these contacts to raise money in the UK.
- Funding from institutional donors is becoming harder to obtain, but there are some small grants available that Help and Hope could apply for.

Help and Hope know that they will not be able to achieve these objectives during the next year, but it is something they want to aim for over the coming years.

Considering which sources of funding to approach

When we have identified possible funding sources, we need to think about how much our fundraising work might cost. The amount of time and money we will need to invest in some donors to access their funds might not be worth the amount of money they donate. For example, many institutional donors have a complicated, lengthy procedure for applying for funding. Unless we are applying for a large amount of money, we might decide that we should try to raise funds elsewhere.

In general, our fundraising should cost no more than 15% of the funds raised. If our target is \$10,000, we should try to spend no more than \$1,500 raising it. For example, we might need to spend money on staff time, promotional materials, postage and travel. Remember that when we first approach a donor for funding we will need to invest more time and money than we will for obtaining repeat donations. If we have very few contacts to start with, we might find that initially, our fundraising will cost up to 25% of the funds raised, so that we spend \$1 for every \$4 raised.

Likely return on investment

The table below helps us to consider the amount of work and time we will need to spend raising funds, compared with what we are likely to raise (which is also called the return). The table can be completed for different sources of funding or for particular named donors. This will enable us to prioritise which sources of funding to focus on. We should remember that donors which give the highest return should not necessarily have the highest priority. There might be other factors that affect our decision.

TYPE OF FUNDRAISING	TIME NEEDED (1)	OTHER COSTS (2)	LIKELY RETURN (3)

Explanation of terms in the table:

(1) Time needed

How many hours of staff time will applying for funding take?

- Do we have fundraisers who are experienced at accessing this kind of funding or will we need to contract external consultants to help us?
- How much information do we need to collect before we can approach the donor? How long will this take?

- What application procedures need to be followed?
- Will the application take a long time to prepare?
- Do we have the capacity to process the donations or will we need more staff?

(2) Other costs How much money (apart from staff time) will we need to spend?

- Consider items such as postage, travel to meet the donors, printing literature and paying for advertisements.

(3) Likely return How much money are we likely to get, compared with the investment we have made?

In other words, for every dollar we spend on fundraising, how many dollars will be donated? This can be quite complicated to calculate and may be difficult to estimate for some donors. A simple, rough calculation is:

$$\text{Likely return} = \frac{\text{expected income}}{\text{cost of time + other costs}}$$

For example, we might require \$50,000 for a project. If we think we will be able to raise \$1,000 from local churches over the coming year, and staff time and other costs are \$100, the likely return is 10 ($\frac{1,000}{100}=10$).

Alternatively, we might have to submit five proposals to different institutional donors before we are successful in getting money. We have to add up the costs of submitting all five proposals in order to find out the likely return. If the total cost of submitting the five proposals is \$10,000, then the likely return is 5 ($\frac{50,000}{10,000}=5$).

This example could lead us to say that raising money from churches has a better rate of return than institutional donors. However, we have to consider whether we are likely to raise \$50,000 from local churches. Although this might be a long-term goal, it might be unlikely at the present time. This could lead us to apply for funding from institutional donors for the project, but to focus our long-term work on building up our church funding base. However, we have to remember that once we have obtained money from an institutional donor, there are time and costs involved in managing the funding and reporting to the donor. Another option could be to look at the likely return from applying to other large donors, such as companies.

It is often a lot cheaper to raise repeat donations. This means that returns are likely to increase next year from some donors. For example, the work we do this year to build up our church funding base will hopefully have an effect next year. However, institutional donors rely a lot on the quality of each individual application when making a decision to fund, in addition to what they already know of the organisation.

EXAMPLE Help and Hope have decided to concentrate their efforts on church and individual contacts in the UK to make up their shortfall in income for year 1. They know some individuals there who might be willing to give donations of about \$10,000. The Director of Help and Hope is going to the UK anyway to speak at a conference, so he can extend his trip at no extra cost to meet with some potential donors. This will give a better return than trust funding, which would require a lot of research. Help and Hope know that it will take a few years to build up support from local churches. They want to spend time building relationships with specific local churches in year 1.

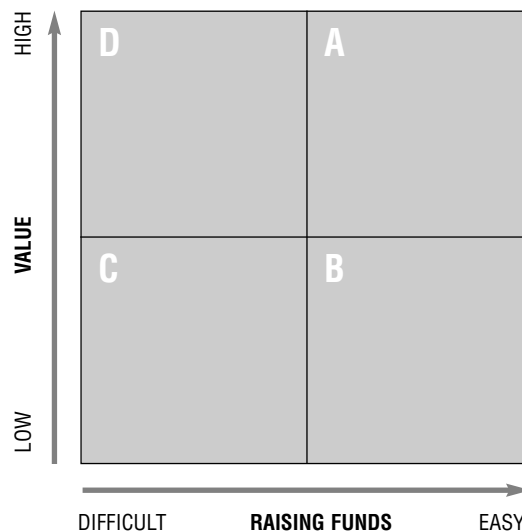
Donor priority matrix

Another useful tool is the matrix below, which compares the value of funding from different donors with the ease of attracting their funding. This will help us to identify which donors to prioritise.

The vertical axis identifies the value of the donor. For example, a donor that makes large donations might be viewed as a high value donor. However, it is important to think of other aspects of donors that make them high value:

- The relationship might result in prayer or volunteer support.
- The donor might enhance the organisation's reputation.
- The donor might be committed to giving to the organisation for many years, even if they give only relatively small amounts of money.
- The donor might be a source of quick funding.
- The donor might provide links to other donors.

The ease of attracting funding from each donor can be plotted along the horizontal axis. Issues to consider include the investment of time and money we need to make in approaching them for funding, the degree of contact we already have with them and their likely interest in funding our work.



Plot each donor on the matrix in the relevant place. In general, the donors in Box A should be given top priority. This is because they are high value donors and easy to access funding from. Donors in Box C should rarely be considered in our fundraising activities, since they are difficult to raise funds from and are less valuable to our organisation. Donors in Boxes B and D should be discussed in detail in order to decide whether they should be targeted or not.

Once we have identified which donors to prioritise, we can decide what percentage of our total income we want them to contribute. We can then draw another pie chart or graph to show our desired funding mix.



STEP 7

COMMUNICATING WITH POTENTIAL DONORS

Once we have identified our funding mix and priority donors, we need to think about the information they will need to know in order for them to consider funding us. We will need to share information with different donors in different ways. The type and amount of information they need to know will also vary. For example, leaflets might be appropriate for individual donors, while institutional donors usually require a detailed application form to be completed.

It is useful to write a document containing all the information that may be needed for our fundraising work. Once this document is written, our fundraising work becomes easier. When we want to approach a particular type of donor, we can take the bits of information we need out of that document.

The document should cover the following issues:

- When last updated
- Information about the organisation
 - when, why and by whom it was founded
 - location
 - contact details
 - number of staff, including full time, part time and volunteers
 - annual income, and where it comes from
 - mission statement
 - important achievements over the last five years
 - connections with other organisations
- Information about the organisation's work
 - current priorities and activities
 - whom the organisation serves
 - why the work of the organisation is important
 - what will happen if the situation continues without our help
 - recent growth in the organisation and in the demand for its services
 - information about past, current and future projects, including
 - the need being addressed
 - why the project is needed
 - why the organisation should get involved
 - the project's objectives

- how the objectives will be achieved
- staff who will be involved and their experience
- beneficiaries – who, where, how many
- budget
- impact

■ Signatories

- List of people who could sign applications, eg: project leader, fundraiser, director, chairman of the board.

It is useful to store the document in a folder along with back-up information such as annual reports, accounts, case studies, executive summaries for projects, and recent press cuttings.

Communicating who we are and what we do

It is important that, as an organisation, we consider how we communicate who we are and what we do. There are three tools that we can use to help us to do this:

- 1) Think of a strapline for our organisation. A strapline describes an organisation in five or six words and is often used on printed materials near the organisation's logo. As the strapline is short, we need to think really carefully about the words we use.
- 2) Write a list of six to eight words that might be used to describe the personality of our organisation. For example, we could use words like compassionate, friendly and supportive. We can then ensure that our future communications show our personality.
- 3) Write a description of what our organisation does in only 25 words. This is a very good discipline and is useful when people ask 'What does your organisation do?'

EXAMPLE

Help and Hope held a session to discuss these tools. They wrote a strapline: 'Practical help with Christ's love'. They decided their personality is compassionate, enabling, positive, loving, proactive and caring. Their description is 'Help and Hope is an organisation that, motivated by God's love, enables communities to find long-term solutions to their practical needs.'

Gap analysis

The best way to communicate with some types of donors might not be appropriate for others. The table below helps us to carry out what is sometimes called a gap analysis. It will show us the best ways to communicate with different types of donors. The rows represent potential donors. The columns represent different ways of communicating. A tick should be placed in the relevant boxes. For example, a good way of communicating with a church might be to hold an event, while a letter might be less appropriate.

Communicating with donors

		METHOD OF COMMUNICATION			
		Letter	Event	Face-to-face	Etc
TYPE OF DONOR	Individual – small gift		✓		
	Individual – large gift	✓		✓	
	Church		✓		
	Local government				
	Etc				



STEP 8

STRATEGIES FOR EACH FUNDING SOURCE

Once we have decided which donors to approach and how we might communicate with them, we need to develop individual fundraising strategies for each funding source. The plans should cover the next five years and should have a purpose, outputs and activities.

EXAMPLE Help and Hope had a section for each funding source in their fundraising strategy. This is the planning section for income-generation:

Purpose:

- 25% of the running costs of three community projects raised through income-generating activities by year 5.

Outputs:

- All project planners have knowledge and skills to carry out business planning by the end of year 1
- One pilot project started by the end of year 1
- An innovations fund, which provides small grants for community projects, set up by the end of year 2.

Activities:

- Operations Manager to write a training course about business planning by the end of April in year 1
- All project planners to sign up to a two-day training course during May and June in year 1.
- Operations Manager to write a business plan for a handicrafts project to act as the pilot project
- Director to write a proposal for a \$5,000 innovations fund that can be used to approach individuals in the UK for support.



STEP 9

PLANNING OUR FUNDRAISING WORK

Once we have identified our fundraising strategy, we need to plan our fundraising work. We should draw an activity schedule (also known as a Gantt chart) to make sure our fundraising work is spread out across the year:

- Consider how the strategies for each funding source fit together in terms of timing and resources. Do we have the capacity to carry out all the activities in year 1 or should we adjust the strategies? Are there specific times during the year when some of the activities should be carried out?
- Consider other activities that relate to fundraising. For example, we might want to approach a donor to request funding for a full-time fundraiser. This will make our fundraising work easier later on. We might decide to invest in recruiting volunteers to carry out fundraising work. We might want to attend fundraising conferences or have important meetings with our organisation's leadership.

Activity schedule

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Mailing to churches	█											
Business planning training course		█	█	█	█	█						
Pilot handicrafts project					█	█	█	█	█	█	█	█
Fundraising conference							█					
Etc												

Make lines thicker if the activity is intense. Initials can be added to each line to indicate which member of staff will be responsible for the activity. Timing is important. Think carefully about when to approach donors. For example, some institutional donors have a deadline for applications. The following times might be best avoided:

- holiday periods when donors might be away
- busy times for donors, such as the harvest season or the end of the financial year.

However, in some cases we could take advantage of these times. For example, while consumerism might mean that people have less money to give to charity at Christmas, it could prove to be a good time to have an appeal as this is the time of year when individuals often feel most goodwill towards others. Likewise, while donors who budget well might not have money left at the end of the financial year, there might be some who are looking for organisations to give money to.

We could take advantage of important times in our organisation's history, such as an anniversary. We could also consider using events in our country's cultural calendar to raise money.

CASE STUDY
Cedar Fund,
Hong Kong

In Hong Kong, there is a cultural tradition of older people giving red packets containing money to children during the month of the Chinese New Year. Cedar Fund design, print and promote their own red packets, with the funds raised going to support various parts of its work. The red packets are sent out with Cedar Fund's newsletter. Individuals, churches or Sunday school teachers then collect the packets and pass them on to Cedar Fund.



STEP 10

APPROACHING DONORS

The general fundraising information put together in step 7 then needs to be adapted for applications to different donors. It could be adapted into a written proposal, application form or letter. It could be used for promotional leaflets, or it could be adapted for use at fundraising events and speaking engagements.

It is important to assume that the donor knows nothing about our organisation or our work. It can be helpful to give our fundraising materials to someone who does not know our organisation before we approach potential donors. That person can read through the materials and tell us whether there was anything they did not understand or any gaps that need filling.

The important questions to ask are:

- What does the donor need to know in order to make an informed decision?
- What does the donor not need to know?
- What do we want them to know that may influence their decision to donate money?

Remember to reflect the organisation's strapline, personality and description in the application.

We should think about who the audience is, and ensure that the language and the level of language are right. When approaching donors in other countries, avoid sending poor quality translations of documents.

Be honest. It is easy to exaggerate the truth in order to make the appeal for funds seem more critical. The risk is that dishonesty could affect our organisation's reputation later on.

If there is expertise within the organisation, it might be worthwhile considering setting up a website. This could contain information about the organisation's work and explain how to make a donation.

TIPS Tips for approaching different types of donors are given in section 4.

Assessing our written application

The table below is a checklist which helps us to think through all the things that make a good written application. It can be adapted for different types of donors. If the answer to any of the questions is 'no', the fourth column of the table can be used to make comments about how the application can be improved. Once the checklist is completed, each action point can be worked through in turn.

	Characteristic	Questions to ask ourselves	Yes/No	Action points
Style	Title	<ul style="list-style-type: none"> Is it concise and appropriate? 		
	First paragraph	<ul style="list-style-type: none"> Does this create enough interest for the reader to continue reading the proposal? 		
	Writing	<ul style="list-style-type: none"> Is the proposal easy to read? 		
	Length	<ul style="list-style-type: none"> Is it the right length? Does it include all the key points we want to make? Can we take out any unnecessary words? Have we tried to say too much? 		
	Tone	<ul style="list-style-type: none"> Is the proposal positive, confident and enthusiastic? Does it create a sense of urgency and importance for the project? 		
	Logical flow	<ul style="list-style-type: none"> Is there a logical structure to the proposal? Do we ever repeat ourselves? 		
	Visual impression	<ul style="list-style-type: none"> Is the proposal nicely laid out with short paragraphs, sub-headings and tables where appropriate? Is it typed neatly and without spelling mistakes? 		
Communication with the donor	Personal approach	<ul style="list-style-type: none"> Does the application show that it has been tailored to the donor? 		
	Previous contact	<ul style="list-style-type: none"> Does the application mention previous contact we have had with the donor? 		
	Donor interests	<ul style="list-style-type: none"> Is the proposal likely to be of interest to the donor? Does it agree with the donor's concerns and priorities? 		
	Scale of request	<ul style="list-style-type: none"> Is our request reasonable? Can the donor afford to give the amount of money we have asked for? 		
	Reason	<ul style="list-style-type: none"> Have we given good reasons why the donor should want to support our work? 		
	Signatory	<ul style="list-style-type: none"> Is the person who will sign the letter the most appropriate for the donor? Is he or she the first point of contact? 		
	Follow-up	<ul style="list-style-type: none"> Do we offer any follow-up if the proposal is of interest, such as a meeting or supplying more detailed information? 		

(continued)

Assessing our written application (continued)

	Characteristic	Questions to ask ourselves	Yes/No	Action points
Content	Need	<ul style="list-style-type: none"> Have we expressed the need clearly and stated the impact our work will have on the beneficiaries? Have we supported it with relevant facts and figures? 		
	Credibility	<ul style="list-style-type: none"> Have we assumed that the donor has heard of us? Have we shown that our organisation has the ability, skills and other resources necessary to make an impact? 		
	The proposal	<ul style="list-style-type: none"> Have we explained what we hope to do in clear, simple terms? Is everything the donor needs to know included? 		
	Objectives	<ul style="list-style-type: none"> Have we set clear and measurable objectives for our work? 		
	Evaluation	<ul style="list-style-type: none"> Have we shown how we will evaluate the progress and outcome of our work? 		
	Dissemination	<ul style="list-style-type: none"> Have we shown how we will share the results of our work? 		
	The offer	<ul style="list-style-type: none"> Have we indicated the scale of support we are looking for? Have we mentioned where the rest of the money is coming from? 		
Budget	Future funding	<ul style="list-style-type: none"> Have we shown that we have thought about the future funding implications of the proposal (eg: running costs)? 		
	Arithmetic	<ul style="list-style-type: none"> Are the calculations right? 		
	Costs	<ul style="list-style-type: none"> Have we included all the items of expenditure? Are the estimated costs of items realistic? 		
	Value	<ul style="list-style-type: none"> Is the total cost reasonable in relation to the work we plan to do? Does it represent value for the donor's money? 		

Adapted from *Writing better fundraising applications* (1997) p118–21 by Michael Norton and Michael Eastwood, Directory of Social Change



STEP 11

IMPLEMENTING, EVALUATING AND REVIEWING OUR FUNDRAISING WORK

Before we implement our strategy, we should consider how we are going to evaluate our work. This will enable us to know whether our work has been successful. It will also help us to learn from our mistakes and improve our fundraising work in the future.

During the course of our fundraising work, we should ensure we have ongoing support from our organisation's leadership. We should hold regular meetings with all members of staff involved in fundraising in order to check our progress.

It is useful to carry out the following activities:

ACTIVITY 1
Follow-up

Most donors have many applications to deal with, and we must expect that some will never respond to us. Some will simply tell us they have received the application, while others will contact us for more information. If they tell us they are not interested in funding us, we should try to find out why. This will enable us to learn and improve our fundraising approach.

In some cultures, 'no' means 'no'. Therefore if a donor whom we approach says they are unwilling to donate money to our organisation, it is not worth asking them again later on. However, in other cultures 'no' can mean 'not at the moment', and it might be perfectly acceptable to approach them another time, when we might get a positive response.

- What does 'no' mean in our culture?
- Does it vary depending on the type of donor?
- If the answer is 'no', which donors can we approach again and which should we not approach again?

ACTIVITY 2
Keeping a fundraising file

It is useful to start a fundraising file. This will store records of all the contact we have had with potential donors so that we can keep track of all the fundraising work that is being carried out by our organisation. This is particularly important for organisations that do not employ a fundraiser, but where various members of staff carry out fundraising activities from time to time. The fundraising file will help stop duplication of activities and will enable members of staff to know which donors have previously been contacted by the organisation. It will also remind busy fundraisers to follow up donors when necessary.

The fundraising file can be used to write notes about a fundraising event in addition to tracking written applications. Notes about any type of contact with donors should be added to the file.

Fundraising file

Name of donor	
How much support we asked for	
Name and job title of person we contacted	
Who in our organisation is responsible for negotiating the funding	
Date application was sent off or event was held	
Expected decision date	
Follow-up action required	
Follow-up action taken	

Adapted from *Writing better fundraising applications* (1997) p136 by Michael Norton and Michael Eastwood, Directory of Social Change

It is useful to look through our fundraising file regularly in order to reflect on what is working well and improve aspects of our work that are not working well.

ACTIVITY 3
Revisiting our fundraising strategy

We should ensure that tools such as the SWOT analysis, and funding/value matrix are repeated regularly to ensure our fundraising strategy is up-to-date. We should also refer to our organisational strategy to ensure that our fundraising strategy is in line with it.

ACTIVITY 4
Setting up a database

We should set up a central database for donors and ensure it is kept up to date. This might involve a computer spreadsheet for small organisations. Larger organisations might have a more complex database. Useful information to keep should include names, contact details and donations. We can use the information kept on the database to measure our fundraising success

ACTIVITY 5
Measuring fundraising success

There are many different ways of measuring fundraising success. It is important to measure success so that we can continue to improve our strategy, by incorporating the lessons learnt. For example, we might discover that in our area, it is much more cost-effective to raise funds from churches than individuals. So we might change our strategy and spend more time promoting our cause in churches and less time standing on the street.

Some ways to measure success:

- **NUMBER OF NEW CONTACTS ESTABLISHED** This can be measured by calculating how many new records there are on our database.
- **AMOUNT OF MONEY RAISED** This is a simple measurement of the funds raised each year. This can be compared with funds raised over past years. Inflation should be taken into account.
- **FUNDRAISING RATIO OR RETURN** This compares the income raised with the cost of raising it. It tells us how many dollars we raise for every dollar we spend. We can use this calculation for our fundraising work as a whole and compare success with previous years. We can also encourage returns for different types of funding.

$$\text{Fundraising ratio} = \frac{\text{amount raised}}{\text{cost of raising income}}$$

- **RESPONSE RATE** This measures the success of our fundraising correspondence. It compares, for example, the number of letters sent out and the number of responses that were generated. Or the difference between the number of people who attended the concert and the number of donations that were received. The response rate is expressed as a percentage:

$$\text{Response rate \%} = \frac{\text{number of responses}}{\text{number of people contacted}} \times 100$$

- **AVERAGE DONATION** This measurement, if done on a monthly or yearly basis, can be used to measure fundraising success over time. It shows the success of the strategy, perhaps through giving current donors confidence in our cause, encouraging them to give more money, or through targeting donors who will give large donations. As the amounts given vary between companies or government donors and individuals, the measurement becomes more meaningful if the calculation is carried out for each type separately.

$$\text{Average donation} = \frac{\text{total amount raised}}{\text{total number of donors}}$$

EXAMPLE At the end of year 1, Help and Hope look back on a relatively successful year.

- The training course that they wrote for income-generation projects went well and the pilot handicrafts project raised \$2.45 for every \$1 spent. It is expected that now some initial capital costs have been paid, this return on investment will improve.
- Fundraising from individuals in the UK went very well. Before the Director's trip to the UK he wrote four project proposals to discuss with individual donors. As a result Help and Hope were given \$30,000.
- Help and Hope sent out an e-mail to all their contacts in the UK with a Christmas appeal. They raised \$3,500. Twelve per cent of people responded and gave an average of \$70.
- Help and Hope had a meeting at the country office of the United Nations Development Programme (UNDP) and talked about the possibility of applying for funding from their small grants scheme. They submitted a joint proposal with another development organisation who had been funded by the UNDP before. They successfully obtained \$10,000 for a project. They have a follow-up meeting with the UNDP early next year when they will report on the success of the project.

Reflection

- How do we measure our fundraising success at the moment?
- How can we measure our fundraising success in future?
- Do we have ways of collecting the information needed for the calculations?

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.

Appendices

Appendix One **Resources and contacts**

Publications

- *Project Cycle Management (ROOTS 5)* (2003) by Rachel Blackman, Tearfund. Available in English, French, Spanish and Portuguese. This book looks in detail at how to plan projects and communicate with institutional donors.
- *Red Cross Code of Conduct*. This can be viewed online at www.ifrc.org/publicat/conduct, or write to The Disaster Preparedness and Response Department, International Federation of Red Cross and Red Crescent Societies, PO Box 372, CH-1211 Geneva 19, Switzerland
- *The Worldwide Fundraiser's Handbook*, 2nd edition (2003) Michael Norton. Directory of Social Change
- *Towards Financial Self-reliance: A handbook on resource mobilisation for civil society organisations in the south* (2001) Richard Holloway. Aga Khan Foundation
- *Writing Better Fundraising Applications*, 2nd edition (1997) by Michael Norton and Michael Eastwood. Directory of Social Change.

Websites

- www.afpnet.org
The Association of Fundraising Professionals supports fundraisers around the world by providing training, resources and certification programmes.
- www.allavida.org
Allavida is an international development organisation which provides training, publications and support for development organisations and networks. They publish a quarterly magazine, called *Alliance*, which is available online. *Alliance* provides an opportunity for donors and development organisations in the north and south to discuss and exchange ideas.
- www.dsc.org.uk
Directory of Social Change is a UK-based organisation that provides training and publications for organisations and publishes trust directories for the UK
- <http://fdncenter.org>
The Foundation Center has a web directory of US foundations
- www.guidestar.org
Guidestar has a web directory of US foundations
- www.resourcealliance.org
The Resource Alliance is an international network which aims to build the fundraising capacity of development organisations. They provide training and opportunities for knowledge sharing and networking in Africa, Asia, Europe and Latin America. Registration is free and a large number of articles can be downloaded from the website.

Appendix Two Suggested workshop timetable

The material in this book could be adapted and used in a workshop setting. The timetable below is a suggestion of how the material could be covered. Every session should involve practical work to enable the participants to apply each step of the fundraising strategy to their own organisation.

	Day 1	Day 2	Day 3
Devotions	What the Bible says about money		
Session 1 (2 hours)	Principles of fundraising	Fundraising strategy step: 5 Our current funding mix 6 Our planned funding mix	Fundraising strategy step: 9 Planning our fundraising work
Session 2 (1.5 hours)	Fundraising strategy step: 1 What are we raising money for? 2 How efficient are we?	Fundraising strategy step: 7 Communicating with potential donors	Fundraising strategy step: 11 Approaching donors 12 Implementing, evaluating and reviewing our fundraising work
Session 3 (1.5 hours)	Fundraising strategy step: 3 What is our external funding environment?	Fundraising strategy step: 8 Strategies for each funding source	Funding sources of relevance to workshop participants from choice of individuals and churches, income-generation, institutional donors, companies, trusts, volunteers
Session 4 (2 hours)	Fundraising strategy step: 4 What is our fundraising capacity?		

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Notes

Fundraising

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ISBN 1 904364 28 4

Published by Tearfund

