

facts on fundraising

BOTH ENDS

The Goldman
Environmental Prize

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After the Prize

Dear Goldman Prize Winner,

Both ENDS is pleased to present you with the first of four newsletters to develop your fundraising capacity. As many of you mentioned in the Goldman survey, shaking the money tree when your organisation is small or unseasoned in fund-raising, can often cost too much time and involve other taxing expenses. Yet effective fundraising is a cornerstone of any solid and successful project.

So, tailored to touch on the common themes emerging from your survey replies, this series of newsletters will serve as complimentary side-reading to the more particular one-on-one support Both ENDS is also providing for recipients.

We hope this series will answer your key questions, help save you time in the long run and significantly enhance your abilities to fund imperative, life-affirming work.

Pinning Down the Practical

Fund-raising can be a very long, expensive and frustrating process, and there is no way to make sure that you are successful. But by following certain basic guidelines, you can greatly increase your chances of receiving donor funds. In this sheet you will find some general guidelines on how to proceed while writing a fund-raising application.

The main rule is "Do what you're good at". Don't start new activities just for the sake of fund-raising, they will probably fail. Keep in mind that the proposal must make a logical argument. Your ultimate goal is to convince the possible donor that there is a problem, that the problem is solvable and that you and your partners can help to solve it in an efficient and cost-effective way.

You have to believe your organisation is the right one to execute the project and you need to have enough self-confidence to approach any possible donor. Don't forget that finding money is very time consuming, so you should make it worthwhile.

Writing the Proposal

Organisations usually have a history. Never forget to check if there have been earlier contacts with donors, which project proposals were accepted and which were refused, perhaps pending, and why. Keep track of the results of your fund-raising in a database, and if necessary show your donor that you keep track of your administration. If your organisation has already existed for a longer time, it's good to point out what your successes have been, with whom you've been co-operating, where the funds have come from until now, and why you're looking for a new donor.



The proposal should be kept short (within ten pages). Donors tend to be busy people, and are usually not willing to read a book about your project. Of course the length of the application depends also on the amount of money you're asking for. The more money you need, the more you need to explain. Important details can be added in appendices.

Annexes to the Proposal

It may be useful to include any relevant information that has not been covered in annexes. You can include, for example, your organisation's brochure or annual report, articles that have been written about your work, about your Goldman Environmental Award or about the problem you wish to address with the project, a map of the region, a copy of your legal status, your major funding sources, reports of former projects and activities, a list with other donors who you have send applications to. It can be useful to describe earlier successful experiences. But be aware not to give an overflow of information.



Checklist for writing an Application

- * The proposal should present a clear and logical argument that will convince the donor that the project should be funded;
- * Catch their attention and keep it. Donors sometimes see hundreds of proposals a week, they must remember you. The best places to grab their attention are the cover page and the summary;
- * Make sure to apply in time. There are not many donors who will finance you activity after it has happened;
- * Your proposal needs to have a clear structure and a logical order.
- * Write down clearly what you're going to do;
- * Don't use "would" or "should" or "might" too often; use the present tense and words like "must" and "will". They must see you're confident;
- * Results have to be measurable; use exact numbers and not "approximately" or "maybe";
- * Stick to your subject, don't go into other issues which you also work with;
- * Submit a proposal only if you are sure it fits with the donor's criteria. It may hurt your reputation in case you ever want to apply with a proposal that does fall within the criteria;
- * Before sending out the proposal, check the guidelines again, which annexes you need, how many copies they want, and ask somebody else to read it over and check;
- * Don't forget to put the name of your organisation and perhaps a date on each document (also on the appendices), so it won't get lost;
- * Make a link between the fund and your activity; why you are asking them, for instance because they subsidise regional activities, or religious activities, or have an emphasis on innovative activities, or because you know they have financed activities on these issues before;
- * Think about your relationship with the donor: do they already know you well or not at all? in case they don't, add a leaflet with an explanation on your aims and activities;
- * Specify the long-term goals of your organisation and the short-term goals of the activity you're asking support for.
- * Usually it helps to make a link between topics in the news and your activity. Why do you have to organise this event now and not next year? Why can't you wait until you have saved more money?
- * Don't forget your address, name contact person(s), give telephone/fax numbers and e-mail accounts for feedback and communication with the donor!

*The more money
you need, the more
you need to explain*

How to approach the Donor

Before sending out your proposal, telephone potential donors. Ask for a contact person and for deadlines. Some donors have these, some don't. Also ask for other criteria. Some of the bigger funds, like the European Union, have so many restrictive criteria that it's better to look at the criteria first before you write the proposal. Ask for other requirements, such as application forms or annexes you need to add and don't forget to include them in your letter. It's important to comply with the donor's administrative conditions. Good research makes half the job.

A telephone conversation may also help you to get the donor's attention. Personal contact and establishing a relationship with your contact person is usually worthwhile. It is also in the donor's interest to have good contact with you. If you can't get through to the right person, try to find an ally, like a bigger NGO you work with, or a service organisation, that may wake up the donor's interest in your project. Be persistent.



The Budget

Writing a budget is one of the most important parts of your fund-raising efforts. In this newsletter we have put together different suggestions and information on how to make a budget for your project proposal.

The budget can be a very difficult part of the proposal. Remember that every activity and input must have corresponding items in the budget, and the more you can contribute yourself, the better.

Some general Hints about the Budget

Before you start !

- Specify: don't ask for too little or too much; too little may make it impossible to achieve your aims because of money problems or because your donor doesn't take you seriously. Too much may implicate a rejection by the donor because your budget is not realistic and makes them suspicious. They can also request you to give back money which is leftover.
- Make sure that you include all activities in the proposal in your budget. If something doesn't cost anything, explain this clearly in the "explanation to the budget."
- Many donors will first look at your budget, if they think it's exaggerated for one reason or another, they won't even read the rest. So make sure there's a balance between overhead and project costs, make sure that less important items (like travel expenses) in your budget don't cover more than 50% of it, etc.
- It usually helps if you can show that you raised already part of the budget.
- Specify items. Don't say "printed materials", but split it up in stamps,

*Good research
makes half the job*

General Donor Resources

Funders Online

Search Europe's Online Philanthropy Community
<http://www.fundersonline.org/index.asp>

The Foundation Center

Helping grantseekers succeed. Helping grantmakers making a difference
<http://www.fdncenter.org>

WelcomEurope.com

The easy way to get EU funding
<http://www.welcomeurope.com/index.asp>

Guide to European Population Assistance

An orientation guide on European funding on population, sexual and reproductive health, and sustainable development
<http://www.euroresources.org/>

The Japan Foundation Center

The Japanese donor landscape
<http://www.jfc.or.jp/eibun/index.html>

Fundsnet

The Philanthropy Gateway
<http://www.fundsnet.org/services/index4.htm>

BOND

UK Directory of members and NGO networks
<http://www.bond2.org.uk/members/>

*Costs must be real
and as practical as
possible*

General Rules for making a Budget

A budget has two parts: 'expenses' and 'income'

Income:

Many people forget to mention this part. It's important to show which other resources are available to finance your project. Donors are more willing to fund projects for which the finances are already partly provided. Also in kind contributions (use of computer facilities, office) can be mentioned here. If for example you want to make a publication, you should also mention the expected income from the sale of it. Perhaps you are partly investing the organisation's money to start with the project or you are already sure of receiving part of the budget from another donor.

Expenses:

First make a very detailed list of expenses for your own use. Then break it down into different items in a way that's clear to the donor (like: salary, rent, materials, travel, communication, equipment, training, publications, etc.). The detailed calculation should be available in case the donor asks for it.

It is common rule to include part of your running costs in a project proposal. Planning a work budget for short, medium or long term involves estimating the costs that your organisation will incur over a certain period. Appropriate financing for each cost



item is then identified. Not only must the source of financing be identified; the type of financing needs to be suitable for the activity and for the financial situation of your organisation.

Costs must also be real and as practical as possible. If you include a computer in your budget, for example, first check prices to get a good idea of how much it will cost. Be sure to include the less obvious costs as well, such as administrative costs (rent, staff

time, etc.), insurance, as well as a budget for monitoring, reporting and evaluation. All of these activities take time and money. But don't be too precise - projects never turn out exactly as they were planned, so keep some space for miscellaneous costs (usually about 5 - 10% of the total).

Some NGOs tend to ask for too little money, which means that they are unable to finish the project or have to ask for more when they're half-way. Others ask for too much, because they want to cover regular costs such as office rent and staff through a project grant. Sometimes it is difficult to estimate how much something will cost.

Try to be as accurate as possible and ask like-minded organisations for advice. If you have done a similar project before, look how much that cost. If you pay people for their work, salaries are probably the main part of the budget. So it is important to see how much staff-time is being spent on the project and to make it as efficient as possible. Before sending out the proposal with the budget, ask somebody to check all your calculations. Usually people make more mistakes than they expect, and it doesn't make a good impression of how serious you are towards the donor if there are already mistakes in the budget. Furthermore, it may lead to difficulties during the project and in the report.

It can be useful to add an explanation to the budget. For example you can put "general overhead costs" and add underneath what this includes. You can also refer to the proposal.

Every point in your budget may need an explanation, especially if it concerns large amounts. For example, specify how many staff are working on the project, how many hours (full-time or part-time, etc.). Specify to whom you pay tax, specify your insurance, travel, rent (for a car or an office, a special machine, etc.).

Some Advice on how to make a Budget

There are actually two different budgets you should present to the donor: the Annual budget of your organisation and the budget related to the project you are asking support for. The points mentioned below are meant as a guidance for a project-budget.

Expenses

1. Salary and wages (specify salaries of the project co-ordinator, project-executor and support staff)
2. Travel (specify international, national and local transportation-costs; in case you want to organise a workshop, add the travel costs of participants)
3. Equipment (explain why you need to purchase this equipment for this specific project; no computer or jeep for a small project)
4. Specific project-costs (workshop, treenursery, education materials, demonstration-farm, etc.)
5. Printed materials printing costs, copying, pictures)
6. Communication (telephone, fax, e-mail, postage and delivery)
7. Translation (from national into local language; translation might be needed for a publication you want to bring out or during workshops you want to

- organise)
8. Rent (part of your annual office-rent)
9. Taxes
10. Insurance
11. Other (specified)
12. Miscellaneous (5 - 10%)

Income

1. Foundations
2. Government grants
3. Income through sale of your products
4. Membership fees
5. Individual donations
6. Other (specify)

Explanation of the Budget

Every point in your budget may need an explanation, especially if it concerns large amounts. For example, specify how many staff are working on the project, how many hours (full-time or part-time, etc.). Specify to whom you pay tax, specify your insurance, travel, rent (for a car or an office, or a special machine, etc).

After the Money comes

When you know your proposal has been approved, congratulate yourself and have a little party, but don't think you're done now. This is only the beginning! You have to keep the donor(s) informed on all stages of the progress of the project. You should include the donor(s) in the address list of people receiving your publications. And don't hesitate to inform the donor in case there are difficulties.

Practical reminder: Do not forget the bookkeeping!

After your project has been approved, start collecting the bills for all the money you spend. Make sure that your bookkeeping is OK. Make very clear who can use the bank account, who has the right to sign documents, bills etc. After approval new costs may appear. For instance because the contract requires you to register as a legal person, or you to have an independent bookkeeper or accountant. If you did not include this in your proposal, discuss with the donor how to solve this problem.



Literature and links

A Global Dilemma for NGOs

by Fazila Farouk
Creating sustainable models of local resource mobilisation in an effort to mainstream social causes and steer Southern NGOs in particular away from a detrimental dependence on international donors that are driven by Northern agendas
www.globalpolicy.org/ngos/fund/2003/0502dilemma.htm

Inside Out Fundraising

by D. Cuthbert, Southern African Institute
Thought-starters on donor NGO relations
www.saifundraising.org.za/canadianconnection.htm

Trends in Fundraising By International NGOs

By John Greensmith, PLAN
For a closer look at INGO giving trends
www.globalpolicy.org/ngos/fund/2002/0901ingo.htm

How To Recruit Your Volunteer Fund-Raising Team

by Tony Poderis
www.raise-funds.com/999forum.html

Campaign Assessment And Review: What Was Accomplished And What Was Learned

by Tony Poderis
www.raise-funds.com/599forum.html

Every point in your budget may need an explanation

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About Both ENDS

Both ENDS was set up in 1986 by 15 Dutch environmental organisations. It was given the mission to act as a support centre for environmental organisations in the South and CEE countries to help them locate relevant information and to facilitate their contacts with 'Northern' organisations, policy makers and donors.

Our core activities are: information exchange, advice on developing project proposals, and active brokerage in fundraising. Other activities include support for campaigns, research, lobby & advocacy, identifying development alternatives and capacity building in support of Southern and Eastern and Central European organisations.

Our general support program has been the cornerstone of our work over the years and now encompasses the South and CEE-countries. We support as many NGOs as possible through our service desk.

Both ENDS receives annually some 1000 requests from Africa, Asia, Latin America and Central and Eastern Europe and the former Soviet Union. It concerns requests for information, contacts, assistance in fundraising, and support for their actions or campaigns.

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The practical Side of Things

Approval and contract

It is important to know before the project starts what the donor requirements are for the financial report. Sometimes bills and tickets need to be sent in, in other cases a donor only needs copies or not even that. You should inform yourself whether there are special requirements or formats concerning the final reporting. So, go through the contract carefully before you sign it, and make sure there are no conditions you cannot fulfil.

Don't forget that it usually takes some time before the money actually comes in. When it comes, write a thank-you letter.

Work plan

After you know the donor is going to finance the project start writing down an operational work plan in which you make an overview of the following information for all the people participating in the implementation of the project:

- * who will be involved in the implementation
- * who will be responsible and do what and when
- * how much time will each person spend on it
- * what will be the results and the quality of the results
- * who will monitor the implementation
- * when should you report (interim report, final report, financial report)

Keep the donor informed

- * Keep the donor up-dated about your activities.
- * If appreciated by the donor, mention them in your publications, on your website, and during meetings or activities that are financed through the donor's grant.
- * Invite the donor to attend conferences and seminars or to visit the project site, preferably by appointment.
- * Ask the donor for a list of other organisations of which they finance project in your own country or region and concerning the same issue.
- * Any project may have its problems. In case you have to make major changes in your work plan, or activities, inform the donor beforehand and present possible solutions.
- * You can also ask the donor for advice. Don't wait to long with this. Hiding problems can
- * bring trouble later on. Planning must be based on an organisations' expected capacity to translate its ideas into concrete actions. However, without sound financial management, the situation of any organisation will be precarious, no matter how good things may look. It is essential to have a long term financing strategy, without losing sight of present financial needs.
- * Keep in touch with your donors. Include them in your mailing list and send them information about the ins and outs of your organisation every now and then. Ask for information from their side: policy documents, annual reports, etc. Build up strong relationships, so they will support you again. Invite your donors once a year for a chat and a drink. If you have the possibility, always visit the donor.
- * One last bit of advice: never stop investigating potential donors.

*Money is like manure; it's not worth a thing unless it's spread around
encouraging young things to grow.*

*--Thorton Wilder
from 'The MatchMaker'*