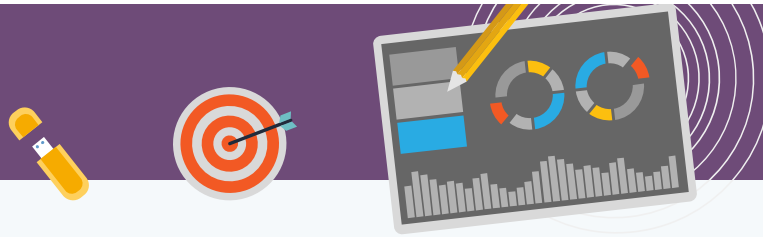
FUNDRAISING
Training for NGOs

Training Manual by East to West Communications
fot the members of the Refugee & Migrant Community Organisations

easttowest
Intelligent Communications



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Introduction

Fundraising is one of the most important activities in any NGO as without the financial resources it is almost impossible to achieve the mission of your organisations. But most small and medium sized NGOs in Malta do not even have a financial plan. Those which have a financial plan however generally do not have a comprehensive fundraising plan and assume that at some point during the year, the money that is needed will come from somewhere. Many organisations may therefore collapse or become ineffective because of a lack of resources. Also volunteers may become disillusioned and burnt out.

Another reality is that there is a serious competition between different organisations appealing for money from the same sources. A professional approach to fundraising is therefore essential to ensure that your organisation can receive the funds it applies for, increase its membership base and become a sustainable organisation.

Although essential for your organisation's sustainability, fundraising is not the only important aspect of your organisations' capacity. You need to ensure that your NGOs:

- run high quality projects and campaigns;
- develop and have the ability to elaborate the Strategic Plan (or Business plan);
- have sound management practices;
- and have well defined policies and procedures for every aspect of the work you carry out

In order to assist the Refuge and Migrant Community Organisations (RMCOs) with their capacity building efforts, UNHCR Malta commissioned East to West Communications to carry out a one day fundraising training. The training was conducted on the 9th December 2017 in Floriana.

This Training Manual includes the topics that were discussed during the training and also provides more detailed information to the participants.

1. Getting Started: Fundraising Review

What is fundraising?

Fundraising is not just asking for money. Through fundraising your NGO develops relationships with others in order to facilitate development in the communities you work in. It is therefore important that everyone involved in fundraising should understand that your work is valuable and essential for the society. Funders recognize the value you create in your country by contributing financially towards your work. In return, you report on how you used their money and the results achieved.

In the widest sense fundraising is the process through which you access the necessary funds to sustain your organisation's activities. Having said this, raising funds alone is not enough to sustain your organisation. You should also ensure that your organisation's financial management and fundraising capacity include the following essential elements:

- financial planning capability, including the elaboration of an Annual Operating Budget;
- a well-crafted and implemented Fundraising Strategy that attract and retain a diversity of funding sources;
- strong financial management and control, including accounting systems;

Where does your current funding come from?

During the training session participants were asked about their funding sources.

Apart from one organisation, none of them had tapped into EU or Malta Government funds. Also most RMCOs understandably target their communities for donations. Membership fees also overwhelmingly come from their own communities and they are not regularized as none of the RMCOs have membership systems to receive membership fees in a systematic way. It also became evident that all of the RMCOs do not consider citizens of Malta or expats as potential donors or members though their work not only help their own communities but the country in general. Sales and fees from services are another source of income though it is very limited and hardly cover the costs of these activities.

The way fundraising was dealt with by most organisations is reactive rather than proactive. Most refugee and migrant community organisation in Malta focus on immediate activities and short term objectives and then try to raise funds from different sources in a short period of time. This is a common problem with many NGOs and the main reason for this is a lack of Strategic Planning. (To learn how to develop a Strategic Plan, please see the 'Board Governance and Management Training Manual').

Before you start creating a fundraising plan, you should carry out an exercise to elaborate your organisations' current and past (for example last three years) fundraising activities.

You can start by recording how often you have done these activities and describe who the target market was. If the target market was individuals, note things like their socio-economic group, age group; if the target market was companies, what sector of the economy are they in, what is their size (e.g. small, medium, large). Also make notes on how successful these fundraising activities were. Example:

Type of Activity	*How often was it done*	*Target Markets*	*Results*
Services (fees charged at language courses)	*Every month*	*Adults and children from the community*	*Average of 150 euro raised covering the fees of volunteer trainers*
Social Activities	*Twice a year since 2016*	*Community Children*	*Average 100euro per activity*
...	...	...	...

Such 'reality check' would ensure that you analyse your current 'fundraising strategy' and check how effective it has been. Also ask yourselves; "What are the challenges you face in fundraising" and "What could you be doing better".

2. Fundraising First Step

What is the need for your organisation?

It is very important that you define the need(s) that your organisation meets in the society. This is something you can't just assume or take for granted. Your NGOs cannot raise funds unless there is a need for it. The need you are trying to meet may be obvious to you but it is important to be able to show potential funders that the need you are trying to meet is real.

It is therefore imperative that your organisation carry out the necessary research and be able to present data, statistics and other necessary information to your potential donors.

Setting realistic objectives

Before you even consider fundraising for your NGOs, you should clearly identify what it is that your organization needs to achieve at least for the following year. Ideally you should make a three year plan.

If you want your organisation to be taken seriously, you need to plan ahead rather than being reactive on a case by case basis. When you plan your activities break the bigger tasks your organisation is trying to accomplish down into smaller tasks. These can each be given a time frame and the financial and human resources needed for each can be assessed and allocated.

This process is helpful in a number of ways:
- Smaller tasks are easier to accomplish within a specific time-frame
- By accomplishing these you experience the feeling of success as each milestone is achieved
- There is a clear sense of progress
- Staff members and volunteers learn skills and develop competency

Most importantly, from a fundraising perspective, it is often easier to get funding for smaller short-term projects. The added advantage is that funders see results and a return on their investment relatively quickly, and this usually leads to more funding.

Setting SMART objectives

SMART is a convenient acronym for the set of criteria that an objective or goal must have in order for it to be achieved.

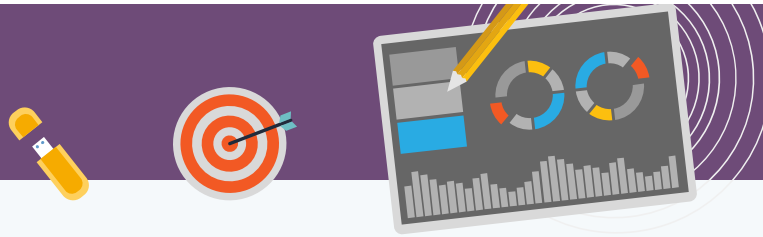
SPECIFIC: In order to achieve an objective, you must be very clear about what exactly you want.

MEASURABLE: Your objectives cannot be vague. You need some form of measuring system so that you can stay on track and become motivated when you see that you are making progress. Besides most grant giving bodies will also consider supporting your projects if the results are clearly measurable.

ACHIEVABLE: Setting unrealistic objectives will demotivate your staff, volunteers and supporters. A good objective is one that challenges, but is not so unrealistic that you have little or no chance of accomplishing it.

RELEVANT: Your objectives must be in line with your organisation's vision and mission, otherwise they are not going to help you bring about the future your organization dreams of creating.

TIME-BOUND: If you don't set deadlines for your objectives, you have no real compelling reason or motivation to start working on them or achieving them within the time frame you planned.



3. Funding Sources

There are four main types of funding sources for NGOs. Each category requires different approaches as their motivations to support your NGO's work may significantly vary from each other.

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3.1 Individuals

Individuals give donations and gifts if they value an organisation's work and believe that such organisation make a difference in a cause they care about. If they see that your organisation makes a difference they will not only support you once but also remain loyal to your organisation.

While foundations, corporations and public organisations such as the EU or Malta government are likely to give you money for specific projects, income from individuals is generally not 'restricted' and therefore provide your organisation with the necessary financial resources to cover operational costs of your NGO or other urgent needs.

Membership:

Membership fees are an important income for NGOs. They not only provide non-restricted funds but also a supporter base to make your organisation stronger in its advocacy work.

Most RMCOs in Malta do not invest the necessary time and resources in recruiting members though the potential is significant. The membership focus should not be

limited to the communities you work with but also include other people who live in Malta who would benefit from the work your organisations carry out. For example your NGOs valuable work on integration does not only benefit the migrants and refugees, but also the whole society in general. You are actually doing "a favor" to the society as well as the government by ensuring that migrant and refugee communities in Malta learn the local language, get trained to find jobs and learn about the cultural and social aspects of the country.

Investing in membership however is time consuming and requires significant financial and human resources. Therefore your organisations should plan carefully and ensure that the necessary infrastructure (i.e. membership services) is established before the appeal and can manage it professionally. When your membership base is only a few hundred people, it is easier to manage but when your members are in thousands your NGO must have the resources and IT infrastructure to ensure that newsletters, renewal reminders and other elements of membership services are not delayed.

Donations & Gifts:

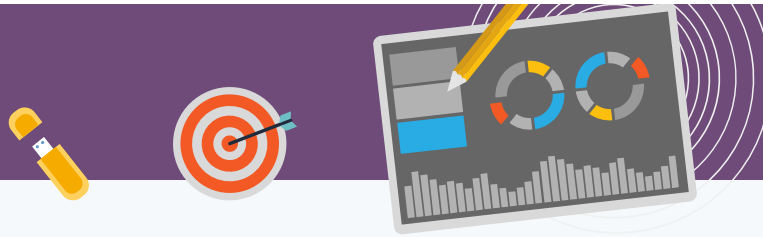
One off donation appeals are also a good way to generate additional income from your members. Your members already support your organisation by paying their annual (or monthly) membership fees or by signing petitions, joining your activities. So these donation/gift appeals need to be project or campaign specific such as an education project your organisation will run. While you thank your members for their continuous support, you need to show your members that with a small amount of additional donation your organisation can achieve more on a specific work area that you are planning to improve or launch.

Major Donors:

Major donors are the individuals or families who have the potential to make a significant donation (or gift) to your organisation. But not every rich individual is a potential donor for your organisation. You need to carry out a research to identify who are likely to feel close or connected to the work area your NGO works on. It does not make sense to approach a philanthropist who is known to support enviormental groups with an appeal for a migrant integration project. Also do not start asking for money when you run into a rich individual at a dinner or an event. You should plan for your ask before you approach them. Remember that they are people who want to be engaged with as a person first and not as a "walking bank".

A study in the UK showed that the following elements should be considered when you approach major donors:

1. They would rather interact with the leadership of your NGO. A research in the UK showed that more than two thirds will consider a request if it comes from someone they know and respect, compared to less than a third when approached by a fundraiser. Once on board, donors who have given £10,000 or more expect to deal with the charity leaders and to spend more time meeting those doing the work, rather than those raising the funds.
2. They expect the NGOs to have done their research but you must also interpret it properly and approach at the right time. You should also be wary of immediately approaching potential donors for money. Wealthy people expect charities to take their time before asking for a large sum.
3. They like being appreciated, but for most saying thank you is sufficient recognition. Major donors are deeply aware of the common perception that their giving is driven more by ego than generosity. The main reason they give, identified in numerous studies, is because of a personal commitment to making a difference. However, having tackled an issue they care about and achieved impact, receiving recognition for their contribution is usually welcomed.



4. They want to know their money made a difference, but long reports aren't always necessary. It is important for your organisation to show all donors the evidence that their money has made a difference. But only a few major donors may demand extensive updates on key performance indicators, but many prefer more human-level reporting. They want to visit the work they fund (An Education Centre), speak to those they have helped if possible (refugees), and hear from the front-line staff and volunteers. The longer their relationship with a charity continues, the lighter touch reporting they require; a phone call with updates on major news before it becomes public knowledge can be more appealing than a lengthy report.

Legacies:

The legacy is a final gift that committed members/supporters make in their wills to the cause which has inspired them through their lives.

Legacies are an extremely important source of income for many NGOs. For example, in the UK they represent well over 25 per cent of the total income from individuals of the top 500 fundraising charities, with a particularly strong showing in healthcare and animal charities. But it should be noted that this is a sensitive area and NGOs should make sure that all legal requirements are met when fundraising for legacies.

3.2 Foundations

Foundations are non-profit organisations that usually donate funds to NGOs. They usually do not require lengthy grant applications. There are a few NGOs in Malta (though not necessarily foundations themselves) that give funds through other foundations in Europe (such as SOS Malta).

European Foundation Centre (www.efc.be) is a good source to find European Foundations that provide grants to NGOs for specific projects.

If your organisation is working on key issues some of these foundations are interested in supporting and if you can demonstrate that your proposal can have an impact in your community, you stand good chance of receiving funds for your project.

There are key elements you need to know about Foundations and the most important aspects that differentiate them from individual donors:

- The decision to support your organisation is made by senior management. Unlike major donors the money they give away is not theirs;
- The relationship of a foundation with your organisation will be a professional one. Individual donors are far more likely to form personal relationships with the organisations they give to;
- The process of awarding funds to an organisation by a steward will be almost entirely based on logic. For individual donors your organisation's attractiveness is likely to be emotive.

There are many types of foundations like General Purpose Foundations, Special Purpose Foundations, Family Foundations and Corporate Foundations. Regardless of the type of the foundation, you should study and understand how they operate before you apply for a grant. Most of these foundations have all the information you need on their websites and are also happy to provide you with further information if you approach the right people in a professional manner.

3.3 Corporations

Corporations provide support for NGOs in order to get positive exposure, publicity and respect from the society. Corporations' funding is more episodic, revolving around particular campaigns, events and projects. It can be a good source of support for new initiatives, special programs, and targeted events.

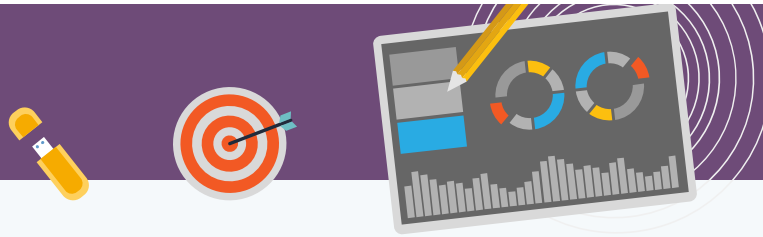
Naturally you should decide which companies to approach for funding based on the values of your organisations. Corporate Social Responsibility (CSR) has been an increasing trend over the last decade and there are several big corporations in Malta that allocate part of their profits for projects and programmes on environment, education, cultural heritage etc. However partnerships with corporations is a mixed blessing as while many give only small amounts of money, they expect a much higher publicity compared to their giving.

3.4 Public Organisations

There are many levels of public organisations that support the work of civil society organisations, from EU institutions to national governments. They support organisations whose projects address needs as they are defined by their public policies.

Public funds are provided based on laws that usually set the overall purpose of the government support and are accompanied by many rules and procedures to regulate the process of evaluation and implementation. Unlike with individual donors or private corporations/foundations, the direct contact and relationship between funders and recipients is minimal and in most cases non-existent. Trust is built not through close personal relationships but through carefully following the rules set by the public organisation.

It is also important to be aware that the costs of accessing and managing public funds many times exceed what you are allowed to include in your project budget administration line, so you need other sources of funding to cover them. Your organisation also needs reserves to ensure cash flow because generally the last payment of public funds are reimbursed after they are spent and the funder is assured that they have been spent respecting all the rules and procedures. Also in many cases your organisation is asked a compulsory contribution to the project costs which may come from your reserves or in some cases co-funding is required from other sources (foundations, companies etc.).



4. Accessing EU Funds

The European Commission awards grants from the EU Budget or from the European Development Fund in order to implement projects or activities in relation to EU policies.

Each program has different specific conditions that need to be fulfilled. It is therefore imperative to check the conditions of each grant program. Certain principles, however, apply for every EU grant program:

- The EU does not generally finance projects up to 100%. This means that the beneficiary needs to secure co-financing from its own resources, in-kind contribution or co-financing from third parties;
- EU financed projects can break even financially and cannot lead to a profit for their beneficiaries;
- EU Grants cannot be awarded retroactively for actions that are completed before the grant approval;
- Only one grant can be awarded for the same action;
- Grants are based on the reimbursement of the eligible costs;
- The results of the actions remain the property of the beneficiaries;
- Grants are subject to a written agreement signed by the two parties (i.e. Beneficiary and the European Commission).

European Commission or other designated authorities that manage grant programs publish their Annual Work Programs on interest to your organisations.

By checking their internet sites you may identify the areas that they are providing funding for. The Managing Authorities publish the "Calls for Proposals" through which they invite candidates to present, within a given deadline, a proposal for actions that correspond to the announced objectives and fulfill the required conditions.

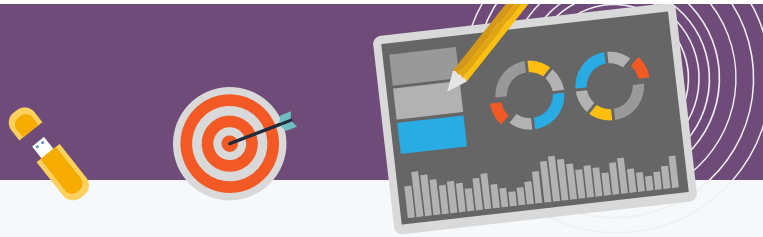
The Guidelines for Applicants provide all the details needed to prepare the Grant Application. However this can generally be a very time consuming and challenging task for organisations with no experience in EU funds. It is therefore important to engage experienced persons or other NGOs while developing your Grant Applications.

The following links provide useful information on EU funding related to migration asylum and integration:

http://gef.eu/wp-content/uploads/2017/01/The_Guide_to_EU_Funding_on_Migration_and_Asylum.pdf

https://ec.europa.eu/migrant-integration/funding

https://eacea.ec.europa.eu/creative-europe/actions/refugee-integration-projects_en



5. Project development

Project development involves defining in detail what should happen in a project – and, just as importantly, why.

The project development process should ideally follow the logical framework approach. In other words, you should aim to define:

- the overall purpose of the project
- the main expected results (i.e. the changes you will bring about to achieve this purpose)
- the activities you will carry out to achieve each of these results.

The reason for this is that it forces you to think clearly about what you want to do and why.

For small, simple projects, it may be possible for the project development process to be completed by a single individual, i.e. the technical person responsible for the project. For larger, more complex projects, project development is likely to require input from several people and may take a significant amount of time.

In developing a project, it is essential that you think first about the problems you want to solve and second about how you might solve them – rather than deciding what you want to do and then trying to work out which problems (if any) this relates to.

Other key issues to consider during project development include the following:

- Which other organisations or individuals should be involved in the development process or the project itself? Try to be inclusive and 'think big' – consider the socio-economic context of the project as well as the core issues. If you forget about this context your project may have limited impact or fail altogether;
- What dissemination/communication activities will you carry out during the project? Such activities can have a major impact on the success of a project, and many funders view them as very important;
- What managerial or administrative activities will you need to carry out to ensure that the project runs smoothly? For example, will you need to recruit staff, rent office space, hold steering group meetings, write reports, etc? All of these activities cost money and if you forget them at this stage your budget will be too small.
- When will each activity (operational, dissemination or managerial/ administrative) included in the project take place?
- How will the project be implemented? For example, who will be the lead partner and what roles will other partners play?

When you develop a project proposal it is important to explain why it is important. You need to convince the funder why it is relevant to them and how it will help them to achieve their specific aims.

Therefore, you need to find out as much as possible about the funder and write the application in a way that will appeal to them. Look at the language they use in the application guidelines and other documents and use similar language in the application form.

Budget development

Once you have developed a project and decided what activities it should involve (including managerial, administrative and dissemination activities) you can work out how much it will cost.

In general it is best to cost each activity separately and then add the results together to determine the overall budget. The main reasons for using this approach are as follows:

- It makes your budget as accurate as possible. In particular, it ensures that you don't miss anything out;
- It makes your budget highly flexible. If you need to split the project up and submit it to several different funders – which is often the case with large projects – you can easily do so;
- It makes financial management of the project (once it has been funded) much easier.

Actions should be costed by considering all of the different resources that will go into them. There are various of ways of categorising resources, but a typical budget might have the following headings:

- staff (i.e. people on the organisation's payroll on a permanent or temporary basis)
- contractors (external workers who will invoice for work such as web site development etc.)
- travel and subsistence (including meals and accommodation)
- durable goods/ equipment (items that will outlive the project – some funders will take this into account and give you only a proportion of the value of these items, depending on how much of their 'lifetime' will be spent on the project)
- materials/consumables (items that have no lasting value and cannot be re-used)
- other costs (that do not fit into any of the above categories - some funders ask for specific items to be included here, such as professional fees or bank charges)
- overheads (Usually 7% of the total eligible budget)