

Looking at the Options

Strategies for Resource Mobilization for NGOs

**Training courses presented by Richard Holloway of
Pact Zambia for 28 NGOs in Jamaica under the
auspices of the Jamaica Social Investment Fund**

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Preface

This report deals with two workshops of two and a half days each during the week of 27 June '98. The workshops dealt with largely similar participants from NGO and CBO backgrounds (although there were proportionally more participants from CBOs in the second workshop). The workshops were structured around an introduction and then ten different resource mobilization strategies. Each workshop comprised four elements:

- a. Showing of Overheads which were then discussed and critiqued by the participants. Copies of these Overheads were subsequently distributed to the participants.
- b. Exercises in which the participants joined
- c. Brain storming to elicit the Jamaican context, variations and scenario for the topics being discussed.
- d. Presentation of case studies of how organizations in other places had dealt with the ten strategies

This report presents the following:

1. Notes of the discussions which arose from the Overheads of each session,
2. The Outputs of the exercises where these took place
3. The complete set of the Overheads of each section.
4. A complete set of the case studies of each section.

Since the participants have already received (3) and (4) they should be attached to this report to make a complete report.

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Fundacion para la Juventud y Mujer Rural FUNAC 4-S, Costa Rica
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The Get Ahead Foundation, South Africa
Medical Assistance Program, YMCA, Lebanon
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Case Studies *Shri Mahila Sewa Sahakari Bank, India*
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 Kenya Rural Enterprise Program

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Case Studies *Shared Interest of the UK*
 Selected Projects Supported by INAISE Members

Finally a useful diagram is: “*An Organizational Route to Funding*”

The material on this course was based primarily on CIVICUS’s “Strategies for Resource Mobilization”, together with additional material from:

- *The World Wide Fund Raisers Handbook - Michael Norton*
- *Towards Greater Financial Autonomy - Fernand Vincent and Piers Campbell*
- *NGO Funding Strategies - John Bennet and Sarah Gibbs*
- *A One Day Orientation to Alternative Financing - Richard Holloway*
- *The Unit of Development is the organization, not the project - Richard Holloway*
- *Striking a Balance - Alan Fowler*

A. Discussions and Outputs

1. Introduction to Strategies in Resource Mobilization

The purpose of this section was to suggest that NGOs should have a variety of resource mobilization strategies, rather than relying on only a few (and particularly rather than relying on only external funding). A variety of resource mobilization strategies meant looking at lots of options and working with a variety of people.

The first exercise for the participants was to present data on their own organization's resource mobilization strategies. Participants were asked to present information on the kind of resources they were mobilizing, the origins of those resources and what seemed an advantage or a disadvantage of those resources as far as their organization was concerned. This information is presented on the following pages..

It is important to note that this was raw and unprocessed data - what has been recorded is what the participants presented.

What is interesting is that the participants showed that they were already utilizing a wide range of resource mobilization strategies. While they reported that in quantity they were still very dependent on grants from overseas donors, most of them already had experience of, in the terms used in this workshop,

- Individual philanthropy
- corporate resources
- government resources

while a few had experience of

- earned income
- endowments from external agencies

and very few had experience of

- debt conversion
- micro-credit

This meant that the different strategies proposed in these workshops had some grounding in the Jamaican reality and most participants, even if they had not had particular experience of the strategy themselves, could find others who had.

This brings up a further point about the participants - and about the NGO sector in Jamaica generally: the participants did not, for the most part, know each other - and it seemed that most of them did not think of themselves as part of an organized NGO

sector in Jamaica. The participants had been invited by JSIF from organizations with whom JSIF had a relationship, and were not consciously selected to be representative of the NGO sector in Jamaica. A number of umbrella organizations were, however, represented. One of the serendipitous results of the workshops was that JSIF was able to help participating organizations acquaint themselves with each other - and this gave rise to some recommendations at the end (see A.12)

The Overheads of the Introduction produced valuable discussion and were generally accepted as a valid and useful analysis.

The second exercise in this introductory section was to ask the participants to write up and display their Mission Statements. The purpose of this exercise was to demonstrate that most NGOs, dependent as they were on foreign funding, wrote their mission statements with the external donor in mind - using language and concepts that they expected would be well received by them. In moving beyond this over-reliance on one set of donors, we have to consider Mission Statements which were aimed at a wider public - particularly a public in Jamaica composed of businesses, the local people, and the Government - people and organizations which were not necessarily receptive to some of the jargon that NGOs habitually used.

The participating organizations all wrote up their Mission Statements and these were then critiqued. Particular attention was paid to the use of "insider" NGO jargon (like "upliftment" or "empowerment" - words that are common in the dialogue between NGOs and External Donors, but which are largely incomprehensible outside. A few attempted to translate their mission statements into Jamaican dialect, but found this difficult to do. The basic point - that a statement which gives your organizational reason for being - needs to be clear and able to be understood by all, was well received. It was also appreciated that a Mission Statement plays a secondary role of making it clear to others what your organization does NOT do.

2 CREATING NEW WEALTH - Revenue from Earned Income

The purpose of this section was to suggest the value of NGOs looking at ways of making money for themselves by running businesses of different kinds.

In looking at the ways in which NGOs can earn income from enterprises of different kinds, an important first step is to appreciate that earning income through enterprises involves a business like approach to the enterprise - which is usually a trait uncommon with NGOs. In most countries of the world, NGO people come from a civil service, or religious, or an academic, or a political background - rarely from a business background, and rarely have business experience. This presents considerable problems when NGOs decide to try and earn money from running a business.

However, this did not appear to be the case in Jamaica. About 40% of the first group and about 80% of the second group showed that they already had business

experience, and were quite ready and able to help their NGO run a business (see below). Some of them were already doing so - e.g. running training courses as a profit making venture or charging for use of their equipment - like photocopiers.

Business Experience of Participants		
Poultry	Accommodation services	Restaurant
Interior design	T shirt printing	Human Resource Consultancy
Life Insurance	Furniture making	Building construction
Selling corn dogs	Audiological clinic	Fashion design
Career advice	Bakery	

The participants were also asked if they felt any problems in getting into business activities. It is often the case that NGO people feel that they are uneasy about involving themselves in business activities because of a clash with their self-image (or their image as perceived by others). Participants certainly accepted that there were differences between typical NGO people and typical business people - but did not feel that this was such a big problem. They considered that an NGO person could take on a business function for their NGO. They were mostly worried about the amount of time that would be consumed in trying to run a profit making business - time that would likely be taken away from the mission of the organization.

Characteristics of NGO People and Business people		
NGO People Groups 1&2	Business People Group 1	Group 2
seek out problems	concerned with profits	aggressive
helpers	Sure of their goals	go-getters
strategists	Aggressive	future planners
passionate for causes	profit maximisers	risk takers
dependent	Good at task analysis	accountable
raising funds to help others	scientific	people of integrity
passion driven	Realistic re financial mgmt.	Strategic
paternalistic	Knowledgeable about mgmt.	Good resource managers
understand their role and capacity	forward thinking	decisive
know how to access funds	meet targets and deadlines	manipulative
know how to access professional help	shrewd, analytical	one man shows
people oriented	Able to assess situations quickly	
not very aggressive	able to make firm decisions	
not very scientific	hard dedicated workers	
concerned about people	persevering	
gutsy	Ambitious to succeed	
dedicated	Profit oriented	
people persons	Aware of markets	
caring and understanding	knowledgeable about accounting	

The characteristics of the NGO people contain, it must be noted, a number of implicit criticisms - which seems to suggest that they are aware of many faults within the NGO sector.

The messages in the Overheads were, for the most part, accepted as legitimate and useful but there was a long discussion in both groups about the difficulty of assessing how much poor people can pay for services where you are trying to recover costs of those services. Those who had experience of running a two tier (or a multi-tier) system of cost recovery (like Hope International) explained that it was not that difficult to do.

To take up some points from the overheads, Very few NGOs had experimented with earning income from enterprises not linked to their mission, and most participants did not feel problems likely to arise for NGOs from tax demands on their businesses by Government, or objections to their enterprises from competing business people in the for-profit sector.

3. CREATING NEW WEALTH - Encouraging and accessing indigenous foundations

The purpose of this section was to urge NGOs to become better acquainted with the existing Jamaican foundations so that they could access their funds, and could also encourage the building of more Jamaican foundations in the future.

The first exercise here was to try and find out what Jamaican Foundations were known by the participants. The results were:

Jamaican Foundations Known by Participants	
MIDA	Community Development Fund
CB Facey Foundation	Scotia Foundation Trust
Luis Fred Kennedy Fdtn.	Environmental Foundation of Jamaica
National Devpt Fund of Ja.	Grace Kennedy Foundation
Multicare Foundation	Ja. National Building Society Fdtn.
Self-start Fund	ICWI Group Foundation
United Way of Jamaica	Lotto Sports Devpt. Foundation
Jamaica Council of Churches	Grace and Staff Community Development Foundation
Edna Manley Foundation	
Stella Maris Foundation	Food for the Poor
Courts Jamaica Ltd. Community Trust	

Many people were amazed at these named organizations which they had not heard of before. Others pointed to a Directory which was printed in 1994 which contained more. This Directory was tracked down and is called

The Directory of Jamaican Foundations and Corporate Donors

available from ICWI Building (4th Floor)
2 St Lucia Avenue,
Kingston 5

Participants had mixed reactions to these foundations - some were dismissive, suggesting that help from them was difficult to get, small in amount, and very personalized - others attested to the very valuable assistance that they had received from them. Generally it was felt that an update to the 1994 Directory, and greater distribution was a useful task.

Appeals to formal corporate foundations were contrasted with appeals to the CEOs of corporations. The following arguments were advanced as to why corporate bodies serious about philanthropy should set up a foundation:

Arguments for Jamaican Foundations	
-	Saves CEOs time to delegate funding decisions to a foundation
-	increases professionalism in giving
-	clearly gives criteria for screening proposals
-	Tax advantages
-	Demonstrates corporate body's long term policies
-	commemorates the spirit or memory of an individual place or person.

4. **ACCESSING EXISTING WEALTH - Individual Philanthropy**

The purpose of this section was to encourage NGOs to look at the possibilities of trying to raise money from the public via individual solicitation, and to generally encourage a climate of individual philanthropy.

This session was started by asking the participants to put themselves into others shoes and reflect on those who had been trying to raise money from them as individual philanthropists. They were asked to list all those who had requested donations from them in the last six months. The answers were:

Who has approached you for donations in the last 6 months (information amalgamated from both groups)	
Clinics:	S Corner Clinic (x 7)
Churches:	Church Building Fund (x 2), Church groups, North Street United Church, Church Building Westmoreland, New Bethlehem United Church St Thomas, Wesleyan Holiness Church, Kingston Church of Christ, Meadowbrook United Church, Hope Seventh Day Adventist Church, another Church
NGOs:	Salvation Army (x 2), Food for the Poor (x 11), the Jamaican Red Cross, Sistren, YOU (x 2), NEST, Childrens Home, WROC, Womens Construction Collective (x2), Mustard Seed, Stella Maris Foundation, Citizen's Association, Lions Club, Sight for the Blind, Jamaica Foundation for Children
Schools	Various schools, Basic Schools (x 2), Covenant Community School, Birnamwood School,

Youth Clubs: Mona Primary School,
Community Clubs, Beauty Contests, Ozone Community Organization, Webster Youth Group, Unity Youth Club, Police Youth Club

A number of observations were made from this list:

1. A lot of organizations are actively appealing for help to individuals in Jamaica
2. Most of the appeals are amateur and hope to persuade by appealing to your identification with the organization, or merely people social obligations to each other
3. A few appeals are very professional - Food for the Poor was especially identified.

Various organizations gave examples of the fund-raising that they had done in response to the Overheads - and some gave warnings about the dangers inherent in fund-raising. Some fund-raising campaigns can not only not raise funds, but can land the organization in a pile of debt. Experienced people pointed out that it is relatively easy in Jamaica to get musicians to play for free for a charitable event - but the technical support staff demand to be paid.

The next exercise in this section was for each participant to write a brochure for general distribution to raise funds for their organization - and a format for doing so was distributed. After the participants had looked at each others work, the following remarks were made:

1. It is more difficult than at first imagined to boil the work of your organization down into a few pithy statements, and yet it was agreed that wordy brochures would not be impressive
2. It is important to state the reasons why your organization is important to Jamaica at this time - therefore some background information on the problem is valuable
3. It is important to state clearly how people can send you money and give an address for doing so - very few participants included this information.

5. ACCESSING EXISTING WEALTH: Building Grass Roots Organizations (GROs)

The purpose of this section was to encourage NGOs to consider how funds could be raised effectively by Community based or grass roots organizations, in supplement to the funds that NGOs themselves raised.

It was difficult in this section of the workshop to get a clear idea of the community based and grass roots organizations that existed in Jamaica. The second group contained many more CBOs than the first group, and this task was therefore easier in the second group.

Many NGOs in Jamaica still seem to see their role as being responsible for delivering development themselves, rather than being the agency by which community organizations can help themselves. Some participants recognized the difficulty of competing with your partners for fund-raising.

The Overheads were shown and understood, but were more pertinent to the CBOs present than the NGOs, it seemed.

Two issues were raised:

1. The Role of Local Government: local government has gone through many changes in Jamaica, and is at present at a low ebb. Local Government structures do not have many resources. At the same time a lot is being written about the resources and legal changes that are likely to take place soon in local government. It is likely, in particular, that the World Bank and The European Union will be working to re-invigorate the local government sector in the near future. A network of NGOs convinced of the importance of engaging with local government was revealed by the Social Action Center - called "Coalition for Community Participation in Local Government".
2. The role of Federations: while participants understood the value of federations in theory, they strongly believed that GROs were most effective if their activities focussed on, and served a defined small area.

6. **ACCESSING EXISTING WEALTH: Public Resources from Government**

This purpose of this section was to encourage NGOs to think of ways in which they could persuade the Government of Jamaica to both make grants to the NGO sector, and to contract them to carry out work that the GOJ was unable to do itself.

This was a difficult session to handle. The following points came up:

1. It is now traditional for the Government of Jamaica to fund a number of NGOs through a process called "Subventions". This is a grant from the GOJ to NGOs doing work, mostly in the welfare field, where the GOJ considers that NGOs are effective and are doing work that GOJ would otherwise have to do. The problem is that these subventions are decreasing and the GOJ does not seem to be able to do anything to limit these reductions. If NGOs want to change government behavior, they will have to be prepared to lobby for their subventions which will probably involve them in the difficult field of suggesting improvements in the Government budgetary process.
2. GOJ seems to be giving up some of its responsibilities for tasks that were previously considered the work of Government - like the maintenance of schools. The GOJ seems to be expecting communities to take over these responsibilities. In many cases NGOs are able and willing to take over tasks that were previously Government

responsibilities, but it needs funds to do this - and the habit of contracting NGOs to use Government resources to carry out tasks which it cannot do, or cannot do well, does not yet seem to have become common in Jamaica.

3. It is difficult to separate the political arms of Government from the executive arms of Government. Participants suggested that the “natural” antagonism between NGOs and the Executive arm of Government was not a feature of Jamaican life, but it certainly was there in respect of the political forces of Government. Many NGOs and CBOs, particularly in the second group, complained about the misuse of resources by politicians, and, more particularly, the active destruction of work that CBOs do because it was/is not done under the patronage of the local politician and does not therefore add to his/her glory.

In general it seemed to me that accessing more resources from the Government of Jamaica will require a more politicized NGO sector which is prepared to present suggestions to GOJ about how resources should be spent, to advocate their ability to spend them well, and to challenge politicians who are spending such resources badly.

A further point was the powerless situation that NGOs find themselves in if GOJ agrees to fund certain activities of an NGO, and then reneges on its promises.

7. ACCESSING EXISTING WEALTH: Resources of external development assistance agencies

The purpose of this section was to suggest ways in which NGOs can approach external donors, not simply to access funding for programmes, but to access funding which will build sustainability.

A lot of the discussion in this sector centered around the need for dialogue between the NGO sector and the external donors so as to educate them about the situation that NGOs find themselves in, and the kinds of policy changes that they would like to see in the donors. It was recognized that there is not, at present, a body which can represent the NGOs in such a discussion, or convene such a meeting - although various people talked about the NGO Council which is in process of formation. Such a body was also needed to monitor new funding windows and opportunities that might become available to the NGO sector.

More discussion centered on the subject of Reserve Funds. Jamaica has been blessed with a very high rate of interest in the past available to any organization which has had funds surplus to their immediate needs which they can invest. Many NGOs have tried to avail themselves of this.

The background to external donor agencies in Jamaica is the gradual disappearance of foreign funding organizations which have been the mainstay of Jamaican NGOs for a

long time. OXFAM has gone, as have other NGOs which see now that Jamaica is a middle income country and the greatest needs are elsewhere.

Over the two courses there were three organizations which had built endowed foundations - one of them, Addiction Alert, based on funding from the local corporate sector, augmented by clever investing; and two of them in the environmental field (Environmental Foundation of Jamaica - presently building an endowment - and National Environmental Societies Trust) based on funding from external agencies.

8. ACCESSING EXISTING WEALTH: Resources of the Corporate Sector

The purpose of this section was to illustrate the three ways that the corporate sector is interested in involving itself with the NGO sector - philanthropy, partnership, and strategic interest, and to suggest how NGOs can work within the corporate world's thinking.

The exercise (only carried out with Group 2) was to report which corporate bodies had given to the participants NGOs in the recent past. The results were:

Corporate Contributions to NGOs			
Cable and Wireless	Cash	Candon	Cash
Mutual Life	Cash	Courts Jamaica	Funds for school building
George Kirby & sons	Cash	Jamaica Producers	Cash
Island Life	Cash	BML	Equipment Repair
Shell Chemicals	Cash	NCB	Cash
Grace Kennedy	Cash, goods, Personnel	Demoes & Geddes	goods in kind
HEART Inta	Skilled labour	Phoenix printery	free printing
Restaurants of Ja	Food for event	ICWI	Cash
Starkey Labs (Canada)	tech. support	Life of Jamaica	in kind goods
Whyndam Hotels	in kind goods	Pegasus Hotel	in kind goods
various musicians	equipment	Bank of Nova Scotia	Cash
Home Service Supermarket	free goods	Mcrowes Enterprise	Food
Johnsons Grocery	food	Welcome supermarket	Free goods
Maxfield Shell Station	free petrol	Jamaica Flour Mill	flour
Eastern Traders	Cash.		

Most contributions had been from businesses that had been asked for a specific donation to help with a specific event. Very few NGOs had tried to engage businesses in a dialogue about how NGOs and Businesses could help each other over the long term.

It was appreciated that businesses could not only be of direct help to an NGO, but could, through lobbying on their behalf with Government and politicians, gain them access to other resources.

The particular position of Grace, Kennedy was discussed. Here is a firm that has taken a corporate decision to engage in philanthropy and partnership, and also to build up its support to its own staff. It would be in a good position to lead the thinking of the corporate sector vis-a-vis NGOs. Again the NGOs pointed out that there was not a body that could represent their interests to the Corporate sector - through the Chambers of Commerce, for instance.

9. CREATING NEW WEALTH: Debt conversion

The purpose of this section was to point out to NGOs how debt conversion has often in the past, and can be used in the future, to build up a fund to be an in-country funding mechanism for NGOs

The Environmental Foundation for Jamaica is a prime example of what can be done in this field. The EFJ's mandate is to help with environmental issues (although assistance to childrens organizations is also allowed): participants discussed how other NGO sub-sectors could lobby for funds to be created through a debt conversion for their own sub-sector. Most NGOs were very aware that they would be out of their depths in the complexity of the measures required for managing the debt conversion process.

10. CREATING NEW WEALTH: Micro-credit programs

The purpose of this section was to suggest to NGOs that a micro-credit program could not only be useful for micro-entrepreneurs, but could generate income for the NGO through service fees on the savings and credit operations.

In discussions it was clear that a very few NGOs offered savings and credit programs, and those that did do so charged a very low rate of interest (5-10% - with a bank rate of 25-30%). Such programs were unlikely to make any money for the NGO. Other participants suggested that the existing banks and the few Government lending programs were dealing with the needs in this sector. Examples given were : *MIDA, COPE, NDFS, Assist, Self Start, Credit Unions, ED Trust.*

The largest objection to this strategy as being viable in Jamaica for NGO resource mobilization was, however, the role of "Partner". "Partner" which is the Jamaican word for its own version of a ROSCA (Revolving Savings and Credit Association) is so well distributed, and so widely used throughout Jamaica that there did not seem to the participants much room for additional micro-credit activities.

11. CREATING NEW WEALTH: Social investment

This section was to demonstrate a specific source of loan funding for NGOs where investors with a social aim were prepared to make available funds to help an NGO when it had a clear business plan but the cost of money was too high.

This idea was of interest to the participants but they had not seen any instances of its use in Jamaica to date.

12. Conclusions

Generally the participating NGOs found considerable food for thought in the workshops, and they commended JSIF for setting the workshops in place. There were specific suggestions for follow up which were put forward for JSIF or other interested parties to get involved in:

1. *Reference Library*: NGOs interested in following up any of these strategies needed further information. The facilitator offered to lend his reference works to JSIF so that they could copy them, and make them available in Jamaica to interested NGOs to read, and photocopy. The facilitator suggested that JSIF built up a reference library on resource mobilization beyond simply these books.
2. *Directory of Jamaican Foundations, Jamaican Corporate Donors, Jamaican NGO Umbrellas, and Jamaican NGOs/CBOs*. It was recognized that it was high time for data to be collected and distributed on these topics.
3. *NGO Council*: While not all participating organizations were conversant with this body, there was a high degree of consensus that some body needed to start to mobilize and operate on behalf of the NGO sector - and carry their concerns to the Government, the Corporate sector, and the media.
4. *Source Book of Jamaican resource mobilization experiences*: there was a wealth of information on a wide range of resource mobilization techniques already available in Jamaica. Now that a framework had been supplied through these workshops, it would be very worthwhile for these experiences to be assembled and edited.
5. *Guidelines on auditing NGO capacity*: the use of the Resource Mobilization Strategies in many cases required strategic planning of the part of the NGOs, and some assessment of their existing abilities and capacities. The facilitator offered to make available to JSIF his work in assessing organizational capacity.
6. *Meetings of umbrella bodies on NGO sector wide topics (like engaging the Corporate sector)*: in connection with the earlier point about the NGO council it was recognized that such a body would have to convene important meetings and would need funds to do so.
7. *Encouraging joint services for NGO sharing*: in connection with the discussions on NGO capacity the important point was made that in the absence of NGOs thinking of themselves, and acting as if they were a sector, each NGO duplicates infrastructure, hardware and software. There was a tremendous need for common facilities - like photocopiers, auditors, training.

8. *Lobby Government for increased subventions.* One of the important tasks of an NGO Council would be to lobby the government about the downturn in subvention funding.
9. *Follow up in 6 months to see how training has been used:* in spite of the general acclaim of the training, it was important to see if any NGO attending the training actually put any of the ideas into operation with the result of increased resources. A six month follow up needed to be done.
10. *Help other trainers to work more widely:* while this training had been offered to people from all over Jamaica, in fact it was quite restricted to the larger NGOs and CBOs. If the ideas were important, then they should be made accessible to NGOs and CBOs all over the country, and Jamaican trainers should carry this out.

Overheads

INTRODUCTION

This course will introduce you to 11 kinds of resources, each of which will have its own rationale, each of which will have its own advantages and disadvantages. Using these different kinds of resources will not only change where your money is coming from, but will also likely change the way you do business. The advantages and disadvantages may appeal to you in different measure.

Resources, particularly money, are not value neutral or value free. They bring certain baggage with them depending on their origin and culture. The important point at present is to be open to other possibilities and suspend judgement until you have understood them better.

The world is likely to change - some of the changes are taking place already. You are bound to have to explore new patterns of resources. Existing patterns of resources either:

- may not be available to you in the future
- may have disadvantages that outweigh their advantages
- may seem less attractive in relation to some other resources.

These 11 strategies you will hear about may produce money but they will also suggest non-monetary resources, and suggest different ways for your NGO to do business.

THE USUAL PATTERN OF NGO OPERATIONS

WHAT DO NGOS NEED?

- 1. Good Programs**
- 2. Good Management**
- 3. Sustainability**
- 4. Financial Resources**
 - 4.1. to support good programs**
 - 4.2. to support good management**
 - 4.3. to support sustainability**
- 5. Non-Financial Resources**
 - 5.1. Supporters**
 - 5.2. Champions**
 - 5.3. a good reputation**
 - 5.4. a supportive legal and fiscal environment**

WHY NOT JUST RELY ON FOREIGN FUNDING?

- 1. Individuals in the North are giving less**
- 2. Companies in the North are tighter with their money**
- 3. International aid is being reduced**
 - aid has more conditionalities**
 - more money proportionally for NGOs (but on tighter conditions)**
 - aid is more fickle**
- 4. Foreign funding is usually only available as project funding - not sustained**
- 5. Foreign funding does not build up local supporters**
- 6. Foreign funding makes you vulnerable:**
 - to accusations of foreign domination**
 - to foreign policies of others**
- 7. It contradicts basic development concepts of self-reliance.**

WHAT ARE THE ALTERNATIVES?

a New Approach

- **Look strategically at all Options**
- **Look at all kinds of Resources**

FUNDAMENTALS FOR ACQUIRING RESOURCES

In Most Circumstances, Resources are Available to NGOs,

IF

- **NGOs pursue a mission and perform functions that are valuable to society**
- **NGOs undertake well-designed efforts to obtain the resources needed to perform these functions**

3 WAYS OF ACQUIRING RESOURCES

- 1. Capturing Existing Wealth
(from private and public donors)**
- 2. Generating New Wealth
(through market based approaches)**
- 3. Capitalizing on Non-Financial Resources**

CAPTURING EXISTING WEALTH FROM PUBLIC AND PRIVATE DONORS (1)

Context:

- **decreasing pool of such resources**
- **increased competition for such resources**
- **legacy of dependency (waiting for grants)**

New Thinking

- **Strategic Joint Ventures with interested parties**
- **Institutional sustainability**
- **philosophy of Transparency, Local Involvement, and Mutual Benefit for all parties**

CAPTURING EXISTING WEALTH FROM PUBLIC AND PRIVATE DONORS (2)

6 STRATEGIES

- **Indigenous foundations**
- **Individual Philanthropy**
- **Contributions from members of grass-roots citizens organizations**
- **Public resources from Government**
- **Resources of development agencies**
- **Engaging Corporations**

GENERATING NEW WEALTH

4 STRATEGIES

- 1. Earning Income through Trade and Exchange**
- 2. Conversion of Debt**
- 3. Establishing and Operating Micro-credit programs**
- 4. Tapping Social Investment through the market**

CAPITALIZING ON NON-FINANCIAL RESOURCES

- 1. Volunteer Time**
- 2. Volunteer Skilled Labor**
- 3. Goods and materials**
- 4. Equipment**
- 5. Experience**
- 6. Seconded Professional personnel**
- 7. Training**
- 8. Access to public policy fora**

**USE THESE ELEMENTS IN ALL YOUR
RESOURCE MOBILIZATION STRATEGIES**

**FLOWS OF FUNDS TO SOUTHERN AND EASTERN
NGOS**

Exercise 2: EXISTING FUNDING

1. Please describe the funds that come to your NGO in the terminology of the “Flow of Funds”
2. Please describe any non-financial resources that are important to your NGO and why.

WHY SHOULD ANYONE GIVE MONEY TO AN NGO?

- 1. Because they are doing good work**
- 2. Because they are doing good work more effectively than others**
- 3. Because they are honest and responsible**
- 4. Because they are attractive and persuasive**
- 5. Because they appeal to a particular interest in a potential donor**
- 6. Because they are potentially useful to a potential donor**
- 7. Because they are asked**
- 8. Because they have no other source of funds and may collapse**

EXERCISE 3: WRITE UP YOUR ORGANIZATIONS MISSION.

Stick it on the wall.

Can others understand it?

Translate it into the vernacular. How does it sound?

Does it tell anyone what you actually do?

THE IMPORTANCE OF A CLEAR MISSION

Your Mission:

- **flows from those who created the organization and those who will benefit from it - taken together these are the constituency**
- **provides the leading focus for mobilizing human, institutional, and financial resources**

RESOURCES FLOW FROM AND ARE CONGRUENT WITH THE MISSION

(the mission does not flow from the resources)

THE IMPORTANCE OF ENGAGING DIVERSE PARTIES

- 1. The beneficiaries**
- 2. The local community**
- 3. The business community**
- 4. Specialist groups in society**
- 5. The government**
- 6. The media**
- 7. The public**

WHAT KIND OF ORGANIZATION ARE YOU?

1. Mutual Benefit Organization

- the organizations exists to benefit its members
- the members own and govern the organization
- the members are the beneficiaries
- resources may come from many sources, but often include the members

2. Public Benefit Organizations

- the organization exists to benefit identified groupings within society (or society as a whole)
- the organization has its own self-selected governance structure
- identified groupings within society are the beneficiaries (and have no say in the governance)
- resources usually come from some other source

FIDUCIARY RESPONSIBILITY

1. Mutual Benefit Organizations

You are mobilizing funds from different sources to spend on

programs of which you are a part

2. Public Benefit Organizations

You are collecting funds from different sources to spend on programs for other people of which you are not a part - you are an intermediary.

Donors (of many different sorts) give you resources trusting you to spend those resources on what you asked for, and what they agreed to give for

YOU HAVE THE FIDUCIARY RESPONSIBILITY NOT TO BREAK THAT TRUST.

SINGLE RESOURCE NGOS

MULTIPLE RESOURCE NGOS
(who also contribute to a culture of
Resource Mobilization)

STRATEGIES FOR RESOURCE MOBILIZATION

A: CREATING NEW WEALTH

1. Revenue from Earned Income

THINKING LIKE BUSINESS PEOPLE

The generation of revenue and the provision of goods and services to create income - for an individual or an organization - is the approach of a business. This requires business people.

And yet it is well-known that most NGO people are not familiar with business principles and business practice. They have often not had to face the kinds of decisions that businessmen/women have had to face.

And yet, if NGOs are going to talk about earning income, they have got to start to think like business people.

EXERCISE 4: WHO HAS EXPERIENCE WITH BUSINESS?

- 1. List the Participants and ask them to tell what involvement they have had with business, either directly or through relatives.**
- 2. Ask them to say what problems in the business field they are aware of.**

**EXERCISE 5: CHARACTERISTICS OF
BUSINESS PEOPLE**

- 1. Ask participants to list what they think are the characteristics of business people**

THE NON-ISSUE OF “NON-PROFIT”

Profits - for businesses - means an excess of income over expenditure which is distributed to private hands (owners/shareholders)

Any extra income - for NGOs - is re-invested in the NGO's work. It is not a profit because the work is never finished.

There is a need for public and Government education on this topic

NGOs are often involved in revenue creating enterprises for their beneficiaries, e.g.

- **job training**
- **employment creation**
- **income generation activities**

but not, until recently, in revenue creating activities for the NGO.

NGO REVENUE FROM EARNED INCOME

- 1. As Part of Community Economic Development**
- 2. Recovering (all or part of) Costs of Programs**
- 3. Income from Enterprises linked to the NGO's Mission**
- 4. Income from Enterprises not linked to the NGO's Mission.**

**BUILDING INCOME TOGETHER
- AS PART OF A COMMUNITY ECONOMIC ACTIVITY.**

- 1. The NGO involves itself in an income generation activity of its target group. It has a share in the operation.**
- 2. The target group receive an income, and so does the NGO**

NB1: Reality Check on the IGA itself - is it profitable?

NB2: Reality check on the NGO - is it being exploitative of the producers?

RECOVERING COSTS OF PROGRAMS

Origins of the idea:

- a. Pragmatism: if goods/services are free, then people will not value them: if they pay for them, they will use them more effectively**
- b. Political philosophy: free services come from a socialist perspective, not a market economy**

What can people afford?

- if the NGO helps them to make money (credit, training etc)**
- If the NGO makes people productive**
- If the NGO does neither.**

NB1: Possibility of subsidies for those who cannot afford to pay.

NB2: Even a part cost recovery is of benefit to an NGO - covering perhaps admin costs.

INCOME FROM ENTERPRISES LINKED TO THE NGO'S MISSION

What spin-offs are there from the NGO's main work which can make money from a different market?

- **are richer people prepared to pay for services offered free to the NGO's target group?**
- **can the NGO's skills and equipment be packaged differently to appeal to a different market?**
- **Is there a new product or service using the NGO's core experience which can make money?**

INCOME FROM ENTERPRISES NOT LINKED TO THE NGO'S MISSION

- **Anything that offers good returns on capital**
- **Anything that does not require too high a degree of business acumen**
- **Anything that will not compromise the existing work of the NGO**
- **Anything that capitalizes on free skills and experience of well-wishers to the NGO**

ISSUES TO CONSIDER IN NGO REVENUE FROM EARNED INCOME

- **Conflict of culture between NGOs and Business**
- **Business Management Skills and Experience**
- **Planning/Allocating Human and Financial Resources**
- **Appropriate Management Structure**
- **Access to Capital**
- **Public Perception**
- **Legal Status**
- **Tax treatment**
- **Competition with the Business Sector**
- **Relations with Donors.**

STRATEGIES FOR RESOURCE MOBILIZATION

A: CREATING NEW WEALTH

2. Encouraging and Accessing Indigenous Foundations

WHAT ARE INDIGENOUS FOUNDATIONS?

Foundations: *funds set up to be a source of grants or loans for welfare or development activities*

Set up by:

- **Private Individuals**
- **Corporate bodies**
- **Public institutions**

They are set up to give away money

BUT

The terms and conditions are often very specific.

Exercise 6: Indigenous Foundations

- 1. List what indigenous foundations exist your country and whether they can be accessed by NGOs**

EDUCATE YOURSELF ABOUT EXISTING FOUNDATIONS

- 1. Basic Motivation**
 - Hindu
 - Muslim
 - Buddhist
 - Christian
 - Secular

- 2. Match between your mission and theirs**

- 3. What is their philanthropic behavior?**

BUILDING INDIGENOUS FOUNDATIONS

In many countries there are no or few indigenous foundations which are grant makers to local NGOs.

It is usual for grants to be made by foreign organizations, and such grant decisions are not under the control of local people.

It is possible to encourage the setting up of locally controlled, locally funded, endowed foundations which can sustainably make grants to local NGOs. They will be able to:

- Promote organized giving**
- Create a new source of sustainable funding for civil society**
- Encourage the enabling environment for philanthropy**

INDIGENOUS FOUNDATIONS NEED:

- 1. Leaders who are committed to the idea, are very well connected, are talented, and who are acceptable and respected by all involved.**
- 2. Exposure to how it has been done elsewhere**
- 3. Knowledge about the possible sources of finance for establishing an endowed foundation (donor agencies, government, business)**
- 4. Knowledge about the users of the services of such a foundation (NGOs and GROs)**
- 5. Knowledge of the law, taxes, policy makers, politicians**

FINANCING INDIGENOUS FOUNDATIONS

1. Contributions from

- **other domestic foundations**
- **businesses**
- **individuals**

2. Contributions from

- **foreign governments**
- **foreign foundations**

3. Earned Income and Investments

4. Government levies, contracts, subsidies

STRATEGIES FOR RESOMOBILIZATION

A: ACCESSING EXISTING WEALTH

2. Individual Philanthropy

Exercise 7: Who has approached you?

- 1. List all approaches for individual donations that you have experienced.***

CREATING A CULTURE OF INDIVIDUAL PHILANTHROPY

Looking for and getting donations from many individuals:

- **asking many people to get involved in your mission**
- **giving them an opportunity to get involved**

In the past massive funding from Governments and Donors have blocked the need and the opportunity for people to help people.

Individual philanthropy means the disinterested giving of a persons own resources, as an expression of solidarity with fellow humans, even strangers.

Not just money but personal time, sweat, goods etc.

INDIVIDUAL PHILANTHROPY

- **deals with large numbers of potential and actual donors**
- **special techniques required for identifying them and asking them for resources**
- **requires many active solicitors**
- **has long term commitment to people**
- **makes simple proposals**

IDENTIFYING INDIVIDUAL PHILANTHROPISTS

- **Who loves our mission?**
- **Who should love it?**
- **Who do we want to love it?**

Asking for funds is not begging

You are giving a chance to someone to be involved in something worthwhile that you believe in.

They may also want to believe in it.

Exercise 8: *Write a fund-raising brochure along the lines of the attached proforma*



CULTURE AND RELIGION

- **All religions encourage philanthropy**
- **different cultures give for different things**
- **the poor usually give proportionally more than the rich**

Lots of small givers can make a significant gift.

NON-MONETARY REASONS FOR SUPPORTING INDIVIDUAL PHILANTHROPY

- **many hundreds (thousands ?) of supporters gives stability**
- **Individual philanthropy supplements and balances unstable government or donor funding**
- **It gives the NGO untied money and autonomy**
- **Proposals are simple**
- **Income is easy to administer**
- **Democracy is fostered as the NGO is accountable to the large constituency that has voted with its donations**
- **People get involved to act for themselves, not just to leave things to others**

KEY ISSUES

- 1. The Economy**
- 2. The Culture**
- 3. The NGO's credibility**
- 4. The Enabling Environment**

WHERE AND HOW DO WE ASK?

- **In person**
-
- **at the workplace**
-
- **at events**
-
- **through direct mail**
-
- **on the phone**
-
- **in the media**

The NGO wants money, goods, or services

The Donor wants to feel he/she is a worthwhile member of a worthwhile group

The main reason why a person does not give is because they have not been asked!

BEST PRACTICES

- 1. Offer people an opportunity to do something worthwhile**
- 2. Listen to donors - spend time with them**
- 3. Tell them about your beneficiaries**
- 4. Appeal to the heart as well as the head**
- 5. Thank donors seven times a year**
- 6. Both major and minor donors are important - minor donors can grow.**

STRATEGIES FOR RESOURCE MOBILIZATION

A: ACCESSING EXISTING WEALTH

3. Building Grass Roots Organizations (GROs)

Exercise 8: Grass Roots Organizations

- 1. Name grass roots organizations in your country and their original function, together with new functions that they may have taken on.**

BUILDING CITIZENS GRASSROOTS ORGANIZATIONS

Within the work that you are doing, more resources could be raised by the GROs that you work with:

GROs/CBOs were originally formed to address the concrete problems of their members in social, economic, environmental areas

Now they can do more than that - they can ensure that their members interests and problems are heard by those with the power to make sure they are acted on.

This is citizen empowerment - and can produce new resources.

KINDS OF GROs

- **Delivery of social and safety net services**
 - **PTAs**
 - **village pharmacies**
 - **mothers clubs**
 - **drinking water committees**
 - **neighborhood watch groups**
 - **village health management groups**

- **Management of natural resources and environmental protection**
 - **irrigation users groups**
 - **grazing associations**
 - **community forestry committees**

- **Promotion of Economic growth**
 - **producer groups**
 - **cooperatives**
 - **credit unions**
 - **savings and credit clubs**
 - **womens income generating groups**

- **Maintenance of social peace/conflict management and resolution.**

THE EVOLUTION OF RESOURCES

Traditionally GROs generated resources needed for specific activities: e.g.

- **employment**
- **agricultural production**
- **marketing**

but increasingly they generate resources for social safety net services, as the State fails to provide:

- **education**
- **health**
- **welfare**

GROs PAST AND PRESENT

Community Groups in the past were often:

- **autocratic**
- **traditional**
- **directed solely to very local problems**

Newer Community Groups are:

- **democratic**
- **increasingly involving women**
- **involving the community in larger social and economic problems**

STRENGTHS OF GROs

Because GROs have been voluntarily formed to address a locally identified problem which requires the provision of a local good or service:

- they are more able to charge fees from their members**
- they are more able to earn income from their resources than government or national level NGOs which are not membership organizations.**

GROs AND COST COVERING

GROs are likely to be able to cover a lot of their costs:

- **they involve volunteers**
 - **they can mobilize local resources**
 - **they operate at a modest level of expenditure**
 - **they collect voluntary contributions in cash and kind**
- also**
- **they can attract resources from local government for local development.**

POWER OF GROs

GROs formed voluntarily by individuals come together to:

- **promote shared interests**
- **solve common problems**
- **articulate common aspirations**

They also:

- **confront powerful interests in both the state and the market**
- **use collective power to overcome these interests**

GROs AND LOCAL GOVERNMENT

There is an increasing interest in the activities of GROs because they represent a counterpart to Local Government:

- **increasing weakness of many Central Government departments**
- ***de facto or de iure* increase in the activities of local government**
- **local government looking for organizations to work with.**

MOBILIZING RESOURCES AT (AND FOR) THE GRASS ROOTS ORGANIZATIONS

- 1. Mapping and Analyzing Community Resources**
- 2. Membership Strategies**
 - fees, subscriptions, special levies
 - savings
- 3. Generating Resources by providing goods and services**
 - credit administration for a fee
 - adding value through processing and marketing for a fee
 - providing social services (school, clinic) for a fee
- 4. Home Town Associations**
- 5. Businesses**
- 6. Donors.**

FEDERATIONS AND RESOURCES

Federated GROs can have very many members

- **all paying subscriptions**
- **all depositing their savings**
- **all paying for services**

They can own their own bank, companies, equipment.

GROs AND INTERMEDIARY NGOS

GROs are the end product of an intermediary NGOs work:

- **NGOs should build up citizens ability to organize themselves**
- **NGOs should build up citizens ability to mobilize resources to deal with their problems**
- **GROs can mobilize more than they need for their immediate problems**
- **GROs can access resources from local government**
- **GROs can also build up the non-monetary resources of the community - trust, conflict resolution, tolerance, collaboration (social capital)**

THE RELATIONSHIP BETWEEN NGOs AND GROs

- 1. Many NGOs deliver services to local communities that could be delivered by GROs:**
 - **less expensively**
 - **with a greater degree of participation**

- 2. The aim of the NGOs should be to:**
 - **help to create GROs and develop their skills**
 - **help them re-group into higher level unions and federations**

and then move on

- **letting the GROs access whatever resources exist.**

STRATEGIES FOR RESOURCE MOBILIZATION

A: ACCESSING EXISTING WEALTH

4. Accessing Public Resources from Government

ACCESSING PUBLIC RESOURCES FROM GOVERNMENT

Complicated Relationships between NGOs and GOS

- a. Keep away from Government - NGOs should pursue a non-government process**
- b. Some government is good, but NGOs should be able to choose what parts of Govt it wants to work with**
- c. Govt is merely holding resources for the public, and NGOs have a right to these resources**
- d. Govt has the power: NGOs have to learn to play Govt. games.**

Government Resources are a very possible resource for NGOs to access.

2 DIFFERENT WAYS TO ACCESS GOVT RESOURCES

- 1. By persuading the Government that their interests will be served by the Government funding to do what the NGO wants to do (NGO Mission driven)**
- 2. By the Government contracting the NGO to do what the Government wants done (Income driven)**

Compromises will be necessary when working with Government

The clever NGO sees the opportunities for carrying out mission driven activities even through the work was not originally planned that way.

Exercise 9: Strengths and Weaknesses

1. *Brainstorm all the strengths of the Government*

Exercise 10: Strengths and Weaknesses

Brainstorm all the weaknesses of NGOs

CONSTRAINTS TO SUCCESSFUL GO/NGO COLLABORATION

- **lack of understanding of each others' goals**
- **inability of Govt. to identify the types of NGOs that might become reliable working partners**
- **restrictive government procedures**
- **problems of attitude (distrust etc) on both sides lack of clear govt. policy and guidelines on NGOs**
- **poor communications among NGOs and between NGOs and Govt.**
- **sharp contrasts between the “top down” working methods of Govt. and the more participatory approaches of NGOs**
- **poor understanding of the relative weaknesses and strengths on both sides**
- **lack of NGO accountability to their constituency, and to the public at large, for the ways in which resources are used.**

INFORMATION

NGOs, if they want to access Government funds, must learn more about Government budgeting and regulations

- **what is the source of Govt. revenue?**
- **What Govt. funds have been budgeted for what programs? Will Govt. invite bids for execution or carry out the work itself?**
- **Are there rules about admin. Costs, overheads, bidding procedures, etc. that NGOs need to know?**
- **Are NGOs prepared to argue their case to get Government contracts?**

BENEFITS AND DISADVANTAGES OF GOVERNMENT-NGO COLLABORATION - FROM GOVERNMENT'S PERSPECTIVE

Benefits

1. **Better delivery for Govt. Services**

2. **More information available from
the grass roots**

3. **More interaction with “target groups”**

4. **Enhanced cost-effectiveness**

5. **More coordination of NGOs’
activities:**

Disadvantages

**Govt services shown to be inefficient by NGO’s
presence and actions**

NGOs mobilization work promotes social instability

**Demand for govt. services may increase beyond the
capacity to meet it**

NGOs compete with Govt. for donor funds

More control of NGOs

BENEFITS AND DISADVANTAGES OF GOVERNMENT-NGO COLLABORATION FROM NGOS' PERSPECTIVE

Benefits

- 1. Improved access to policy formulation**
- 2. Access to specialist research facilities and expertise**
- 3. Opportunity to improve Govt. Services from within**
- 4. Access to new technologies from above**
- 5.**
- 6.**
- 7.**

Disadvantages

- Co-option by govt. and greater bureaucratic controls**
- The NGO grows to assume a more bureaucratic character**
- Loss of NGO autonomy and independence**
- Relegation to mere delivery activities, to the detriment of the NGOs wider program**
- Loss of credibility among clients and a tendency to maintain existing social and political conditions**
- Substitution by NGO for Govt services perpetuates govt. inefficiency**
- Government takes credit for NGO achievements**

Exercise 11: Debate

- 1. Participants to take sides and argue for and against, in a debate, the proposition that NGOs which want to have an impact on poverty are well advised to collaborate with Government.***

LEGITIMATE QUESTIONS

If NGOs take money from the Government, they must be prepared for the following questions:

- 1. What does the NGO stand for? What does it do? And Where?**
- 2. Who is in charge? Do they do what they say they stand for? Are they observing the law?**
- 3. Is that the NGO does publicly beneficial?**
- 4. Does the NGO demonstrate an ability to manage and account for resources?**
- 5. Is the NGO working within the policy framework formulated by Government?**

DANGERS

NGOs must be prepared to enter the murky world of Government contracting:

- 1. Design faults in government programs**
 - 2. Competition from other contractors**
 - 3. Collaboration with an inefficient government system**
 - 4. Faulty payment system**
 - 5. Cumbersome bureaucracy**
- etc.**

GOVERNMENT GRANTS TO NGOs

Are NGOs prepared to take on work, through grants, that allows a government to give up its responsibility for basic elements in countries services to its citizens? - health, welfare, education?

Can NGOs actually carry out such work? They are not usually national in scope.

GIFTS AND SUBSIDIES FROM GOVERNMENT

- **land**
- **buildings**
- **personnel**
- **artisans**

Do you demand them?

Or do you wait for the Government to “reward” you?

On what terms will you take such gifts?

THE ENABLING ENVIRONMENT - POSSIBLE POLICY INSTRUMENTS

- 1. Governance**
 - encouraging public debate and consultation:
ensuring the right of association and encouraging
the organization of interest groups
- 2. NGO Regulations**
 - facilitating and streamlining registration, reporting,
auditing, and accounting procedures and
requirements
- 3. Taxation policies**
 - supportive legal and fiscal measures on income,
local fund-raising, philanthropy duties, and imports
- 4. Involvement in policy making**
 - providing mechanisms to ensure broad public
participation in the policy making process
- 5. Project implementation**
 - a commitment to consider NGOs as implementers
of public programs and projects financed by the
Government
- 6. Access to information**
 - providing NGOs with what should be public
information so that they can act as two way
information channels for their members of clients,
particularly about government programs and

public resource allocations

STRATEGIES FOR RESOURCE MOBILIZATION

A: ACCESSING EXISTING WEALTH

5. Resources of External Development Assistance Agencies

RESOURCES OF EXTERNAL DEVELOPMENT ASSISTANCE AGENCIES:

Moving from Project Funding to Organizational Funding

At the same time as your NGO increases its fund-raising and self-financing, consider ways that external donors can develop your financial autonomy.

- 1. The importance of strategic plans - to adapt to changing circumstances and manage growth**
- 2. The importance of developing reserves - which can produce income, and can provide financial security.**
- 3. The importance of long-term profitability in your earned income.**
- 4. The importance of educating donors to the realities of the lives on NGOs**

DIFFERENT FUNDING METHODS AVAILABLE TO DONORS

- 1. Emergency relief and welfare grants**
- 2. Small grants tied to specific development projects**
- 3. Program grants that allow the NGO to take its own decisions within agreed program areas, and adapt its plans as necessary**
- 4. Institution building grants which help the NGO establish itself**
- 5. Unearmarked organizational grants**
- 6. Revolving loan funds**
- 7. Access to bank guarantees**

UNEARMARKED INSTITUTIONAL GRANTS

Dependent on a well-established track record that clearly proves the effectiveness of the organization and its programme over several years

Requires a fund-raising proposal that covers your strategy for the next five years, your program goals in the medium and long term, and the specific activities you intend to run.

Also requires you to be able to demonstrate your organizational ability to plan, manage, and evaluate the activities, and, in the case of revenue generating projects, make them profitable in the long term.

Consider a donor consortium.

RESERVE FUNDS

Place any money that you have acquired from revenue generation, plus any uncommitted funds (if the donor allows) into a reserve fund.

Place this money in short-term, medium term or short term investments. Take expert advice about where to invest it, and how long for.

Your organizational savings give you stability and security. A diagram was produced to show how a reserve fund could be structured to capture earned income, and then to increase it through investment. Participants were asked to recount how their different organizations dealt with reserve funds, if they had them.

A THIRTEEN STAGE PROCESS LEADING TO GREATER FINANCIAL AUTONOMY

- 1. Creation of the NGO and its links to GROs.**
- 2. Development of the GROs resources and the NGO helping them to do this.**
- 3. Initial sales of products and services**
- 4. Establishment of a capital reserve fund, using profits from sales and services)**
- 5. Local fund-raising**
- 6. External fund-raising, based on projects**
- 7. External fund-raising for Institutional development - build up management capacity, strategic planning, financial management**
- 8. Development of the capital reserve fund - more investments**
- 9. Negotiation of flexible program grants from donors**

- 10. Negotiation of an external grant for a revolving fund which the NGO administers**
- 11. Increases in sales and services, increases in deposits in the reserve fund, and in investments**
- 12. Negotiations with banks for credit for your NGO with, if necessary, bank guarantees from international finance institutions (e.g. RAFAD, Womens World Banking)**
- 13. Direct access to credit from local banks.**

BE AWARE OF NEW EXTERNAL DONOR FUNDING POSSIBILITIES

- 1. Donor funds controlled in country (DFID, CIDA)**
- 2. New Windows for funding (EC)**
- 3. New Topics (Environment, civil society) (UNDP)**
- 4. New decision making structures to involve NGOs (DFID and others)**
- 5. What others?**

REQUESTS FOR ENDOWMENT FUNDING

A amount of funds to be invested and used as a revenue stream for the future.

Either money or property/equipment

Requires:

- 1. Very competent financial management by the NGO**
- 2. Trust by the donor in the NGOs' long term future**
- 3. A supportive legal and fiscal environment**
- 4. Donor rules and regulations which allow it**

Consider the situation from the donor perspective!

What donor money is needed for an Endowment

STRATEGIES FOR RESOURCE MOBILIZATION

A: ACCESSING EXISTING WEALTH

6. Resources of the Corporate Sector

COMPANIES DO GIVE - AND THEY ARE GIVING IN INCREASING AMOUNTS.

WHY ?

- 1. To create goodwill - to be seen as a good citizen**
- 2. To be associated with certain causes which enhance their image (printers with literacy, mining with the environment, drug companies with health etc)**
- 3. Because they are asked, and their competitors are doing it.**
- 4. Because senior staff are interested in the issue.**

WHAT DO COMPANIES GIVE?

- 1. Cash donations**
- 2. Sponsorship of an event or activity (WIIFM)**
- 3. Sponsorship of materials (WIIFM)**
- 4. Joint promotions (WIIFM)**
- 5. Providing company facilities**
- 6. Equipment or materials**
- 7. Secondment of staff**
- 8. Loaning a Board member**

RESULTS OF ACTION AID SURVEY OF COMPANY GIVING IN INDIA

ActionAid carried out a survey of corporate giving in India, when they asked companies to spell out the issues and causes they particularly like to support:

Results: (highest scores)

Rural Development (including adoption of surrounding villages)	48%
Support for the Disabled	33%
Education	31%
Health and Sanitation	25%
Medical Benefits and welfare of employees	

THE MAIN REASONS FOR CHOOSING THESE ISSUES WERE:

- | | | |
|-----------|--|------------|
| a. | Concern for that particular group | 49% |
| b. | To build the Corporate Image | 24% |
| c. | Family tradition | 21% |
| d. | Company tradition | 19% |

WHAT BENEFITS THEY EXPECTED IN RETURN?

- | | |
|--|------------|
| 1. Satisfaction of fulfilling social responsibility | 45% |
| 2. Improved credibility of business | 28% |
| 3. Increased confidence among staff | 19% |

THERE ARE 3 PARTS TO THE CORPORATE RESOURCES:

- a. Corporate Philanthropy,**
- b. Business/Community Partnerships,**
- c. Strategic Business Interests.**

CORPORATE PHILANTHROPY

Donations from companies in response to requests: can be very personal (CEO's particular interest), can be very professional (through corporate foundation)

Internal Goals :

- build employee morale**
- **employee matching program**
- **employee volunteering**
- **development of employees living area**

External Goals:

- overall business image and market development**
- **improve business image by linking to respected topic**
- **increase name recognition**
- **involvement in critical social problems**

BUSINESS/COMMUNITY PARTNERSHIPS

Establishing longer term relationship in which both sides plan, risk something, and hopefully both sides benefit.

- 1. Provides a competitive edge in new business opportunities**
- 2. Helps a business in some real problem that it has**
- 3. Opens up a new business possibility that would not have been considered otherwise.**

STRATEGIC BUSINESS INTEREST

- 1. Investing in Infrastructure (e.g. buildings)**
- 2. Investing through products and services (e.g. computers)**
- 3. Managing future costs (e.g. HIV/AIDS)**

LIMITATIONS AND BARRIERS

- 1. Many requests, limited resources**
- 2. Corporate structures and responsibilities**
- 3. Unfamiliarity with NGOs and Community issues**
- 4. Time**
- 5. Personnel changes**
- 6. Stereotypes**
- 9. Providing expertise and advice**
- 10. Encouraging company employees to volunteer**
- 11. Collecting funds amongst employees**
- 12. Advertising in your brochure or publication.**

STRATEGIES FOR RESOURCE MOBILIZATION

A: CREATING NEW WEALTH

3. Debt Conversion

CONVERSION OF DEBT.

Many countries in the South borrowed hard currency from either countries or banks in the North which they are unable to repay.

They can ask for :

- **re-scheduling,**
- **for debt forgiveness,**
- **part payment of the debt**
- **payment of the debt in local currency**

or

- **they can refuse to pay.**

The “debt papers” i.e. the promises to repay debt, can be sold on a secondary market in which buyers offer to buy the hard currency debt at a portion of its hard currency worth, and redeem it in full in local currency.

Thus a Northern buyer can buy, for example, US\$ 500,000 of a Southern countries hard currency debt for US\$ 200,000 and get the equivalent of US\$ 500,000 in local currency. The Southern country cancels that part of its debt in hard currency and gives the buyer local currency or something of the same value as the local currency (e.g. land, a building, an endowment)

USING DEBT CONVERSION

Northern NGOs or Northern countries have used this technique of “buying debt” at a discount to set up a large amount of money in the Southern country for development purposes.

They have used this for:

- 1. A commitment of the Southern government to provide funds for particular programs (e.g. UNICEF for childrens programs)**
- 2. A donation of Southern country of land to be turned into a National Park (e.g. WWF)**
- 3. The setting up of an endowed foundation to be a grant maker to local NGOs in the Southern country.**

Sometimes a northern Bank will give the “debt papers” to a Northern NGO free: sometimes a country will cancel its debt completely - but in each case it requires a commitment from the Southern country to a local currency equivalent for development purposes.

POSSIBILITIES AND PROBLEMS

Possibilities

- 1. Either new money, or an increased amount of money available for NGO funding**
- 2. The creation, through an endowment, of a sustainable source of NGO funding into the future.**

Difficulties

- 1. Very political**
- 2. The decisions are made by the Ministry of Finance**
- 3. The decisions and the processing take a long time (2 years) & the people and decisions may change.**
- 4. The endowed foundation is usually set up for the whole NGO sector, and this requires a lot of consultation between the NGOs in the Southern country to agree on the setting up of the Foundation, and the Governance of it.**

However - it has been done by Germany, Canada, USA, Switzerland, France, and Belgium, and it has created new funds for NGOs in Philippines, Bolivia, Zambia, Jamaica.

STRATEGIES FOR RESOURCE MOBILIZATION

A: CREATING NEW WEALTH

4. Micro-Credit Programs

MICRO-CREDIT PROGRAMS

In theory NGOs offering micro-credit programs can have two results:

- 1. They offer “cheap” credit to micro-entrepreneurs which enables them**
 - to be self-employed,**
 - to create/sell goods or services,**
 - to gain income which they did not have before,**
 - pay off debts which were crippling them, and make a better life for themselves and their families**

- 2. They create a new income for the credit providing agency as the credit is repaid with interest. This income can be used by the NGO for its other work.**

Usually the credit providing NGO starts with a grant from a development agency which it then uses as a revolving loan fund. Even with the best NGOs this usually allows the NGO to cover its costs of administering the credit, and a few programs connected to the credit program, like training.

ADVANTAGES AND DISADVANTAGES

Advantages

- 1. Loans given on good terms to the poor show excellent repayment rates**
- 2. If the credit operation is cost effective and efficient, it is possible to make a profit from lending money**
- 3. Poor people are prepared to pay interest rates which allow the NGO to make a profit, providing the credit is available, flexible, in the amounts they want, and has acceptable repayment rates.**

Disadvantages

- 1. It only works if the NGO is very professional about its business**
- 2. It has to comply with the law**
- 3. The NGO must keep to its mission, and not simply run a business.**

MAKING A LARGER INCOME

The only way of making a considerably larger income (rather than just covering your costs) involves:

- 1. Reaching the stage where the NGO can obtain new finance for expansion. This will probably mean “buying” money from banks or finance institutions at market rates.**
- 2. Taking in savings (separately from savings which are attached to the lending program). This requires new legal qualifications, framed to protect customers from crooks.**
- 3. Being very efficient and cost effective in running your credit operation as you expand to areas beyond your original working area.**

KEY ISSUES - AS YOU MOVE FROM A CREDIT NGO TO A FULL FINANCIAL INTERMEDIARY

- 1. Savings**
Whose savings will you take? What protection will you have to offer?
- 2. Interest Rates**
Will you keep them at existing commercial rates, or go higher? Will you exclude some of your poorest customers?
- 3. Group or Individual Lending?**
Will you continue lending to groups with group collateral - or will you start lending to individuals?
- 4. Legal Identity**
Will you change your legal status to a bank, accepting deposits, offering lines of credit?
- 5. Borrowing Money**
Will you be able to borrow money to finance your operations at the going rate, rather than wait for donors to give you a grant?
- 6. Mission**
Will you lose your mission - which is to help poor people employ themselves?

STRATEGIES FOR RESOURCE MOBILIZATION

A: CREATING NEW WEALTH

4. Social Investment

SOCIAL INVESTMENT

This involves the creation of funds which are available to make loans to those concerned with social issues and who normally would not be able to get bank loans.

Such social investment funds come from people who are prepared to lend their money (and who want their money returned with interest) but are not investing their money with the prime purpose of maximizing their income from interest.

It requires a competent and efficient but mission driven organization on the one hand, and a set of interested investors on the other.

Social investment funds allow a NGO to move from dependence on grants to running their own business.

EXAMPLES OF HOW SOCIAL INVESTMENT FUNDS CAN BE USED:

- 1. Housing for people with no collateral**
- 2. Venture capital for small businesses that cannot get bank loans**
- 3. Insurance for poor people**
- 4. Bridging loans for marketing**
- 5. Loan Guarantees**

INAISE - the International Association of Investors in the Social Economy:

intermediary organizations which are able to harness investment for social rather than private benefit.

