

Module 1: Basics of local fundraising

Summary
This module introduces several different reasons why local fundraising is important for an organisation.
Why
When CSOs increase and diversify their income they become stronger and more autonomous.
What you can expect
<ul style="list-style-type: none"> • The motivation of persons in Brazil, India and Kenya for developing a good strategy for local fundraising. • A presentation on aspects of the need to diversify sources of income.
Knowledge and Skills
You will learn key reasons for raising funds locally and map the actual and the desired financial situation of your organisation.
What you get
Know how:
<ul style="list-style-type: none"> • various reasons for starting with local fundraising
Exercise:
<ul style="list-style-type: none"> • a quick scan where your organisation stands in relation to diversifying its sources of income
Level & duration
Beginners level, 30 minutes

Table of content:

1. Why raise Funds and Mobilise Support Locally?
2. Quotes and videos
3. Need to diversify sources of income
4. Examples
5. Exercises

Why Raise Funds and Mobilise Support Locally?

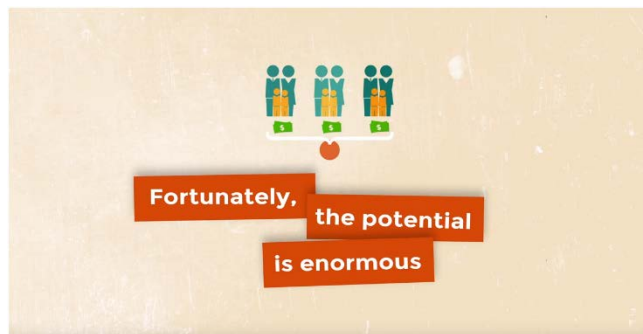
Video: Actual sources of income and your future ideal

The text spoken in this video:

The world is changing rapidly. So is the worldwide landscape of development aid. International funding to civil society organizations in the global south is changing and in many cases decreasing. The threats are many. The need is clear.

Aid agencies are changing their thematic and geographical focus. There is large-scale withdrawal of grants to emerging economies like India, Brazil and South Africa. At the same time the pressure on civil society is increasing. It's space to operate as an independent development actor is diminishing in many places. Local fundraising contributes towards a greater sustainability of organizations to fulfill their mission and vision. It results in less dependency on one donor or funding source, less vulnerability to pressure from government, deeper relationships with the community, a greater sense of ownership and pride and it builds trust.

This leads to greater autonomy, more freedom and more equality. Fortunately, the potential is enormous.



The potential for domestic resource mobilization in cash, in kind and in volunteer time is rapidly increasing. To start with: middle classes in countries like India, Brazil and Kenya are growing and are becoming an increasing

source of income and other forms of support for CSOs. Emerging economies are surging ahead in giving for example more Indians donate money to charity in a typical month that anywhere else in the world. Brazil ranks number eight in total number of people giving money to charity. Kenya ranked 33rd out of a 135 in the world giving index. You could say that Kenya already has quite a strong giving culture.

India has surpassed the USA with as many as a hundred and fifty seven million people volunteering in a typical month and has first ranking.



Brazil ranks nine in terms of the number of people volunteering.

The size of the middle class in India is comparable with the entire population of the USA which still is the most important market for fundraising worldwide.

Countries like India and Brazil are moving from being recipient countries to becoming donor countries.

Also, in emerging economies the corporate sector is booming.

More and more companies take their responsibilities towards society through corporate social responsibility.

Therefore, companies are also a growing potential source of income for NGOs. In India for example, the law requires large companies to spend at least two percent of their net profit on corporate social responsibility and in Brazil corporate giving has been growing constantly over the past few years. In addition, new technologies and particularly social media offer new exciting low-cost ways for advocacy, involvement and fundraising. Social networks are effective tools for CSOs to involve donors and the public. And, as traditional methods for sharing but also new programs have proven, more people themselves often also have a possibility to contribute.

To summarize:

There is a great need to mobilize local resources with understanding of the local context and knowledge of the potential support base. There are also good opportunities for mobilizing local resources in cash, in kind and in time.

The location of the video:

<https://youtu.be/kLrt3yDs9h8>



Stories of change: the impact of raising funds locally

Don't take our word for it: hear what others like you have to say!



Mwachi Tatwa, director Hongera Foundation – Bungoma

“Many international donors are now winding up their projects. Embrace the challenge of local fundraising.”. [\[video\]](#)



**Viviane Hermida
Project Advisor, CESE, Salvador de Bahia, Brazil**

Local fundraising is key in this process because it is about convincing middle class people that they could help to solve the problems that Brazil still has.



**Janet Mawiyoo
CEO, Kenya Community Development Foundation (KCDF), Nairobi, Kenya**


It's the right thing for Kenyans to stand up and begin to be accountable for putting resources & money where their hearts are. [\[video\]](#)

Need to diversify sources of income

This presentation shows the need to diversify. It speaks of different levels and sources of income, finding the right funding mix, income balance and minimising risks.

Powerpoint video: **Need to diversify**

Maybe you have learned that getting all your money from one source is an enormous risk.



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Slide 1: **Maybe you have learned that getting all your money from one source is an enormous risk.**

When you think about starting with local fundraising one of the first questions you ask yourself is: why would I start doing this? And the major reason to do so very often is that you are seeking to increase your overall income by tapping into new sources of income. Maybe you have already learned in your daily realities that your income has suddenly declined, for instance because a grant has not been renewed. So if one of your income sources goes down in a major

way, then your entire project budget goes down.

This has taught you that getting all your income from one source or just a few sources sets you at quite a big risk. Because the result may be that the projects that you want to develop and want to implement may possibly not take place.

Slide 2: **What is your funding mix?**

In the previous screen you looked at your own income pattern or, as we would call it in fundraising, your funding mix. It is interesting and important to know what your funding mix looks like.

What is your funding mix?

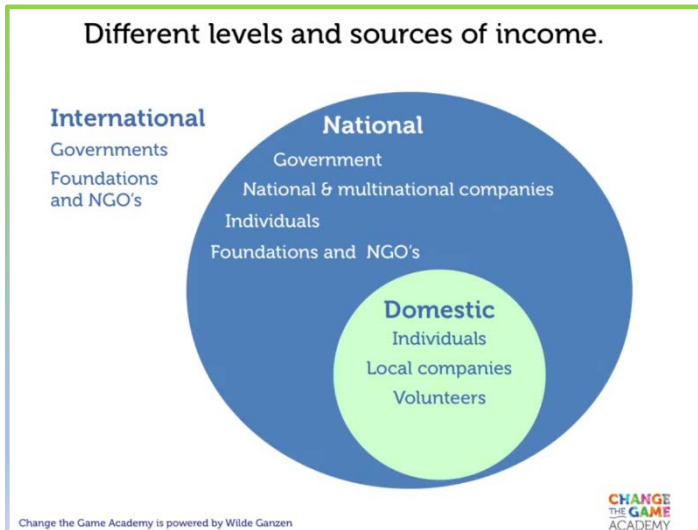


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Slide 3: **Different levels and sources of income.**

You have seen that there are several sources of income, and also different levels. You have the international level, where sources can come from abroad. You have the national level and the domestic or regional level. And in each of those levels money can come from different sources. So looking at the domestic level it can come from:

- . individual donations – individual donors who support you with one off donations or ongoing donations;
- . local companies
- . volunteers who give you their time.



On the national level you can receive income through the government, through corporations, again through individuals and of course there may be foundations and ngo's who support your work. And at the international level it may be governments again , but then from abroad, from other countries. It may be foundations again, international foundations and ngo's and it can even be supranational sources, like from the World Bank for instance or from the EU.

Slide 4: **Finding the right funding mix.**

Manage your risks.

Avoid being overly dependent on any single source.

Build a balanced mix of income sources in your fundraising strategy.

We may conclude that finding the right funding mix is a key goal for every fundraiser. The right balance can be slightly different for each individual organisation, but in general, you should try and minimize your risks. You do that by avoiding to become overly dependent on one income source. If you have 70% coming from one source of income you know that you are running a risk for a stable and sustainable future income. Balancing your income sources evenly is an important strategy to mitigate these risks and to secure a solid and healthy foundation for your funding towards the future.

Finding the right funding mix.

- **Manage** your risks.
- **Avoid** being overly **dependent** on any single source.
- **Build a balanced mix** of income sources in your fundraising strategy.

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The location of the presentation:

<https://youtu.be/MgiWEMCrJZO>

EXAMPLES

Inspiring case

Local fundraising might be easier than you think. Look at these two examples to get inspired for your own cause.

Example 1: Rent a Tent Uganda

Main characteristics

Fundraising method	Rural/urban	Net fin result (€)	ROI	Time investment
Beneficiary contribution, Sales of services	Urban	7,705	inf	

Organisation	Elisabeth Namaganda Foundation
Type	NGO
Suitability	Slightly experienced
Country	Uganda
Funding needed for	Help me to school programme - payment of school fees
Period of action	Ever since the late 90's
In-kind donations raised	
Types of donations	Proceeds of tent hire and car parking
Types of donors	The general public (tent hire), master students (car park)

Summary

The Help Me to School Programme is one of the programmes run by the Elisabeth Namaganda Foundation in Kampala. It provides school fees to underprivileged children for primary, secondary and vocational training. For the replenishment of this fund the Foundation formerly depended on their Dutch partner, who raised funds for them in The Netherlands. In order to reduce the financial burden of the Dutch partner, Elisabeth Namaganda in the late 90's started a party tent project. On the beautiful, well-kept campus of the Uganda Catholic Management & Training Institute, walled and with a guard at the gate, people from Kampala can hire the available party tents during the weekends. They are used for weddings, graduation parties, family get-togethers, funerals, church services, etc. The operation is run by the students themselves, who earn some pocket money. On a nearby plot a parking lot has been developed in 2013. Master students, who are often already working and come from far, can leave their car on this guarded plot. They pay their parking fees, together with their school fees. The first gains will be used to create a car wash, small shops and snack restaurants near the entrance of the parking lot.

Tips and lessons learned

1. This action is cheap to manage and easy to supervise.
2. Challenges are minimal e.g. overstay in the sun - sunshine fades the tents colour.
3. The poles are heavy for those raising the tents and sometimes problems occur when the party exceeds the required time to end (10.30 PM).

Review by Wilde Ganzen Foundation

This is an inspiring example of how an organisation can offer paid services in order to cover part of their project or programme costs, thus reducing donor dependency. In 2014 44,7% of the entire budget was already raised locally. A strong point in this example is that the students who benefit also work in the income generating project.



Exemple 2: Safety and education

Main characteristics

Fundraising method	Rural/urban	Net fin result (€)	ROI	Time investment
Community contribution, Sales of products	Rural	13,101	19.8	150 days

Organisation	Nkoilale Community Development Organization (NCDO)
Type	NGO
Suitability	More experienced
Country	Kenya
Funding needed for	The construction of two feeder schools in Nkoilale village
Period of action	1st June - 31st October 2012
In-kind donations raised	Goats for the auction
Types of donations	Individual donations during a public fundraising event, known as Harambee / proceeds of a sheep and goats auction on the same day
Types of donors	Beneficiaries, politicians, community members in general, corporates based in the region

Summary

Nkoilale Community Development Organization (NCDO) organised a public fundraising event and a livestock auction to raise sufficient funds for the construction of two schools in Nkoilale village.

Having a school in your own village reduces the risk of encounters with wildlife for young children who otherwise have to walk long distances to the nearest school, often crossing feeding corridors of wild animals.

Tips and lessons learned

Community projects require proper planning, patient and active involvement, wide consultation and recognition of all stakeholders involved directly or indirectly.

Approaches to community work should be people-centred, not leader's favours.

Identify potential conflict and risk, share out and develop a resolution mechanism as well as available options and strategies to address.

Review by Wilde Ganzen Foundation

This event deserves a compliment for being very well planned. NCDO's board was involved right from the beginning, a special committee to oversee the local actions was formed, meetings were held with stakeholders and community members, and a delegation of elders visited hotels around the Mara National Reserve to secure their contributions on the day of the Harambee. In each of these meetings the problem of the child - wild animal conflicts was made clear and the obvious solution of having a school in your own village was discussed.

A very strong point is that the committee sat down to map out all the stakeholders they wanted to approach and involve, developing a different pitching strategy for each one of them.



EXERCISES

Step 1: Actual sources of income

A vital part of fundraising is understanding the current income pattern of your organisation. The framework below helps you to do so. This understanding links directly to fundraising targets and methods.

Fill in the amounts of the different sources of income for your organisation. Fill in '0' if you do not have any income from a particular source.

NOTE: When following this course online, the numbers will add up automatically, please in this case do it manually.

Name of organisation

Currency

Period*

	Money value	%
Local Community Sources		
Individuals*	<input type="text"/>	
Local companies*	<input type="text"/>	
Other*	<input type="text"/>	
Sub Total		<input type="text"/>
National Sources		
Government sources*	<input type="text"/>	
Individuals*		
National and multinational companies*		
Foundations and NGO's*		
Other*		
Sub Total		<input type="text"/>
International Sources		
Governmental (f.e. European Union)*	<input type="text"/>	
Foundations and NGO's*	<input type="text"/>	
Other*	<input type="text"/>	
Sub Total		<input type="text"/>
Total		100%

*Period	Use your fiscal year, in which you plan, make budgets and report yearly
LOCAL COMMUNITY SOURCES	
*Individuals	People that contribute to your cause that live in your community, city or region
*Local companies	Commercial organisations from your community, city or region
*Other	All contributions that come from your community, city or region, e.g. the county government or city council
NATIONAL SOURCES	
*Government Sources	Contributions from e.g. the Education Department of your county's government when they supply you with teachers
*Individuals	People that contribute to your cause that live outside your community, city or region
*National and multinational companies	Commercial organisations with a national or international reach
*Foundations and NGO's	National charities with international offices
*Other	All contributions that come from within your country
INTERNATIONAL SOURCES	
*Governmental	E.g. the European Union, UNICEF and other departments of the United Nations
*Foundations and NGO's	International charities with offices in more than one country

Step 2: Summary current sources of income

Local community and national sources ... %

International sources ... %

Please answer the questions below.

- Does 70% or more of your income come from international sources? Yes/no
- Do you depend on one or two big donors for your income? Yes/no

If the answer is:

2x yes: The income position of your organisation is vulnerable and it is important to invest in local fundraising and expand your donor base.

1x yes/1x no: Your organisation is on the right track with respect to your donorbase (not depending on one or two big donors), but needs to further invest in local fundraising.

1x no/1x yes: Your organisation is on the right track with respect to local funding sources but needs to invest in attracting more donors in order to become less dependent.

2x no: Your organisation is doing well and has a good basis for growing its income and diversifying its risks to do its work.

Step 3: Future sources of income

Based on your current income pattern how would your ideal income pattern look like in the future?

It is important to develop a fundraising strategy that leads to an optimal mix of local community, national and international sources. The following table can help you define your own ideas about the ideal situation. Make sure that your fundraising strategies are realistic. It does not make sense to target international donors, for instance, if your organisation does not have sufficient track record or scale yet.

Fill in the ideal amounts of the different sources of income for your organisation for the future. (The first column is the same as the one you filled in under step 1!)

NOTE: When following this course online, the numbers will add up automatically, please in this case do it manually.

Name of organisation	<input type="text"/>			
Currency	<input type="text"/>			
	Money value	%	Future Sources of Income	
			Money value	%
Local Community Sources				
Individuals	<input type="text"/>		<input type="text"/>	
Local companies	<input type="text"/>		<input type="text"/>	
Other	<input type="text"/>		<input type="text"/>	
Sub Total		<input type="text"/>		<input type="text"/>
National Sources				
Government sources	<input type="text"/>		<input type="text"/>	
Individuals	<input type="text"/>		<input type="text"/>	
National and multinational companies	<input type="text"/>		<input type="text"/>	
Foundations and NGO's	<input type="text"/>		<input type="text"/>	
Other	<input type="text"/>		<input type="text"/>	
Sub Total		<input type="text"/>		<input type="text"/>
International Sources				
Government (f.e. European Union)	<input type="text"/>		<input type="text"/>	
Foundations and NGO's	<input type="text"/>		<input type="text"/>	
Other	<input type="text"/>		<input type="text"/>	
Sub Total		<input type="text"/>		<input type="text"/>
Total		100%		100%

Step 4: Summary

Here is a summary of your current sources of income and your future ideal.

NOTE: When following this course online, the numbers will be filled in automatically, please in this case enter the sub totals for step 3 manually.

	2008-2018	Future Ideal
Local Community and National Sources		
International Sources		

You could also print one or more copies with an empty column 'Your future ideal', ask colleagues to define their ideal and discuss the result with them. This can help you reflect what is needed.

In order to meet your future ideal income pattern, you have to develop different fundraising strategies that help you achieve this.

In module 2-6 of this course you will learn the basics of effective fundraising that help you to get started. Unfortunately, these are not available in pdf. You need to create a (free) account and follow them online.

Ready to learn more? These are the other modules we offer!

- Module 2: Effective fundraising with individuals
- Module 3: Effective fundraising with companies
- Module 4: Fundraising plan for a project
- Module 5: Action plan for a local fundraising event
- Module 6: Effective fundraising communications
- Module 7: Strong relations with your donors
- Module 8: Develop and improve your website
- Module 9: Effective documentation

You will find them on www.changethegame.org, registering required!

Module 1: Why raise funds locally?

Congratulations, you have reached the end of this module!



My learnings: