Resource Development Training

Module 1: Developing a Resource Development strategy

Ben Small/HelpAge International

Part 1: Introduction to Resource Development →

1.1 What is Resource Development?

1.2 The Resource Development cycle

1.3 Basic principles of Resource Development

At the end of Part 1, you'll be able to:

- Understand what is meant by Resource Development
- Understand the key elements of the Resource Development cycle
- Describe the basic principles of Resource Development

Frederic Dupoux/HelpAge International

Part 2: Resource Development approaches and options →

2.1 What Resource Development approaches does an organisation want to adopt?

2.2 Cooperation in Resource Development: partnerships, consortia, networks and platforms

2.3 Entry points to donor partnerships

At the end of Part 2, you'll be able to:

- Describe a range of Resource Development approaches
- Understand different types of cooperation in Resource Development: partnerships, networks and platforms
- Understand the different entry points for organisations to donor partnerships

Kate Holt/Age International

Part 3: Developing a Resource Development strategy →

3.1 What is a Resource Development strategy?

3.2 Developing a Resource Development strategy

3.3 What information should be included in a Resource Development strategy?

Annex A. Template and completed example for Funding Gap Analysis 2021–23

Annex B. Donor mapping matrix

At the end of Part 3, you'll be able to:

- Describe what a Resource Development strategy is and who needs to be involved in creating one
- Understand what steps need to be undertaken before writing an organisational Resource Development strategy
- Understand the information that should be included in a Resource Development strategy

Jonas Wresch/Age International

Part 4: Other considerations for a Resource Development strategy →

4.1 Resource Development for programme costs and for core costs

4.2 Restricted and unrestricted funding

4.3 Ethical Resource Development

4.4 Evaluating a Resource Development strategy

Annex C. Ethical fundraising policy template

At the end of Part 4, you'll be able to:

- Describe what core costs are and ideas for how to fundraise for them
- Describe what restricted and unrestricted funds are – and the advantages and disadvantages of each
- Understand what is meant by ethical Resource Development
- Describe some methodologies for evaluating Resource Development

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Part 1. Introduction to Resource Development

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1.1 What is Resource Development?

Resource Development refers to the advancement of assets and resources that enable an organisation to function, and work effectively and efficiently to deliver its aims and help achieve its vision.

HelpAge's Resource Development Training Modules will focus on how organisations (specifically Civil Society Organisations (CSOs)) can **strategically plan and raise funds** to become sustainable organisations. The Modules look at how organisations can evaluate their needs, understand their operating environment and resources in order to **develop Resource Development plans and build strong collaborative partnerships with donors**.

It is important to ensure an organisation's Resource Development plans are linked to the organisation's overall strategy and vision. An organisation must be confident in articulating how the funds required are connected to achieving its vision and mission, as well as why they are best placed to do this.

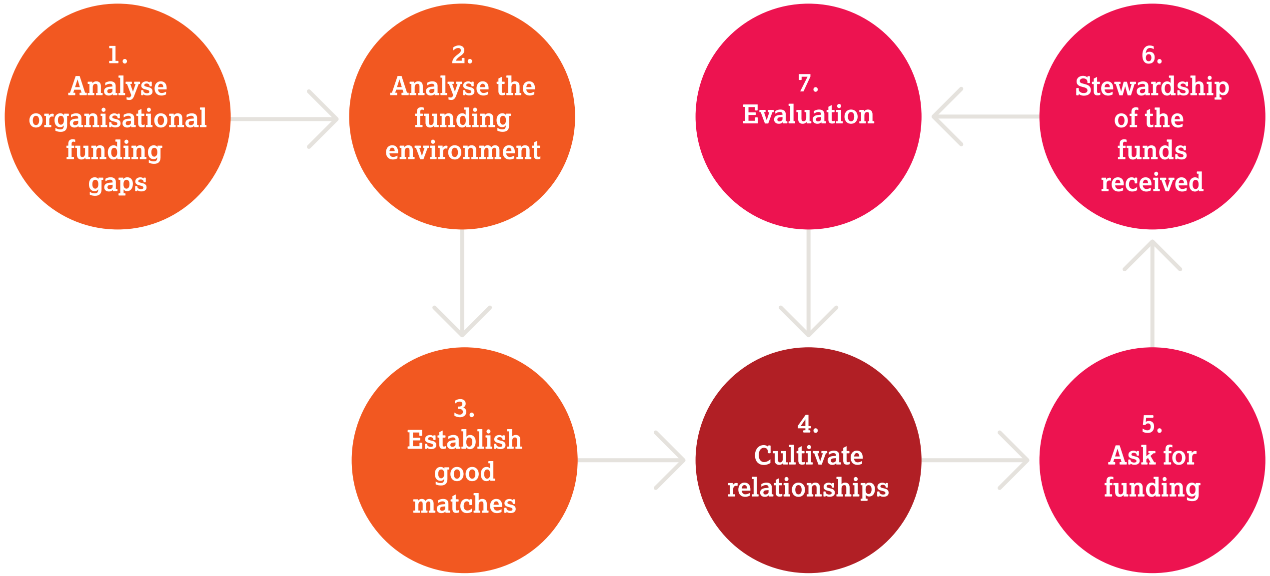
It is also helpful to think of Resource Development as **'friendraising'** (rather than fundraising) as relationships are at the heart of Resource Development in any organisation. This is true not only of relationships with individual donors, but also of representatives of large institutional donors. The more a donor knows about the work of the organisation and employees personally, the more likely that a relationship of trust will develop, and they will want to invest in a project and the organisation you represent.

Make your motives clear
Ensure your Resource Development plans are linked to your organisation's vision and mission.

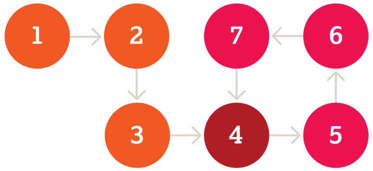
1.2 The Resource Development cycle

For the successful progression of a Resource Development strategy, an organisation needs to take a holistic approach to ensure that it can stand out and deliver for a donor as well as meet its own objective. As such, it is essential for an organisation to gain a clear understanding of the **Resource Development cycle** and how to implement it. This will in turn help map actions, against which activities and goals can be established.

Figure 1: Key components of the Resource Development cycle



Key components of the Resource Development cycle



1 Analyse funding gaps: Organisations need to look forward and project their funding needs for at least the next three–five years. This will involve looking at the funding required to implement the organisation's programmes against income that is already committed from existing donors as well as meet its operational costs/core costs (now and in the future). This step is important to give the organisation a sense of the funding required to achieve its aims. If this step is not completed there is often a tendency for an organisation not to understand what it needs to fundraise for, and react to the agendas of donors, rather than be driven by its own vision and Resource Development strategy.

2 Analyse the funding environment: After analysing funding gaps, the next step is to analyse how the organisation will meet these gaps from diverse sources.

Questions to reader: Organisations need to research donors and ask themselves the following questions: What are the possible donors in country, or outside the country that may be interested in supporting the organisation's cause and work? What are the trends among these donors and how is the organisation best placed to meet these?

This information is sometimes difficult to find and analyse, but it is essential to put time and resources into this stage of the cycle.

3 Establish good matches: Explore linkages with the donor's interests and strategy – and the organisation's interests and strategy. *More information on this and how to cultivate donor relationships is covered in Module 4.*

4 Cultivate relationships: Build relationships to engage with prospective donors. This can include:

- Developing an engagement strategy for the donor with specific focus areas and actions – what areas of cooperation could be of interest to the donor – policy?, technical cooperation?, Resource Development?
- Developing partnerships with potential implementing partners or coalitions on the ground may support efforts to be included within wider donor interests.

5 Approach donors and ask for funding: This could be in the form of a concept note, proposal, Expression of Interest (EOI) or a direct request (i.e. a letter requesting funds). *Information on developing proposals and concept notes is covered in Modules 2 and 3.*

Once a request has been submitted to the donor – organisations can add this to a pipeline of projects which acts as list of Resource Development requests submitted and also save the funding asks/proposals to a pipeline of projects to 'market' to other donors – so that when an organisation finds a good donor match they have something ready to offer to the donor.

6 Stewardship: Once a contract has been awarded, the organisation has a duty to manage the funds. This will involve implementing the project and using the funds in line with the contract; updating donors on the progress of the project – through reporting and showcasing the impact made. Stewardship is important and supports the cultivation of donor relationships.

A lack of stewardship of donations is the main reason why two-thirds of CSO donors do not continue to fund an organisation.[1]

7 Evaluation: The evaluation of a Resource Development strategy provides an opportunity to review the impact of the actions taken and reflect on what has worked and what has not, and learn lessons for the future. *More on the evaluation process is covered in Part 4 of this Module.* →

All seven components are important in developing and implementing a successful Resource Development strategy, and each component demands resources of an organisation – primarily the time of staff (or Board Members/volunteers).

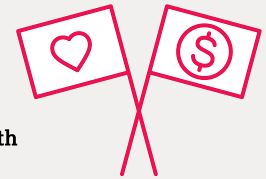
1.3 Basic principles of Resource Development

Basic principles of Resource Development that organisations should consider

- **Ensure your resourcing requests are consistent with your mission and values** as you are raising funds in order to implement your programme strategy.
- **Understand the donor's priorities** and show how your project aligns with and contributes to their strategy and goals. To do this, you need to research the donor, their history, priorities and who else they have funded.
- **Understand how your organisation's work is connected to and supportive of broader national or international objectives.** Have a good understanding of national policies and priorities, and how you can relate your work to ensure these are delivered, as well as how they relate to global policy developments such as the Sustainable Development Goals (SDGs). You will need to not only understand these but also demonstrate how your organisation's work contributes to achieving these.
- **Showcase your organisation's areas of expertise,** especially around the rights and needs of older people, ageing and inclusion. Ensure others have an understanding of the work your organisation does, how important your work is, and how you are best placed to work with and for your beneficiaries, as well as how your organisation's work can also contribute to achieve the overall objectives of the donor, and where relevant, national/global policy frameworks.

Engage effectively with donors

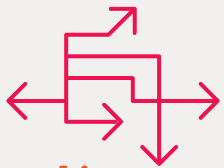
Not with an open hand, but with an invitation for partnership.



- **Build relationships** based on shared areas of interest with donors (including technical staff) and communicate with a personal touch.
- **Share your news.** If your organisation or the issue you are working on is in the news for some reason – take advantage and use the free publicity to engage with donor, build a relationship and raise awareness.
- **Brand and reputation.** The public reputation of an organisation is crucial; you can build your credibility by engaging in a particular area – such as policy work or technical work on older people and ageing or working directly with older people. Media work may also be crucial and can be positive in supporting to build awareness of your brand – but engaging with the media can also be risky if there is an anti-CSO agenda in your country. It pays to invest in good media relations (invite them to see your organisation's projects and understand your work). Anyone associated with your CSO (staff, board members, volunteers) are ambassadors for the organisation, and need to be aware of the importance of what they say and do and how it will reflect on your CSO. Reputations are difficult to build, but easy to destroy.
- **Retain donors.** This is more cost effective than recruiting new ones. Ensure accountability mechanisms are respected, you engage donors and that donor reports are high quality and submitted on time.
- **Be organised!** Keep a good database both of donors and your projects pipeline.
- **Be accountable and say thank-you!** It makes a big difference – never take donors for granted – they have many alternatives to you!

Qualities of a successful fundraiser[2]

- **Passionate, confident and creative:** A fundraiser must believe in the cause they are supporting or are raising funds for and understand how a donor's money will transform lives for the beneficiaries they are working with. Be creative and constantly willing to learn about new ways of connecting with people, asking for what is needed and explaining why.
- **Story-telling craft:** People love hearing stories of transformation in the lives of others, rather than just problems they face. While it is important to explain the cause, it is actually the hope of 'bringing about the change' that makes a donor listen and engage. Develop short attractive case studies to support with engaging potential donors.
- **You know what to ask for:** Understand the cause and the work of your organisation completely. Be aware of the resources (funds or technical expertise or partnership for an event etc.) required, and for what purposes. Be prepared to answer the donor's queries about how you are going to make use of the resources you ask for.
- **Humility and honesty:** Be humble while sharing the work and successes of your organisation. It is always best to be honest rather than misrepresenting facts or providing incorrect information.
- **You understand the donor:** You undertake meticulous research about the donors you are approaching, and understand their requirements, portfolio, and business values too. Prior to approaching a donor, you conduct a detailed planning exercise with mapping of potential donors. You know how to make a business case for your proposal, whilst also making sure it meets their expectations and fits into their business ideologies.
- **Belief in networking:** Raising funds involves engagement in all directions and it entails reaching out to people who matter and building good and strategic relationships with them. A fundraiser needs to understand the importance of networking, building relationships and maintaining regular and meaningful communication with donors and prospective donors too.
- **You are a go-getter:** You set goals and targets for yourself and your team, with the focus on end results. While you know that it is not just your efforts which will bring in the funds but many other factors also come into play, you acknowledge the fact that Resource Development is a skill to be acquired, and you diligently work towards mastering it!



Belief in networking

Raising funds involves engagement in all directions with donors and prospective donors.

Challenges of Resource Development

Some of the current challenges to Resource Development that should be considered include:

- **Increasing competition:** In most countries there is an ever-increasing number of CSOs looking for resources. But the size of the 'resource pie' is not necessarily increasing and donors are becoming more cautious about investments.
- **Shrinking space for civil society:** Despite the increasing number of CSOs, many governments are making the operating environment more difficult. This creates uncertainties and therefore planning for the future is more difficult.
- **Unpredictable funding:** Donors generally do not commit to long term funding. There are exceptions to this but commitments of over three years from a donor are becoming rare, and funding now concentrates on delivering short term projects. Organisations will need to design and develop programmes in line with their overall aims to help achieve impact and sustainability required.
- **Increasing donor demands:** Every recipient of funding has to be accountable for what they receive and spend. But the demands of some donors in reporting can be very burdensome. It is important to understand the contractual obligations and ensure organisations have the systems in place to meet the donors' expectations.
- **Funding Resource Development:** Resource Development rarely happens without investment, even if it is small scale time investment of one person asking for funds. Small organisations cannot often afford to invest large sums of money or staff in Resource Development, so the strategy has to take this into account and they have to plan accordingly. Sometimes it might be prudent to do joint Resource Development with other organisations – though due diligence assessments and a relationship of trust needs to be in place first.
- **Brand and reputation:** Organisations need to spend time building up their brand and reputation to support with their Resource Development efforts.

Azzam al-Zubairi/DEC

Endnotes

1. Donor Centred Fundraising – P. Burk
2. Adapted from Funds for NGOs

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Part 2. Resource Development approaches and options

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Part 2. Resource Development approaches and options

This section outlines the different types of Resource Development approaches to consider when developing a Resource Development strategy.

2.1 What Resource Development approaches does an organisation want to adopt?

Ideally, CSOs should never rely on just one form of Resource Development, however lucrative or secure it may seem at the time. When dependent on just one source of income it significantly increases the financial risk faced by an organisation. Having a balanced mix of different income streams is essential for stability, resilience and sustainability. Creating the right mix of income sources is also a major factor in encouraging other donors to contribute to a cause, especially over the long term. Major grant making organisations, corporate business and increasingly individuals will be reluctant to contribute funds to a CSO if the organisation is too reliant on a single type of income that could end at any point. A healthy mix of income sources reduces the likelihood of financial collapse and also encourages donors to invest more in an organisation than they might not otherwise do.

All organisations are different and operate in their own unique environments, but a general rule is **if any income streams account for more than 30% of the total income there is a potential risk**. The theory behind this rule is that CSOs give themselves a better opportunity to adapt without significant consequences if they suddenly lose 30% of their income, but if they lose much more it becomes exceptionally difficult to survive in a meaningful way.

The options available can be very contextual and may not be available in every country. There are sometimes legal or cultural constraints that prevent a particular method being used. With these issues in mind, each CSO needs to undertake a context analysis and identify the different types of income that it wishes to target and for what area of work.

For further information on some of the approaches more popular with HelpAge global network members, see Module 5.

Grant income from institutions such as bilateral donors, multilateral donors, commercial contracts

Grants are normally sums of money that are designed to fulfil a specific CSO need or implement a specific project. Support for development projects is normally secured by an application process to a grant making organisation that details what your CSO plans to do, how it will do it, what difference it will make and how much it will cost. Grant applications vary from just a short, unsolicited letter through to much larger and more demanding, technical and multi-stage proposals than can take up to two years to generate a result. Grant income is often targeted by CSOs due to the size of contributions which can kickstart new projects, support to purchase equipment and generally provide a large financial injection into the organisation. Due to the significant sums involved, most grant opportunities are oversubscribed with rival competition meaning that a significant amount of work and skill is required to be successful.

International NGOs (INGOs)

INGOs operating in low and middle income countries are often looking for local partners to work with and help implement projects.

Tasks for reader: Explore which INGOs are operating where your organisation works and the areas of work they focus on.

By partnering with an INGO, a CSO can start implementing a collection of projects that reach beneficiaries, build up the CSOs reputation, as well as bring in a source of income, whilst the INGO takes on some of the administrative burden of donor compliance and reporting.

Corporate

Corporate funding comes in a wide variety of forms with the biggest being corporate grants, employee fundraising and gift matching. Throughout the world more corporations are investing in Corporate Social Responsibility (CSR) and ensuring they meet Environmental, Social, and Governance (ESG) standards. In some countries such as India, CSR is enshrined in law. Similar to funding from grant making organisations, **securing corporate support can be extremely competitive and generally it is best to approach companies that your organisation has a synergy with**. For example, a company that specialise in products (such as spectacles) and services for older people (assistive devices) are more likely to support a cause related to older people.

Sponsorship is another option for CSOs who can include a company's name on a building, vehicle, promotional materials or some other form of recognition in return for their support. HelpAge India teamed up with IEX as part of its CSR programme to sponsor HelpAge India's mobile medical vans and this included having their logos on the vans for the period of partnerships.

Trusts/Foundations

Trusts and foundations are generally organisations with private, sustainable income. They make grants to support individuals and other charitable organisations. The type of funding they offer can differ for different trusts and foundations, but can include capital funding, to core or project funding. Examples include Bill and Melinda Gates Foundation, The National Lottery and The Wellcome Trust.

There may be trusts and foundations where you work that offer grants. In the UK, USA, Canada and Europe HelpAge's Supporting Members (HelpAge USA, HelpAge Germany, HelpAge Canada and Age International) will share funding opportunities with HelpAge International who will circulate these with HelpAge network members.

Major individual donors (sometimes called High Net Worth Individuals – HNWIs)

A number of CSOs owe their existence to just a single individual who has either provided seed money or repeat injections of funding to support the organisation's activities. Some individual donors will be sufficiently invested and supportive of an organisation's mission as well as having the financial means to make significant contributions. Attracting and nurturing these individuals involves a different approach to smaller public donations or institutional donors, with a greater investment required in building up a strong relationship, including requiring the organisation to invest in one-on-one time to secure major gifts, often over several months or years.

General public

For many CSOs, especially in the developed world, individual donors have long been and continue to be the greatest source of funding available. This is also common in countries with an established record of philanthropy. CSOs in India for example have reported that 75.7% of them receive much of their income from individuals whereas just 24.3% reported that they receive the bulk of their income in the form of grant funding. Individual donors can be targeted in many ways and may be a less intensive form of Resource Development depending on the context. It also allows a more personal approach to be taken with key messaging around ageing and older people tailored to the specific target group.

Methods of public Resource Development:

1. Face to face fundraising

F2F as face-to-face funding is known, can be a cost-effective way for CSOs to find new donors to their cause but is not appropriate in every country context. This type of fundraising is characterised by a representative requesting a donation either on the street, in shopping centres, at events and by visiting people's homes. Either one-off donations or regular gifts via credit cards can be solicited with the former often generating a better response and the latter offering greater returns over the long term. This tactic demands the ability to sell the benefits of your CSO quickly and powerfully as the window to secure a donation is limited. CSOs will need to have a clear pitch of what their cause and mission are and how the funding will help achieve this.

2. Online fundraising

An ever-increasing number of CSOs are turning to the internet to raise funds to support their work. The methods vary hugely from the basic donate button on an organisation's website through to crowdsource fundraising tools such as Kickstarter, Global Giving and Indiegogo. New opportunities are emerging all the time with an ever-greater proportion of charitable income stemming from online sources.

3. Events fundraising

Events are another source of funds for many CSOs. From sponsored runs and selling tickets for gala balls or concerts, CSOs often use events to raise both money and awareness of their work which help them to reach new audiences and attract donors to other income streams.
Often organisations provide further opportunities to donate in other ways at the event, whether through a simple donations box, text giving, auctions, raffles or sponsorship in the event program.
Events can be quite time consuming and there is often competition so CSOs should be aware of what is demanded of them before deciding to raise money through events. It should be noted that events often need payments to be made before it has happened, for a venue for example. Therefore the 'profit' can only be calculated after those costs have been paid – and there is a risk of losing money if not enough money is made.

Social enterprise

Most Resource Development opportunities involve securing a donation to support a project with little or no tangible return for a contribution. However, through a social enterprise, organisations are able to trade and produce products and services at a cost. This is the mainstay of most social enterprises who work to be sustainable by selling something of value. This may be as big as a major service to a government or as small as charity beneficiaries making small but regular contributions to support the organisation who provides services to them. FOPDEV is a great example of a HelpAge network member who have initiated the Buddy HomeCare social enterprise (a volunteer home-based care system for older people in Thailand). Charity shops that sell second-hand goods are another notable example of CSOs using for profit tactics to support their non-profit activities. CSOs may also consider selling services such as training and consultancy (if they have an expertise that others need).

FOPDEV

Campaigns

Fundraising campaigns are conducted to raise a significant sum of money, often for a specific cause, whether it is to provide support in an emergency situation (such as earthquake or flood) or make major purchases such as buildings and medical equipment. Campaigns are designed to encourage both new donors to support the organisation for the first time as well as encourage regular donors to make either additional or larger donations than they would normally. Campaigns can be conducted privately in person or among a smaller selection of targeted donors as well as opened up to the greater public at large.

HelpAge India, partnered with New Delhi Television Limited to support senior citizens, who were the worst hit by the COVID-19 pandemic. The campaign aimed to highlight the physical and mental impact on older women and men and the importance of continued inter-generational bonding, whilst also raising funds to support the most vulnerable.

In-kind gifts

Contributions in the form of goods or professional services can be a great asset to a CSO and operates as a cost-effective way for a business or corporation to offer effective support. Examples of In-kind gifts include a telecommunications company donating either phone handsets or discounted airtime to a CSO. This serves to reduce costs for the CSO and allows them to spend a greater proportion of their income on supporting their beneficiaries. Another example could be a lawyer who is willing to give free legal advice. Free gifts could come in any form and could include gifts for the organisation (such as office furniture) or gifts for the programme (such as free medicines). In any of these cases, the CSO will need to check if there are any conditions attached (like promoting the company's products in project materials) and assess if this is an acceptable price to pay. For In-kind gifts, an organisation will need to be comfortable that these are allowed under the CSOs ethical Resource Development policy/guidelines *(see part 4 of the Module →)* and relevant national legislation.

2.2 Cooperation in Resource Development: partnerships, consortia, networks and platforms

It is important that a CSO considers partnerships, consortia, networks and platforms and how they will plan to work with others when developing a Resource Development strategy as they may enhance (or hinder) the ability to attract funds from donors.

a. Partnerships may be with implementing agencies, or agencies giving technical support. An organisation may either be the senior/lead partner or the junior partner. In most instances, the senior/lead partner will have direct responsibility for donor accountability and lead on donor engagement. The junior partner may see the senior one as the 'donor' and the relationship is often defined by a sub-contract i.e. the senior partner has a contract with the main donor; and in turn they will sub-contract the junior partner. As junior partners will often not hold the donor relationship they should ensure that they have a trusted relationship with the senior partner, and are clear with them on what they are able to deliver and the resources required to do so.

b. Consortia are where there is more than one partner **i.e. a minimum of three organisations**. The contractual arrangements often vary, but like partnerships there is often one lead agency (sometimes called the 'prime') and others who have a sub-contract (sometimes called 'sub'). HelpAge network members are often the 'partners' or 'subs' bringing expertise in older people's rights and ageing into a consortia. Consortia can be complex and time consuming as there are many relationships to manage. But donors increasingly like funding consortia as they can pass much of the contractual administrative burden to the consortia lead and cover a wider range of beneficiaries for increased social impact. **As ageing issues are often still seen as a niche area of work, there may be more opportunities for smaller CSOs to work in consortia and offer technical knowledge and expertise of ageing and inclusion issues (e.g. disability, gender and other intersecting characteristics)**.

c. Networks and platforms are usually **a group of organisations with a common cause**. The network may be a formal or informal group of organisations that share information, support each other technically, or do joint advocacy. Platforms are similar but would have a focus on advocacy around a defined issue(s). Although there may be some rare exceptions, donors are unlikely to give funds to networks or platforms directly unless they are legally registered as such, since the organisation would need to have the ability to open a bank account. In these cases, it is more likely that one organisation would be appointed the 'lead' and would manage the funds on behalf of the network/platform.

In any of the cases, an organisation will want to explore whether they want to be in the partnership, consortia, network, or platform.

Questions to reader:

In each case, the type of questions to ask yourself include:

- Do we already have relationship with them?
- What value are you adding to the relationship? Be clear on your organisation's role and your contribution to the intended partnership.
- What can they offer to us?
- Do we have common interests? Common values?
- Is there complementarity?

As with any partnership, an organisation will not want to formalise it until it is satisfied that it will be comfortable in it and that there is enough trust to make it work. The level to which this 'due diligence' (investigation and research into the organisation) is taken will depend to some extent on the resources, and on the level of risk the organisation is willing to take.

2.3 Entry points to donor partnerships

Most donors like to think that they are more than givers of money. They have their own policy related agendas and want to ensure that their funds are used for effective social impact. Therefore, the entry point to developing a relationship with a donor is often best not by asking for money, unless responding to a specific grant or funding request. Many donors (especially the institutional donors) may be more impressed if they know that your organisation can also contribute to their own knowledge of a particular topic. For example, a UN agency may have a strong interest in social change but may have little knowledge of the situation of older people, especially in parts of a country where they rarely (if ever) visit.

It can therefore be a good 'entry point' to engage with a donor at a technical and/or policy level by offering your knowledge of the situation of older people and their rights and experiences. This may take the form of a one to one meeting, or sending them your latest research report, or inviting them to your forum, or inviting them to visit the villages where you work, or any other method that they find convenient to learn more about older people. The key is help them understand what issues older people are facing, and how they can support.

Often receiving a small grant from a donor leads to opportunities to engage with them on policy issues, or leads to a greater degree of technical cooperation and possible future funding.

In this way, the entry point to accessing donors could be through any one of these three spheres – funding leads to influence, technical programme cooperation leads to policy dialogue and policy engagement leads to funding.

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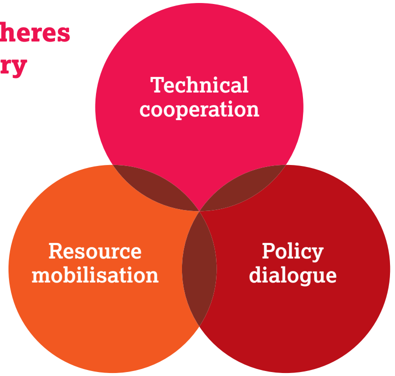
Figure 2: Spheres of donor entry



The main point to note here is that it is not always appropriate to dive into the relationship and ask for money straight away. It can be more prudent to establish common ground based on policy and technical issues, and find out where your organisation can really add value, really contribute to support the donor in fulfilling their mission (whilst at the same time fulfilling your organisation's).

Some examples of entry points and donor engagement opportunities are detailed below *(these will be covered in more detail in Module 4)*. It is worth looking down these 11 examples of donor engagement since you may be able to build some of these into your Resource Development strategy.

Figure 3: Entry points

Technical cooperation	Policy dialogue	Resource mobilisation
Learning and exchanges	Joint advocacy and communication	Fund management
Joint programmes	Research evidence for policy debates	Grants, tenders and cooperative agreements
Knowledge management	Shared policy platforms	Building the capacity of partners for resource mobilisation
Norms and standards	Issue specific engagement	

Additional resources

A guide to different types of fundraising: Pros and cons:
https://donorbox.org/nonprofit-blog/different-types-of-fundraising/

NCVO specialist guides to safeguarding:
https://knowhow.ncvo.org.uk/safeguarding/checklists-training-and-other-support/specialist-guides/safeguarding-for-fundraising-managers/types-of-fundraising-and-associated-risks

NCVO The 10 stages of consortium development:
https://knowhow.ncvo.org.uk/organisation/collaboration/consortia/the-ten-stages-of-consortium-development

Kate Holt/Age International

Part 3. Developing a Resource Development strategy

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Part 3. Developing a Resource Development strategy

Part 3 of this Module focuses on why a Resource Development strategy is important to guide an organisation's Resource Development efforts and focuses on the steps that need to be taken in order to develop and implement a strategy.

3.1 What is a Resource Development strategy?

A Resource Development strategy is a written document that outlines an organisation's plans to raise income and other needed resources for a set period of time.

Why does an organisation need a Resource Development strategy?

A Resource Development strategy is essential for every organisation to:

1. Support fulfil the organisation's mission: A Resource Development strategy enables an organisation to develop a clear plan on how to fundraise to achieve its aims and mission.

2. Survive: Raise funds to cover both core costs of an organisation, as well as specific programme costs.

3. Build a brand and reputation: Beyond seeking funds, a Resource Development strategy allows an organisation to be clear on what they would like to focus on to achieve their mission and helps to outline how they can do this. With a focused strategy, an organisation can start to build a clear image of what it is doing, what it wants to be known for, and develop a brand and strong reputation in delivery of its projects for donors.

4. Increase revenue sources and reduce dependency on donors: An organisation should avoid solely relying on one or two donors for support as there is a possibility that these organisations could withdraw their support at any time. A Resource Development strategy enables an organisation to identify a broad base of donors to pursue, and more potential for securing funding from a wider range of donors.

5. Create a viable and sustainable organisation: Through a Resource Development strategy an organisation can set goals which can be measured and evaluated. This will help an organisation understand what works and enables it to determine what steps they need to maintain their current operations as well as how to grow and expand their operations.

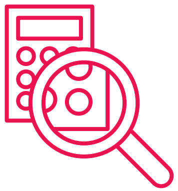
6. Engage and encourage staff and other stakeholders: A strategy and action plan can encourage staff to work together to build a shared vision and understand what they are working towards. It will also help support Trustees understand risks associated with any Resource Development initiatives.

Who needs to be involved in helping to develop a Resource Development strategy?

A Resource Development strategy should be developed by a team (not a single person). Everyone has an interest in Resource Development success, and each team member will bring a different perspective to the discussions. Depending on an organisation's size, it may not have all these specialist roles, but all staff can play a key role in developing a strategy:

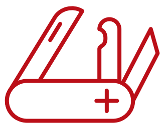
Finance staff

can help with projecting incomes and expenditure. They can also highlight where there will be shortages in core cost income.



Human resource staff

can help with a skills audit and assess whether your organisation has the skills (or can get the skills) for different types of Resource Development.

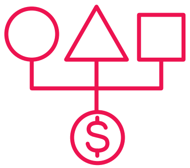


Programme staff

can help with prioritising the work and (with finance staff) projecting budgets.

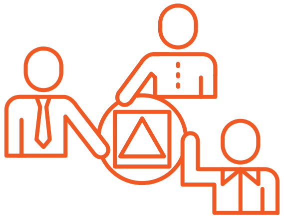
Resource Development/ fundraising staff

can coordinate the process of developing the strategy and lead on developing it.



Senior staff, including management and directors

need to be involved throughout the process to ensure ownership at the highest levels of the organisation and to support with the implementation of the strategy and plan.



Board members

can bring knowledge of the donor market, and context and support with reaching out to donors through existing contacts etc.

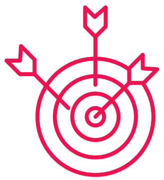
Volunteers or interns

can support with conducting research and analysis.

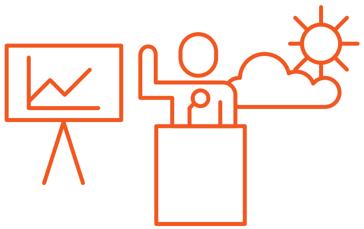
3.2 Developing a Resource Development strategy

Before developing a Resource Development strategy an organisation must think through and understand some key areas to ensure the strategy is appropriate, relevant and proportionate to its size. **It also needs to ensure it meets the objective set – achieving existing funding needs, organisational growth to increase impact, or maybe a specific goal.**

An organisation should consider, analyse and discuss the following four key steps before writing a Resource Development strategy:

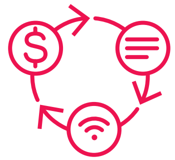


1. What are your Resource Development goals?

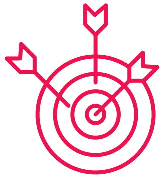


2. What is the context that your organisation is operating in – both internal and external?

3. Which donors are your targeting? – research and donor mapping is key to successful donor prospecting



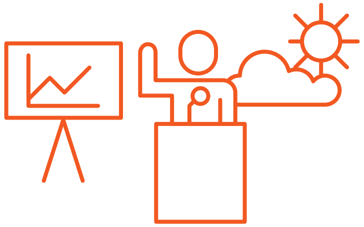
4. What resources can your organisation commit to Resource Development?



1. Resource Development goals

Your organisation needs to be clear about its ambition in line with its mission and vision, and what it wants to achieve through its Resource Development strategy. The focus should be on understanding your Resource Development targets. The following questions can act as a starting point to support an organisation in doing this:

- What funds does your organisation need to raise – How much? For what? By when?
- Does your organisation want to remain the same size as it is now?
- Does your organisation want to grow? If so, be clear on why and by how much per year? In which areas would you like to see growth?
- Are there areas that your organisation is no longer suitable to or interested in working on?
- What is the difference between your organisation's restricted and unrestricted income? What would you like it to be?
- How much does your organisation need to support its core costs?



2. Context analysis – analyse the internal and external environment

A **context analysis** should be undertaken to analyse the environment in which your organisation operates; focusing on both the internal and external environment.

Internal

An organisation must undertake an internal context analysis – to do this, you will need to review the organisation's Resource Development targets as detailed in point 1 *(left)*, whilst also being clear on understanding what the internal situation of the organisation is:

- **Undertake a SWOT analysis within your organisation** – analysing your organisation's Strengthens, Weaknesses, Opportunities and Threats
- **Analysis of the CSO's funding gaps.** It is important to divide the analysis into core costs and programme costs. The programme cost projections should be based on your programme strategy. The gaps identified becomes your Resource Development target. *See Annex A for a Funding Gap Analysis template →*
- **What are your funding needs?** Is it for core funding (to support with your operating costs that do not directly relate to a specific project (e.g. office rent, salary of non-project staff) or is it funds for a specific activity or project. *Part 4 of this Module provides more detail on this →)*
- **Understand the resources** you can commit to Resource Development

External

When creating your organisation's Resource Development strategy, it is essential to consider the surrounding business environment. To do this, you should undertake an analysis of the **Political, Economic, Socio/Cultural, Technological, Legal and Environmental (PESTLE)** situation that the organisation operates in, to gain an understanding of both opportunities and threats that may affect its operations as well as those of the donors and other CSOs that are operating within the country.

Context analysis research will include asking and analysing the following:

P

Political factors

Gaining an understanding of the political environment your organisation is operating in: How stable is the political environment? What political factors are likely to affect your Resource Development operations? What is the government's attitude to Resource Development? Are there any national or international policies which promote the work you do? – specifically looking at age inclusive policies at national or regional level (such as Protocol on the Rights of Older Persons in Africa or the Inter-American Convention on the Protection of the Human Rights of Older Persons) or international policy frameworks such as the SDGs.

E

Economic factors

Economic status of the country in which the organisation operates in: Is the country going through a period of economic growth or decline? How stable is the economy? Also consider whether significant fluctuation in exchange rates or interest rates may have any effect on securing grants from international donors?

Economic trends: Are there any trends which may affect a donor's ability to fund your organisation? – for example if looking at public fundraising – you should investigate whether disposable incomes are rising or falling, and whether they are expected to rise or decline in the future? Or if you are looking at international donors, will they be subject to any additional costs or taxes?

S

Socio/cultural factors

Social trends: Identify current and future giving trends in your country – from governments, private sector and individuals. Are there any specific social and cultural trends that you should consider in raising funds with different groups?

Understand attitudes: What is the public's attitudes to funding charities? How do they feel about ageing issues and your organisation's other causes?

What is the knowledge of the issue your organisation is working on: Do individuals and donors understand the ageing agenda? How can you increase awareness of this amongst potential donors? Are there areas of untapped potential that your organisation could be exploring?

T

Technological factors

Consider any relevant technological trends that are occurring in relation to Resource Development: For example, advances in online Resource Development options are evolving. Are these relevant to your organisation? And if so, how can you maximize opportunities with technological advances?

L

Legal factors

Understand laws and regulations: It is important to know and understand what legislation regulates Resource Development in the country and how this affects the organisation's ability to raise funds. Are there specific restrictions on how money can be raised, especially from the public? Be clear on what you are legally allowed to do. Are there any restrictions to the types of donors that can operate within the country?

E

Environmental factors

Consider the impact of your operations on the surrounding environment or how the environment will impact your operations: Organisations should consider environmental policies they need to adhere to or how the weather/climate will impact how they implement their projects, as well as consider the ethics of supply chains in their environmental analysis. Trending environmental concerns such as climate change and commitments to look at more sustainable resources as part of business operations should be considered as well as specific environmental concerns being raised by the public and others in the country that you operate in.

... These questions will require research and should be used to build an understanding of the context in which an organisation, as well as donors, are operating within.

3. What donors to target and donor mapping

Research into potential donors (both existing and new donors) is a key exercise to enable an organisation to understand the background of donors, their giving history and preferred methods of funding. A donor mapping exercise will support an organisation in identifying the opportunities that a particular donor presents to them and whether they are worth pursuing.

In this section, we will look at some initial questions to consider when undertaking donor mapping but *more details on how to undertake donor mapping and donor engagement will be covered in Module 4.*

Who are your current donors?

It is much more cost efficient to retain your existing donors than to attract new ones. Never take your organisation's existing donors for granted – part of your Resource Development strategy is 'stewardship' and 'cultivation of relationships'. Although the latter had a place in the Resource Development Cycle, in reality the process of developing/maintaining relationships is ongoing. So, whether your current donors are members of the public, or corporations, or large government institutions, these questions will apply to all:

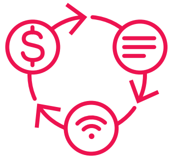
- How loyal are they? What is their history with you? Have they been with you a long time? How long?
- Do you take them for granted? Do you assume that they will always be with you? Is there a danger of complacency?
- How are you accountable to them? Are you giving them want they want such as reports (narrative and financial) and success stories – and are they of good quality? What you give may differ according to type of donor e.g. institutional, corporate, trust, individual. Have you checked with them that they are satisfied with your reports?
- What are you doing to keep your current donors on board? And what more could you do? Better reports? Stories for their publications? Field visits? Meetings? Do you have a clear communication plan? *This topic will be revisited in Module 5.*
- Can you increase funding from current donors? Generally, donors want to start by giving small amounts, but may increase if they are satisfied that their donation is having a good impact.

Who else do you want to target as a new donor?

Donor mapping is key to identifying new donors as it will help you strategise and focus your Resource Development efforts by identifying which donors fit your needs compared to others. By mapping out donors, you should be able to identify:

- Which prospective donors can be explored further? What opportunities are worth investigating and how will these help meet your organisation's aims and vision?
- What are the short term and long-term timelines for these donors? Are they easy wins or will it require longer term engagement plans?
- Do you have any existing relationships or contacts with these donors that you could maximise?
- How will you connect to and reach out to the donor?

An example of a donor mapping matrix to support your mapping efforts can be found in Annex B of this Module →.



4. What resources do you have in place for your Resource Development strategy?

To develop and implement a Resource Development strategy you need to ensure your organisation has resources in place to support your plans. Key areas to consider include:

Organisational systems

- Do you have the **systems** in place to monitor and evaluate your Resource Development?
- Do you have methods in place to **track donations** and report impact even before you seek support?
- **Evidence and documentation:** does your system produce the evidence that you need to demonstrate success? Case studies, personal stories, statistical data, evaluation reports. These can provide the evidence that convince potential donors that their money will be well spent.

Human resources

Smaller organisations often cannot afford to appoint full-time Resource Development staff, so therefore need to be more creative than those who can. It is impossible to guide every organisation in this type of training as initial capacities are so variable, but these are some general issues to consider in developing a strategy:

- **Staff:** your organisational structure should enable you to designate the tasks to people within the organisation as per their capacities and skills. You may also need to invest in developing their Resource Development skills.
- **Board Members:** small organisations often rely on their Board Members to support Resource Development. Some ways in which Board Members can support Resource Development include:
  - **Advocacy:** Board Members may have contacts within the government which can be used for advocacy in support of older people's causes.
  - **Involvement with donors:** Some Board Members, passionate on the cause of older people and their rights, may devote their time freely to engage with donors.
  - **Networks:** Board Members will have their own networks and may be able to connect your organisation to potential partners for implementation, technical cooperation etc.
  - **Diverse expertise:** Your board might have highly knowledgeable people from diverse fields and backgrounds e.g. lawyers who will give free legal advice.
- **Volunteers:** in addition to Board Members, there may be people with a passion for your organisational mission and the rights of older people, who may be willing to support you in Resource Development, even if they are not paid. Some ways in which volunteers could be used include:
  - **Bringing in passion and enthusiasm:** volunteers are passionate people who are contributing their time towards a cause. They often bring a lot of new ideas to the table.
  - **Undertaking research:** volunteers can support in undertaking research and analysis on your behalf.
  - **Spreading the word:** being associated with a cause makes them happy. And most volunteers are happier in spreading the word about a cause they are associated with. This can really work well if you have a campaign or any specific Resource Development events or activities.

- **Multiplying donor network:** this is a much hidden and lesser explored aspect of volunteer fundraising. You might already have a donor network, containing several donors who have contributed to your organisation in past, and some may also be continuing their support. Some of these donors would have been one-time contributors, while some would have been recurrent donors and ardent supporters. Some of these donors can be turned into fundraisers. This could work for example if you were organising a sponsored event to raise funds where these volunteers would help by getting sponsors.
- **Exploring platforms and ideas:** volunteers can bring creative and innovative ideas to communicate impact, success stories and use as a Resource Development pitch. One example may be, students putting up a stall for creating awareness about a cause or campaign, in their college/university.
- **Contributing to other activities as required:** your volunteers are good at multi-tasking, and they possess a lot of skills too. These skills can be beneficial if used. For example, if an accounts person is among your volunteers, you can always take his/her advice about your accounting processes, even guidance and training to your staff.
- Volunteers can also support you in **running events**.

Financial resources

Most donors do not want, and do not allow, their project funds to be invested by you for further Resource Development. In this way, the cost of Resource Development must be covered from unrestricted funds which have not been allocated to a particular cause. These types of funds are scarce, and therefore the question of how they are used is crucial. Even if you have enough to employ a fulltime 'Resource Development Officer' there is still the question of which skills you want that person to have – for example, writing a solid project proposal requires quite different skills to running a public Resource Development campaign. Or you may want to allocate some of your budget in developing a good brochure to give to donors, or to develop an attractive website or social media platform. All types of Resource Development requires a degree of financial investment unless you have Board Members and volunteers who are willing to donate their time and expertise free of cost.

Next steps:

1. Analyse the research and information gathered in the above steps as a team, consider what options are best for your organisation and the best methods to pursue these *(Modules 4 and 5 can support by providing more information on donor scoping and donor engagement, as well as different types of funding opportunities).*
2. Pull the information together from the steps outlined and your discussions to develop your organisation's Resource Development strategy.

3.3 What information should be included in a Resource Development strategy

There is no 'correct' way to present a Resource Development strategy – there is no 'one size fits all'. A small organisation may just need a simple projection of costs and a list of potential donors that will produce an income to meet that level of cost. However, a large organisation may need something a lot more complex. The strategy document is not as important as the process of developing it, i.e. the analysis and discussions that will take place to develop it.

The duration of the Resource Development strategic plan ideally would be the same as your organisational/programmatic strategy. This is logical since you will want to know where the funds are coming from to pay for the programme that you have planned. Typically, this would be for a three–five year period, though it could be longer.

For the Resource Development strategy itself, there is no universal template. The example structure below, captures the essential parts of a Resource Development strategy:

Resource Development strategy and action plan

1. **Introduction** – state the organisation's mission and vision as a reminder of what you are fundraising for
2. **Strategic Resource Development objectives** – outline the fundraising objectives and the period that the strategy covers
3. **Analysis of the current funding position and the funding gaps** – outline the organisation's current funding situation and any funding gaps *(see Annex A for a template for analysing funding gaps which can act as an annex to the strategy →)*
4. **Context analysis** – a summary of the current funding context based on the external and internal analysis (trends, successes and areas for development)
5. **Analysis of funding opportunities** – which mix of donors will you choose and why? *(see Annex B for a template of a donor mapping matrix →)*
6. **Donor cultivation** – present an action plan *(refer to Module 4 for more information)* on how you will develop relationships with selected donors and who will lead on each area/task (this will act as the Resource Development action plan)
7. **Stewardship** – how you will ensure good management and donor accountability *(refer to Module 4 for more information)*
8. **Risks** – outline any risks associated with the Resource Development plan and how you propose to mitigate these
9. **Ethical considerations** – comment on the organisation's ethical policy/guidelines and any donors you will not raise funds from
10. **Monitoring and evaluation** – detail how and when you monitor and evaluate the Resource Development strategy? This should be an ongoing process and you should be able to learn from the different initiatives and the overall plan.

Additional resources

Further reading

How board members can play a role in resource mobilization:
www.fundsforngos.org/ngo-management-resources/board-members-can-play-role-resource-mobilization/

Organizational preparedness for resource mobilization:
www.fundsforngos.org/featured-articles/organizational-preparedness-resource-mobilization/

Fundraising and marketing for CSOs (FHI360):
www.fhi360.org/sites/default/files/media/documents/Fundraising_and_Marketing_for_CSOs.pdf

Videos

Fundraising strategy:
www.youtube.com/watch?v=s3oVbU5A9Zs

Internal fundraising environment:
www.youtube.com/watch?v=LuJ4klIIW8A

Smart fundraising objectives:
www.youtube.com/watch?v=ItaN0MvGOA0

SWOT analysis:
www.youtube.com/watch?v=Rrzl7SpV_nI

Annex A.

Template and completed example for Funding Gap Analysis 2021–23

Item	Year 1: 2021–22			Year 2: 2022–23			Year 3: 2023–24			Total remaining to be raised	Potential donor(s)
	Total required	Committed to date	Remaining to raise	Total required	Committed to date	Remaining to raise	Total required	Committed to date	Remaining to raise		
Core costs											
CEO salary	75,000	70,000	5,000	75,000	40,000	35,000	75,000	40,000	35,000	75,000	Swedish embassy corporates
Finance Dir salary	45,000	40,000	5,000	45,000	15,000	30,000	45,000	5,000	40,000	75,000	
Office rent	5,000	5,000	0	5,500	3,500	2,000	5,500	2,000	3,500	5,500	Project core costs
Total core costs			**10,000**			**67,000**			**78,500**	**155,500**	
Programme costs											
OPA project	50,000	50,000	0	50,000	40,000	10,000	50,000	10,000	40,000	50,000	UNDP
NCD project	150,000	130,000	20,000	200,000	130,000	70,000	200,000	130,000	70,000	160,000	HSBC Bank
OP literacy project	25,000	25,000	0	25,000	25,000	0	25,000	0	25,000	25,000	UK Trusts
Projected new project on OP rights	0	0	0	100,000	0	100,000	150,000	0	150,000	250,000	DFID
Total programme costs			**20,000**			**180,000**			**285,000**	**485,000**	
Total funding gap			**30,000**			**247,000**			**363,500**	**640,500**	

Please note: the first column would need to be adjusted according to the reality of your organisation
OPA = Older Peoples' Association
NCD = Non-Communicable Diseases

Annex B.
Donor mapping matrix

Donor name	Donor type	Contact details of existing relationships	Donor's priority areas and geographical focus	Donor position on organisation's area of focus	Known funding opportunities	Actions
State the donor's name	*State type of donor i.e.:* • *Institutional* • *Bilateral* • *Multilateral* • *Trust/Foundation* • *Corporate* • *Public*	*Details of any existing contacts you may have*	*List the donor's priority areas and geographical focus*	*What is the donor's position on your organisation's area of focus?* • *Older people* • *Ageing* • *Inequalities* • *Health* • *Social income* • *Emergencies/ humanitarian* *Do they have a policy on older people's rights or rights in general?* *Have they funded similar organisations in different countries or within your own country?*	*Detail any funding opportunities or mechanisms which are relevant for your organisation – when will they be launched?*	*Note key actions you will take:* • *Identify key contact points* • *Develop an action plan for engagement* • *Send them information on X project, older people's needs analysis, invite them to project sights or engage them in designing a new proposal*


Jonas Wresch/Age International

Part 4. Considerations for a Resource Development strategy

HelpAge International

Part 4. Considerations for a Resource Development strategy

4.1 Resource Development for programme costs and for core costs[3]

For any organisation it is essential that the core costs are covered by its income. However, many donors only offer grants for project activities and only allow a small percentage for core costs. Your organisation should understand what its core costs are and identify how it will cover them.

What is core funding?

- Core funding is usually defined as **financial support that covers basic 'core' organisational and administrative costs of a CSO**, including salaries of non-project staff, rent, equipment, utilities, communications and other operational costs. These costs are often required to support an organisation's function and if you do not have income to pay for these core costs, then the organisation may cease to exist.
- Core funding is sometimes called **indirect funding**, cost recovery, administrative cost, or overheads. Core funding should be understood as covering expenses that are required to keep the CSO functioning independent of any projects being implemented.
- Donors may have their own specific definitions and rules covering core funding. Some donors have strict guidelines on how core costs should be reflected in the budget and spent, while others are more flexible. Some state a fixed percentage of direct costs can be charged as core costs (typically between 6% and 15% depending on the donor). Other donors insist on itemising core costs line by line – if so, do it based on the latest organisational budget (unless directed otherwise).
- **It is particularly important to understand each donor's rules and regulations around supporting core costs. When in doubt, check with the donor.**

Why is core funding important?

- Core funding is important for the long-term **financial sustainability of a CSO and its effective functioning**. Donors will often state that they want their money to go to the beneficiaries – but it is important to explain to such donors that without core funding the beneficiaries will not be reached at all, and certainly not with high quality services. It is key that donors understand the importance of core costs, and the consequences of underpaying core costs. For example, it may result in project staff being unsupported to deliver the activities, and the quality of work will suffer.

There are important long-term benefits of core funding to consider:

- **Improving project quality:** Core funding improves CSO capacity to deliver high-quality projects by ensuring staff are trained and have the tools to perform. Core funding may also provide cost-saving over a period, as high-quality CSOs can deliver projects better, quicker, and more efficiently.
- Enable an organisation to develop good organisational policies and ensures their compliance. This could include **good governance, financial control, human resource policy, safeguarding etc.**

Core funding
covers salaries of non-project staff and operational costs such as rent, equipment, utilities and communications.

How can organisations get core funding?

- Identify donors that are more likely to provide core funding or indirect costs. When researching donors, many will state on their website whether or not they will provide core funding (some will not). **If unsure, organisations should ask the donor what their policy is on core funding.**
- Ask current donors for core funding. Donors that have provided funding to you before are likely to be more receptive to requests for core funding.
- Understand the amount of core funding you need.

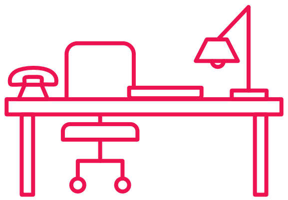
> One technique is to divide the annual core budget by the annual total CSO budget. This will give you an average percentage of the budget that is core funding. e.g. if you have a $100,000 annual total budget, and the core costs are $15,000, the average core funding percentage is 15,000/100,000 = 0.15 = 15%. Knowing this, you should aim to include at least 15% or more core costs in every project budget. This is not always possible but where you fall short, you then know you must raise the balance from elsewhere.

- Any budget submitted to a donor should include the core costs associated with that project. In other words, the percentage you have calculated as core (see above).

  For example: *if the budget request to the donor is $10,000 and the core costs are 15% of the budget, you should include at least $1,500 of core cost either as specific budget lines, an overhead percentage, or a combination of both.*
- Develop funding proposals that focus on organisational development and sustainability – some donors are interested in developing organisational capacity. Where this is not possible, build such capacity development into all other proposals – donors are often interested in building the human resource capacity of CSOs based in lower and middle income countries.
- Where possible, include 'core costs' as 'project costs'. This will depend on the donor's rules, but it might be possible, to include a percentage of the Director's salary in the project budget. For example if there are five projects, 20% of the salary to the project for their role in 'human resources' – this is especially true of smaller CSOs where the Director may be more 'hands on'.

What if a donor is not willing to pay for core funding?

- Do not be shy in pushing the donor to include core budget as the cost of excluding those can be high. Use some of the reasoning highlighted above to argue the case.
- Ask the donor if the core cost directly related to the project can be included as specific budget lines. Stress that you have a responsibility to cover your organisation's core costs and that you aim for these costs to be met equally between donors. Be willing to walk away from a grant if it is detrimental to your CSO.
- Look to see if there are ways of reducing the core costs without the quality of programme work suffering.
- Accepting too many grants that do not cover core expenses is a major risk to smaller CSOs.



Without core funding
to cover operational costs, an organisation could be put under major risk of being able to operate.

4.2 Restricted and Unrestricted funding

Whilst most funds have some restrictions or requirements attached to them, there are two types of income that a CSO may receive – 'Restricted' and 'Unrestricted'.

Unrestricted funds

Unrestricted funds are donations that an organisation can use for any purpose, if it meets the aims and objectives of the organisation as outlined in their governing documents. Many organisations use unrestricted funds to support operating costs or areas of work that are difficult to raise funds for. Only the donor can determine if a donation is restricted or not and this can be outlined in a formal offer or through another explicit agreement with the organisation.

Unrestricted funding gives organisations more freedom to decide how it can best use the money for the greatest impact or meet an urgent need. For example, it may be spent on implementing a new strategic programme, or on building up the reserves of the organisation, on co-funding requirements or on core costs. An organisation may decide to 'ring-fence' or allocate some of these unrestricted funds to a particular project but the money remains unrestricted.

Restricted funds

Restricted funds are donations or grants that must be spent on delivering a specified set of activities or a specific project to achieve a set outcome or objective.

Many donors want to know exactly what they are funding and for the organisation to be accountable for a specific project. This may be true for members of the public who want to know that their donation has contributed directly to changing someone's life for the better, or for large bilateral donors who are accountable to their taxpayers and who therefore need to know exactly what impact their specific funds have had.

An increasing number of donors are open to adaptive programming so adjustments can be made to the project design as lessons are learnt during implementation. There is more opportunity for organisations to suggest this to their donors from the outset and keep them engaged throughout the programme, building a strong relationship with the donor. However, all organisations should strictly follow the guidelines in the contract otherwise the donor may demand the repayment of funds.

4.3 Ethical Resource Development

What is Ethical Resource Development?[4]

Ethical Resource Development attempts to balance the need of organisations to raise money for their work whilst ensuring that the funds or resources are secured in a fair way and from trusted and legal sources.

Why is Ethical Resource Development important?[5]

It is the right thing to do

Organisations should ensure that their values are reflected in the way they approach Resource Development. This is important as it builds trust, is honest and respects the rights of donors and those benefitting from the funds.

It protects and enhances a CSO's reputation

If an organisation is caught up in a funding scandal it makes it much harder to achieve the CSO's mission, as it is possible other donors may withdraw their support or not give further funding. If ethical Resource Development has been at the centre of Resource Development practice from the beginning, it will be more straight forward to become established as a trustworthy organisation, reassuring donors to give and beneficiaries will feel comfortable using your services.

Better donor relationships, retention and development

By establishing a CSO as a trustworthy organisation, organisations will also be more likely to create better relationships with your donors. Potential sponsors will begin to support your organisation's mission without any doubts about how their money is being used. In fact, if your **supporters respect your CSO they are more likely to give repeatedly and give more**. Ethical Resource Development will ensure donor retention and the potential for developing the relationship with your donors can expand.

Save organisations money!

Ethical Resource Development practice will ensure that organisations are reaching the people that you want to connect with and who are therefore more likely to pay attention to your appeal. This may mean mailing fewer people, but if they are open to hearing from you, it will prove to be more cost effective.

Principles of Ethical Resource Development

Part of Ethical Resource Development is deciding from whom you are willing to receive funds. **It is imperative that you do not accept donations that have the potential to impact negatively on your organisations integrity or reputation or conflict with your cause and values.**

If you know that the **source of the funds conflicts with your organisational values, then by accepting the funds you risk the reputation of your organisation**.

Better donor relationships
means your supporters are more likely to give repeatedly and give more.

Your organisation should decide what its ethical Resource Development principles are. Consider, would your organisation take money from donors who promote, or who make their money from:

- Alcohol?
- Tobacco?
- Fast food?
- Gambling?
- Pharmaceuticals?
- Arms industry?
- Organisations that exploit women/girls?

An organisation should bring together its staff to discuss and decide what type, and sources, of funding is acceptable and what is not. This should inform the organisation's principles for ethical Resource Development and the decision-making process for all funds raised. *An example Ethical Fundraising Policy Template can be found in Annex C →*.

Due diligence

It can be difficult to identify the source of funds, but you **can conduct a due diligence review on any new donors before agreeing to take money from them**. This can be time consuming and the organisation must agree what process it recommends. There is always a judgement about how much time to invest in this activity. Websites are available which offer an ethical 'rating' function for listed companies, sometimes they charge a fee or you must subscribe to access full information. These should only serve as a guide, but examples are:

- **www.corporatecritic.org**
  Covers 50,000 companies worldwide.
- **www.csrhub.com**
  Claims to be the world's largest CSR and Sustainability ratings database, covering 7,400 companies across 135 industries from 257 sources.

4.4 Evaluating a Resource Development strategy[6]

The importance of evaluating a Resource Development strategy

The final step in the Resource Development Cycle is the evaluation of an organisation's Resource Development strategy. **This is important since no strategy should be set in stone – and organisations should be willing to review and evaluate it at different periods, to adapt the strategy and their actions as they learn more about what works and what does not. If a method is not working well, it is important to learn and reflect upon this, before continuing with it or even trying something new.**

The value of measuring and recording an organisation's Resource Development performance increases over time. For example, data covering a few months can illustrate short term changes and trends but data spanning several years can highlight critical long-term trends that may have a significant impact on an organisation and its Resource Development strategies.

Ben Small/HelpAge International

How to evaluate a Resource Development strategy

There are some basic questions for an organisation to consider when evaluating its Resource Development activities:

- What was successful and why?
- If your organisation is not meeting targets and securing less funds than anticipated, then ask: What have we not tried? What else can be done? Are the implemented strategies creative enough? Has anything changed in the internal and external environment?
- What is the return on investment for the different Resource Development income streams?

By being critical and assessing all implemented Resource Development activities an organisation will learn how to improve the process for future activities. This information should then be incorporated into the Resource Development strategy for the next period.

If possible, organisations may wish to hire an external expert to undertake an evaluation and identify strengths and areas for future improvement. This will allow for objectivity and ensure development of a new Resource Development strategy based on critical analysis. However, where this is not possible, there are several tools and strategies that an organisation can use to measure the efficiency of its Resource Development, highlight strengths and weakness and showcase opportunities to make a greater impact.

Methods of measuring performance

There are different ways of measuring an organisation's Resource Development performance; and this will involve discussions with staff to reflect on actions and can be supported by tools to help inform decision making, planning, activities and deployment of resources.

Costs per dollar raised

For many organisations, 'Cost per dollar raised' or costs in your local currency equivalent, is one of the primary indicators of Resource Development performance. It allows you to calculate how much money your organisation spends to raise just a single dollar. This is often displayed as $X (i.e. $0.25) per $1 raised.

If your organisation already tracks expenditure and allocates different costs to individual projects, schemes and activities, you should have little difficulty in working out your organisation's ratio. It is simply calculated by dividing the total cost of Resource Development by the total of all grants, donations and contributions to the organisation against that specific area.

It is common practice to establish this figure and work strategically to introduce measures to reduce this ratio – evidencing increased value for money for the donors. An organisation can also use this measure to compare the costs of different types of Resource Development e.g. institutional versus individual giving.

Average gift size

Another commonly used metric is the average gift size which is calculated by totalling all donations into an organisation over a specified period (for example a month or a year) and dividing it by the total number of unique contributions. It can demonstrate both the average donation size as well as the average number of gifts required to hit a given target.

Net income raised

The net income is the amount remaining after all Resource Development costs have been subtracted for funds received from donors.

Response Rate

This is usually used to evaluate donations from individuals, and is a percentage calculation of those approached compared to those who give to the organisation.

SWOT analysis

As part of your evaluation, organisations can undertake a SWOT analysis. This can be done at any time, and it is recommended that this is completed annually. This exercise can be done with all the organisation's key staff present and, would look at the strengths and weaknesses of your organisation, and then the opportunities and constraints (threats) presented by the outside environment connected to Resource Development.

These would be mapped into four boxes as shown in the example below:

Strengths	**Weaknesses**
• Good reputation • Efficient office • Enthusiasm of staff	• Poor proposal writing • No specialist Resource Development staff
Opportunities	**Threats**
• Increasing media interest in older people • New CSR fund opening next year by one major corporate	• Increasing number of NGOs in the country, therefore more competition • Negative image of NGOs in media

After doing the exercise, your organisation can discuss these questions as part of your Resource Development strategy review:

1. How can we build on the identified strengths?
2. How can we address the weaknesses identified? *Training? Recruitment? Abandon one income stream? Consultancy support?*
3. How can we take advantage of the opportunities identified?
4. How can the threats be mitigated?

Additional resources

Further reading

Fundraising essentials:

www.fundsforngos.org/free-resources-for-ngos/fundraising-essentials-evaluate-fundraising-performance/

How to measure fundraising success – here are seven steps to evaluating your fundraising efforts:

www.snpo.org/readarticle.php?id=1956

8 ways to measure fundraising success

www.networkforgood.com/nonprofitblog/eight-ways-measure-fundraising-success/

Videos

Understanding restricted funds:

www.youtube.com/watch?v=DabTXXpWCK8

Endnotes

3. Information for this section has been adapted from an article on the 'Funds for NGOs' website

4. Adapted from BOND (British Overseas NGOs for Development)

5. Adapted from Directory of Social Change (UK) www.dsc.org.uk/content/ethical-fundraising-important/

6. This section is informed especially by the FHI360 publication *'Fundraising and Marketing for CSOs in Botswana'* and Funds for NGO website

Annex C.
Ethical fundraising policy template

Text in italics are notes to guide the user and XXXXX shows where the name of the organisation should be inserted – make sure you delete these.

The Ethical Fundraising Policy should be agreed and held by the Board of Trustees. The Chair of Trustees should sign the Policy and be publicly accountable for upholding it.

1. Introduction to the organisation

- *Share the vision and values of* XXXXX
- *Share a brief introduction to the organisation, its governance structure and the charitable objectives.*

2. Rationale for fundraising

To help guarantee the availability of ongoing funds to pay for its work, XXXXX aims to maintain a broad base of different sources of funding. The purpose of this policy is to ensure clarity and openness to all our stakeholders.

Identify what your organisation is hoping to gain from these relationships. This will primarily be project funds, but may also involve support-in-kind, or simply stronger local and national partnerships.

3. Key issues for the organisation to consider

- *Set out the key reputational risks which they have identified through accepting funding from, or partnering with, any external organisation or individual. These are specific to the organisation.*
- *Be clear that they have a responsibility to its stakeholders and participants to consider the ethical issues that may arise in working with, or accepting funding from, an organisation/individual and the associated risks.*

The policy should:

- *Outline the approach to relationships with donors and partners to ensure clarity and openness for all stakeholders.*
- *Include the decision-making course the organisation will follow when ethical dilemmas arise*

4. Acceptance and avoidance criteria

Acceptance criteria

XXXXX actively seeks opportunities to work together with external organisations and individuals to achieve shared objectives. However, it is vital that XXXXX maintains its independence and does not allow any external partnership to bring the name of XXXXX into disrepute.

The Organisation therefore accepts financial support from, and partnership working with, companies and individuals on the following conditions:

- There are strong grounds for believing that it will result in a benefit to XXXXX beneficiaries
- The Chief Executive and Trustees are satisfied that no adverse publicity will result from accepting such support
- There is no attempt on the part of the donor to influence XXXXX's policy or actions either explicitly or implicitly
- That initiatives do not compromise the independent status of XXXXX
- Only XXXXX will have direct access to its database and beneficiaries
- In order to ensure that all of XXXXX's cause-related promotion reflects its values, any potential initiative must come to the Chief Executive and relevant governance committee for approval.

Avoidance criteria

- XXXXX will not accept any funding from companies directly involved in activities that run contrary to its overall charitable objectives/vision/aims. *Add detail specific to your organisation.*
- XXXXX will not accept financial support or partnerships with companies involved with any of the following activities: *(examples are) human rights abuses; mining; nuclear power; the manufacture of tobacco; manufacture of environmentally hazardous products or chemicals; military contracts; and water pollution.*
- When deciding whether to accept any particular donation, the Chief Executive and Trustees have a duty to demonstrate to the Charity Commission that they have acted in the best interest of the charity, and that association with any particular donor does not compromise The Organisation's ethical position, harm its reputation or put future funding at risk. The Organisation complies with all relevant legislation, including money laundering rules, the Bribery Act and Charity Commission guidance, including terrorism and political activity.
- XXXXX will not accept funds or support where the donation:
  - Was known to be associated with criminal sources and/or illegal activity
  - Will further a donor's personal objectives, which conflict with those of XXXXX
  - Will impact adversely on XXXXX's reputation
  - Will lead to a possible decline in support for XXXXX, and so risk a fall in the resources available to fund its work or damage its longer term fundraising prospects
  - Accepting a donation from any particular source is inconsistent with Government policy
  - Is connected to any form of inhuman, unreasonable or discriminatory treatment of employees

XXXXX expects suppliers to accept responsibility for labour and environmental conditions under which products are made and services are provided and to make written statement of intent regarding the company's policy.

XXXXX will maintain accountability and open and honest relationships with all its partners, by regularly monitoring and evaluating its work. This statement of policy is meant as a working guide for XXXXX.

Any final decisions will be governed by the Board of Trustees. It is the duty of the Board to advise of any potential conflicts of interest with regards to funding or partnerships, and for the Board to act in the best interests of the Organisation at all times.

Agreed at the meeting
of the Board of Trustees on

Signed by
(Chair, Board of Trustees)

Date

Revised and updated