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1993

RESOURCES FOR SUCCESS

A Manual for Conservation Organizations in Latin America and the Caribbean

The Nature Conservancy
LATIN AMERICA AND CARIBBEAN PROGRAM

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Resources for Success

The Nature Conservancy.
LATIN AMERICA
AND
CARIBBEAN PROGRAM

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Prologue

The Nature Conservancy is convinced that long-term international conservation objectives can only be achieved through active autonomous local institutions. Therefore, the Conservancy initiated the Self Sufficiency Project for Latin American and Caribbean non-governmental organizations (NGOs) in 1988. The project provides venture capital grants to initiate income-generating activities, training and technical assistance and information dissemination through workshops and publications. This three-part approach has been enormously effective in encouraging innovative financial ventures, strong strategic planning and leadership in collaborating organizations. Partner organizations that have initiated successful self sufficiency programs have grown enormously both in size and effectiveness since project inception. Many Latin American and Caribbean partners now exemplify the leadership and financial stability that are needed to vigorously pursue conservation objectives and sustainable development. The Conservancy is proud to have been a party to the growth of these visionary conservation organizations.

Resources for Success 1993 shares some of the ideas and case studies that have evolved under the Self Sufficiency Project. The Conservancy continues to provide new materials and training to meet the challenges faced by conservation NGOs in their formative stages, and as they grow from small voluntary organizations into large internationally renowned groups. The Training Department facilitates learning programs, shares Conservancy expertise and brings together conservation organizations throughout Latin America and the Caribbean to share their creative strategies and programs. This year, Latin American and Caribbean conservationists taught the majority of classes at Conservation Training Week, the Conservancy's largest international training event. A vision of self sufficiency come true! This blending of ideas from the Conservancy and partners is apparent in this edition of *Resources for Success*, edited by Paquita Bath, Director of Training.

Resources for Success has always been a work in progress. It is a guidebook and resource for staff, board and the volunteers of private conservation organizations to think about the financial resources, leadership skills and organizational culture needed to manage a successful conservation nonprofit. This critical mix of resources changes with time as does our learning based on the growth, success and, lamentably in some cases, failures of non-governmental conservation organizations. For that reason, this manual is continually updated, and its new format provides greater flexibility for adding or editing sections based on your comments and contributions in the future.

What follows is a compilation of proven successful methods for self sufficiency that have been tested and refined, developed and adapted, by conservation groups as numerous and varied as the habitats and species we are striving to protect.

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The Nature Conservancy
August 1993

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Acknowledgements

Resources for Success is the brainchild of Ruth Norris, Director of the NGO Services Department from 1987-1991, and staff members Richard Devine and Monique Zegarra. The good ideas, information and training materials they developed for the Self-Sufficiency Project were disseminated in the early editions of this manual. The 1990 and 1991 editions are clearly the building block for this 1993 edition. As the NGO Services Department evolved over the past year into the Training Department, Richard Devine and Monique Zegarra were joined by myself, Alex Hitz-Sanchez and Ximena Hernandez-Cata with the mandate to continue promoting institutional development and financial self-sufficiency among partners and disseminate critical ideas and experiences through this manual.

The Self-Sufficiency Project has received support from a large number of donors. This publication was made possible through support provided by the Office of Private and Voluntary Cooperation, Bureau for Food and Humanitarian Assistance, U.S. Agency for International Development, under Cooperative Agreement OTR-0158-A-00-0112-00. Other decisive support to this project has been provided by The Pew Charitable Trusts, the Tinker Foundation, the Jessie Smith Noyes Foundation, the W. Alton Jones Foundation, the Charles Stewart Mott Foundation, the N.J. Heinz III Charitable Trust and the Erpf Foundation.

The contributors to this manual vary greatly, from Latin American partners who have successfully undertaken self-sufficiency projects to Conservancy staff who work most closely on these issues. The majority of these chapters were developed first as training courses for Conservation Training Week held in the Dominican Republic in April 1993. Many of the instructors in the institutional strengthening and financial self-sufficiency tracks went on to write the materials that are included here.

A special thanks is owed to Judith A. Towle of the Island Resources Foundation who allowed us to include *Fiscal Management for Non-Governmental Organisations: A Practical, "How To" Manual to Assist Environmental NGOs in the Eastern Caribbean* in Chapter XII. Her contribution to this field is exceptional, and it is with great pleasure that we include her work in this manual rather than reinvent the wheel.

The production and "look" of this manual has been greatly enhanced by the contributions of Karen Fishler and Kelly Johnson of the Conservancy's Publications Department. They conceptualized how to improve the legibility, attractiveness and professionalism of *Resources for Success 1993* and contracted the excellent services of Lynne Komai and The Watermark Design Office.

Finally, the enthusiasm, energy and editing skills that Jonathan Kerr brought to the project were indispensable for moving it forward. Additional editorial and translation assistance was provided by Patricia Garffer and Kathy Moser, Dennis McCaffery, Carla Tufano, Shelly Harrington and Cathy Yi. Many thanks to all of the authors and contributors to the manual. It was an amazing example of teamwork across departments, organizations and national boundaries.

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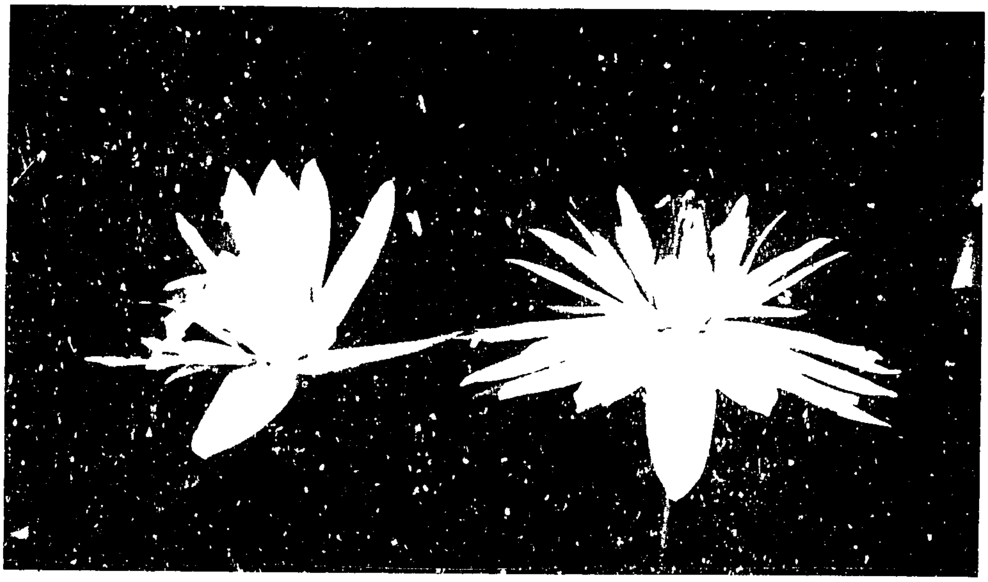

Chapter I

Introduction to The Nature Conservancy

The Nature Conservancy

LATIN AMERICA
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Chapter I

Introduction to The Nature Conservancy

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Introduction

Resources for Success 1993 offers tools and guidelines for nongovernmental conservation organizations committed to improving their institutional capacity and self-sufficiency. This manual is a product of the Self-Sufficiency Project, an ongoing program of The Nature Conservancy designed to help Latin American and Caribbean nongovernmental organizations (NGOs) improve their self-sufficiency through training and technical assistance in fundraising, income generation, management tools, strategic planning and leadership. This chapter provides information on The Nature Conservancy, its Latin America and Caribbean Program and the motivation and programs behind the publication of this manual. ❧

The Nature Conservancy

The Nature Conservancy is a private, nonprofit membership organization. It is dedicated to the preservation of plants, animals and natural communities that represent the diversity of life on Earth by protecting the lands and waters they need to survive. The Conservancy is supported by more than 700,000 individual members, corporate sponsors, private foundations and government agencies. In the past forty years, the Conservancy has established chapters in every U.S. state and has acquired more than 1,300 preserves, the largest private system of natural sanctuaries in the world. The Conservancy protects more than 6.4 million acres in the United States and Canada alone. ❧

The Latin America and Caribbean Program

Building on the success of our domestic programs, the Conservancy, in 1987, initiated a major international effort to stem the tide of ecosystem destruction in Latin America and the Caribbean. The key to the success of the Latin America and Caribbean Program since that time has been partnerships. The Conservancy is not an implementing organization internationally. All programs are carried out in cooperation with conservation organizations already established in a particular country. Our programs build on the strengths of these NGOs, working in concert with in-country government institutions. Parks in Peril, our largest international conservation initiative, is an example of coordinated efforts with partners ranging from local in-country conservation groups to the United States Agency for International Development and multilateral organizations.

Through these partnerships, the Conservancy's Latin America and Caribbean Program has developed a four-part strategy for protecting large functioning ecosystems.

Stewardship and Infrastructure

Declaring an area protected is the first step in conservation. Throughout Latin America and the Caribbean, many designated parks are neither clearly delineated nor truly protected. In addition, the majority of parks in Latin American and the Caribbean lack the necessary funds for protection activities. The Conservancy helps local conservation organizations establish a presence in parks by undertaking activities such as the demarcation of park boundaries, hiring and training of park rangers, purchasing needed equipment and vehicles and working with local communities that live in close proximity to these natural areas.

Conservation Science

Successful conservation initiatives require a strong scientific base. The Conservancy has developed a method for determining species and community rarity to identify conservation priorities. This methodology is used by Conservation Data Centers throughout the region. In addition, the Conservancy and many partners use Rapid Ecological Assessments when biological and ecological information is needed for conservation decision-making on an accelerated timetable. Finally, further ecological monitoring programs are established to measure conservation effectiveness as management plans progress.

Long-term Conservation Financing

Once initial funds for park protection have been invested, creative initiatives for long-term financial security are needed. The Conservancy facilitates debt-for-nature swaps and helps establish national conservation trust funds. It also establishes long-term sources of funding working with multilateral institutions to help ensure the long-range stability of critical natural areas. In addition, working with local partners, the Conservancy develops a long-term financial needs analysis for each site based on current expenditures, identified needs, future plans in the core and immediate buffer zone areas and funding prospects.

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Institutional Development

The Conservancy is convinced that long-term international conservation objectives can be achieved only through partnerships with in-country conservation organizations These institutions must have solid technical skills, a clear mission, strong leadership and financial security Over the past six years the Latin America and Caribbean Program's Training Department has successfully delivered an institutional development and strengthening program that has helped these institutions become consistently more effective in pursuing and accomplishing their conservation agendas

These four areas are the critical components of the Conservancy's Latin America and Caribbean strategy The remainder of this chapter will look at the Training Department and the Conservancy's institutional development strategies

The Training Department

Conservancy and partner staff jointly discuss and determine the strengths and limitations of partner institutions and develop a training plan that focuses on key areas for development The Training Department then organizes a variety of technical assistance, training and networking vehicles One focus of much of the work done by the Training Department, previously called the NGO Services Department, has been the Self-Sufficiency Project This project helps partner organizations build income-generating skills, establish membership campaigns, hone proposal-writing skills and develop merchandising and ecotourism projects The Financial Self-Sufficiency Project is a three-part program

"Testing the Techniques"

Venture capital grants are provided to NGOs to develop self-sufficiency programs such as membership campaigns, sales of T-shirts, literature or local crafts, cause-related marketing, Adopt an Acre campaigns and corporate campaigns

Technical Assistance and Training

The following services are offered to help NGOs implement their self-sufficiency ideas successfully

- Conservation Corps assigns Conservancy staff to work on a particular project in-country with the NGO For example, the membership coordinator of the California Field Office might spend two weeks with an NGO to help develop its membership program
- Fellowships allow NGO staff to visit and study successful projects in other NGOs or in Conservancy field offices Some fellows also come to the Conservancy home office to study fundraising techniques South-South Exchanges are particularly useful for conveying successful experiences of other NGOs
- Scholarships allow NGO staff to attend specialized training schools or local business schools to help develop specific skills
- Technical assistance is provided by Latin America and Caribbean Program staff to help with specific projects

Networking, Workshops and Publications

Workshops and publications are used to disseminate the key lessons learned in the "testing the techniques," training and technical assistance phases These case studies and training packages are then offered to a wider audience of NGOs and their staffs

- Conservation Training Week This is the largest international training event sponsored by the Conservancy for NGOs, governmental conservation agencies and Conservation Data Centers The event provides a forum for sharing learning and experiences on a multinational level, introducing and reinforcing successful strategies and generating new ideas for future programs Training courses from the 1993 Conservation Training Week, held in the Dominican Republic, are the basis of many of the case studies in this manual
- National and regional workshops offer specific training, including the Zenger-Miller Frontline Leadership series to help partners develop strong communication and supervisory skills
- Skills Training Week, the annual training program for the Conservancy's U S staff, is open to partners as an opportunity for exchange between the domestic programs and international NGOs
- Publications The Conservancy shares its expertise by developing training packages and accompanying written materials to direct workshops and training programs This manual provides information about critical managerial and fundraising skills for fledgling and established NGOs

This three-part approach has effectively encouraged innovative ventures, provided training and support and disseminated information through workshops and publications Partner organizations that have initiated successful self-sufficiency programs have grown both in size and effectiveness since project inception Over time we are improving our effectiveness by providing new vehicles for training delivery These include the Zenger-

Miller Frontline Leadership Program, and increased collaboration with other institutions that offer valuable training programs, such as INCAE, Fundacion Moises Bertoni, Island Resources Foundation, Atlantic Center for the Environment and ANCON

In 1988, institutional support was provided to nine organizations Today, the Conservancy is collaborating with more than forty organizations and many others are requesting assistance This increase in demand for Conservancy training and technical assistance makes the distribution of materials, such as this manual, a very high priority

Resources for Success is a work in progress The new format helps to ensure that new chapters, case studies and improvements can be added easily We hope you will continue to contribute materials and request new chapters to make this an even more useful publication

COLLABORATING INSTITUTIONS

The Nature Conservancy works with in-country, private conservation groups Land-conservation organizations that protect areas of high biological importance and have a clear mission consistent with that of the Conservancy are generally our closest partners We also encourage close collaboration with government ministries and other international institutions A list of institutions with which we collaborate actively is appended In addition, a list of current Conservancy staff working in the Latin America and Caribbean Program is added to assist in identifying appropriate contact people to learn more about our programs

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1993

RESOURCES
FOR SUCCESS

Chapter II

Measures of NGO Success

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The Nature Conservancy.
LATIN AMERICA
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Chapter II

Measures of NGO Success

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INTRODUCTION

Indicators of nongovernmental organization (NGO) strength and development include a wide range of factors and an equally wide range of methodologies. There are libraries full of materials on Organizational Development (OD) covering theoretical roots, conceptual models and practical examples of OD diagnosis. This chapter does not begin to cover the multifaceted aspects of OD, but rather focuses on simple tools that all conservation NGOs can use for evaluating their own growth and development. As NGOs develop, they must improve their administrative systems, establish strategic plans and raise ever greater amounts of operating costs. The Nature Conservancy's Training Department has provided training and technical assistance to help NGOs effectively make these changes and hopes that this evaluation tool will be a further contribution.

As the Conservancy's training for institutional development continues to expand, we are increasingly mindful that training and technical assistance must lead to long-term effective behavioral and organizational change. We have all spent hours in classrooms while a lecturer drones on about strategic planning, never to apply the principles or look at the material again. These efforts are a waste of the time and money of the sponsoring organization and of the participants. All conservation NGOs are faced with numerous time pressures, and time spent attending a conference, going to class or even reading this manual should be productive.

When analyzing our own internal capacity to take on new programs, as well as when evaluating potential new partner NGOs, the Conservancy considers critical areas of institutional and financial strength. Starting in 1993, and continuing as part of the Training Department's mandate, the Conservancy and NGO staff collaborate to review organizational strengths and weaknesses. Confidential results of this joint assessment are being used for targeting training and technical assistance at the weakest points. The subsequent year's review will indicate whether the organization has strengthened these areas, and thus shed some light on the long-term effectiveness of our training program. Simultaneously, NGOs evaluate the Conservancy's training program and provide feedback on how we can improve our services.

NGO EVALUATION TOOL

This chapter provides key questions and criteria that are important for measuring the institutional effectiveness of NGOs. The evaluation tool does not take into account technical skills and program capacity for carrying out conservation field activities. Skills needed in these areas are covered in other Conservancy publications such as *Evaluacion Ecologica Rapida* and *Taller Sobre Manejo de Areas Protegidas en Sur America, Quito y Antisana*. This chapter and this manual focus solely on institutional and financial issues.

Within The Nature Conservancy, state chapters and programs are periodically evaluated on their ability to carry out their mission and effectively conserve biodiversity. To do this in a systematic fashion, a questionnaire was developed to analyze performance in areas ranging from fundraising for operational costs to administrative procedures. We have adapted many of the questions to reflect the institutional development and funding criteria that contribute to the long term success of Latin American and Caribbean NGOs.

The evaluation, in addition to determining training needs for NGOs, also sets standards to aspire to. As organizations become ever more effective in their conservation work it is important to recognize areas of improvement for the future. Standing still is deadly for staff motivation and institutional growth. If you're not moving forward, you are probably slipping backward, either in terms of losing your competitive edge or having complacency and bureaucracy replace effective and timely programs.

This evaluation tool is divided into three major sections:

1. **Institutional Strength**
2. **Financial Resources**
3. **Linkages**

Each section includes a number of performance areas. For example, the Institutional Strength section includes critical performance areas such as Mission Statements, Strategic Plans and Board of Directors composition. Each of these performance areas has a descriptive sentence of the ideal situation, an adequate situation that could use improvement and a weak situation. They are rated as follows:

Ideal Performance at top range in this functional area. A positive cycle is under way wherein solid groundwork is leading to increasingly better performance.

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Adequate: Performance is generally good in this area, but there is significant room for improvement

Weak: Performance is clearly lacking and contributes to a negative cycle wherein the NGO is stymied in its effectiveness

There are two other sections included for each performance area

Objective criteria Following the descriptive sentences are a number of objective criteria The most difficult aspect of undertaking an evaluation of this sort is the potential subjectivity of the descriptive sentences when applied to a real-life situation Therefore a short list of objective criteria that can be useful for determining actual presence/absence or level of a performance is included This is not a comprehensive list and you should add additional criteria as needed

Notes These notes indicate where in this manual additional information and ideas for improvement can be found In addition, notes about the performance area itself are added

Use this tool to undertake an organizational self-assessment, talk with your staff about their perceptions of certain areas and pinpoint areas of specific training needs It is also useful to refer to other chapters in this manual that might help you think through steps for improving the institutional capacity of your conservation organization

Institutional Strength

Clear mission

Ideal· The NGO has a clear mission statement (that highlights the conservation of biodiversity) and it can be articulated by its staff and board

Adequate The NGO's mission statement is clear, but effective articulation is irregular or limited to a few people

Weak: The NGO's mission is unclear as reflected in diverse types of projects and proposals

Objective criteria·
- Does the NGO have a clear mission statement?
- Can each member of the staff and board articulate the organization's mission?
- Does the mission represent a unique niche within the country's conservation organizations?
- Is the mission articulated in published materials concerning the NGO?

Notes· See Chapter III, "Operational and Strategic Planning"

Effective and supportive board

Ideal: There is a volunteer board weighted toward recognized leaders who provide hands-on policy direction for political action, stewardship, planning and program areas, and contribute and solicit significant funds An active strong board chair is in place

Adequate: The board contributes some funds, assists the program through access to key people and does not act as a drag to the NGO A cooperative board chairperson is in place, but not one positioned to take the board to a higher level

Weak The board provides limited assistance and/or acts as a drag to the work of the NGO's staff

Objective criteria.
- Does the NGO have an established board of directors with bylaws?
- Are committees (finance, oversight, etc) established and meeting on a regular basis?
- Is every board member involved in contributing and soliciting funds?

Notes. The Conservancy uses materials developed by the National Center for Nonprofit Boards (NCNB) that provide simple guidelines in English and Spanish for well-functioning boards Additional information about the NCNB materials is in the back of Chapter IV, "How to Better Manage Your Organization's Human Resources"

High ethical standards

Ideal: Consistently high ethical standards are observed

Adequate There are no apparent problems with ethical behavior

Weak· The NGO has a reputation for approaching or crossing the edge of ethical behavior

Objective criteria·
- Does the NGO have a statement of values and/or code of ethics?

- Is every staff and board member provided a copy of the statement of values and/or code of ethics?

Notes: This performance area is not directly addressed in this manual as it is very difficult to measure objectively, particularly in cross-cultural situations We include it here as a reminder that ethical behavior is essential to the long-term reputation and success of an NGO

STRATEGIC PLANNING

Ideal The NGO has had a strategic plan completed or updated within the past two years and has a realistic and ambitious annual plan It uses plans and reporting on plans as effective management tools

Adequate Strategic plan is out of date or in progress Annual plan is available and has realistic goals Planning is generally used to direct the program

Weak. Little effort has been made to state a strategic plan Annual plans are out of date or not consistent with current programs

Objective Criteria·
- Has the strategic plan been completed or updated within the past two years?
- Does the NGO have an annual plan?
- Do the plans demonstrate cooperation between the staff and board of the NGO?

Notes: See Chapter III "Operational and Strategic Planning "

HUMAN RESOURCE MANAGEMENT

Ideal Employees are effectively managed with respect to performance Employees are recognized and evaluated based on their accomplishments and ability to meet their job requirements and objectives Job objectives are set with the employee and professional development is considered part of the job

Adequate· There is modest human resource management, teamwork and communication Some coaching, counseling and training is provided, but is not necessarily integrated into performance evaluations

Weak Human resource management is poor with little or no coaching, counseling or training There is minimal employee development and recognition and poor communications

Objective criteria·
- Are there job descriptions for every position in the NGO?
- Is there a personnel policies and procedures manual, with outlines for grievances, sickness and compensation?
- Is there an annual employee performance appraisal procedure?
- Do employees participate in setting annual performance objectives?
- Is personal professional development included in employee objectives?
- Do new staff members receive orientation materials with policies, procedures, mission and values?
- Do managers conduct staff meetings on a regular basis?
- Are there guidelines for contracting consultants?

Notes Chapter IV, "How to Better Manage Your Organization's Human Resources," covers these issues in depth

LEADERSHIP FOR SUCCESS

Ideal· Leaders actively delegate responsibility and develop employees, maintain critical staff for the long-term and infuse a sense of mission and professional career development in the staff The NGO could sustain momentum even with the loss of the director and board chair

Adequate Leaders delegate tasks and networking opportunities to key aides and could regain momentum relatively quickly with the loss of the director or board chair

Weak: Leaders tend to control all activities and networking opportunities to the point where no apparent effective secondary leadership has been developed Loss of either the director or board chair could seriously impair the momentum of the NGO

Objective criteria:
- Do managers effectively delegate responsibilities?
- Do managers consult board members in planning major decisions?
- Does the NGO value teamwork?

Notes: Powerful visionary founders/leaders of NGOs are often the reason for NGO success, but frequently a one-person show can have negative repercussions when there is a change in leadership The Zenger-Miller training is helpful for encouraging new forms of leadership and communication that help to develop strong staff capacity throughout the organization See Chapter IV, "How to Better Manage Your Organization's Human Resources "

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Evaluation

Ideal Internal and external project evaluations are conducted regularly to assess progress and effectiveness at all levels Plans and tasks are revised to incorporate results of evaluation

Adequate Evaluation tools are used for major program areas, but more could be done to bring in external evaluation and to respond to evaluation recommendations

Weak Evaluation mechanisms are not regularly used in the NGO

Objective criteria
- Are benchmarks of success included as part of project designs?
- Are evaluation procedures included as part of project designs?
- Is the evaluation done by parties independent of the NGO?

Notes Evaluation tools are covered to some extent in Chapter III, "Operational and Strategic Planning"

Systems and Procedures

Ideal Excellent systems and procedures are in place for following institutional regulations and maintaining records and reports

Adequate Administrative controls are in place although there is no systematic office procedure

Weak Little institutional memory in the form of files, reports and records are maintained and few procedures have been established to simplify operations

Objective criteria
- Are systems and procedures established for keeping clear personnel and program files and reports?
- Are the reports up to date?

Notes: Financial systems and procedures are covered in Chapter XII, "How to Manage Your Organization's Finances," and personnel systems in Chapter IV, "How to Better Manage Your Organization's Human Resources"

Workforce diversity

Ideal The NGO's board and staff members reflect sensitivity to the gender and racial makeup of the country The senior and program staff includes strong representation from women and is racially diverse

Adequate. The NGO is sensitive to gender and racial makeup of the country and is recruiting and promoting women and minority staff

Weak: The NGO has shown little interest in actively searching for a broader representation of women and racially diverse staff in its program and senior ranks

Objective criteria
- Does the senior and program staff and board include representation from women and minorities?
- Does the makeup of the staff reflect the ethnic and cultural makeup of the country?

Notes Raising this issue, perceived to be strictly a U S legal problem in many circles, has brought us under some criticism from Latin American colleagues Nonetheless, as the Conservancy improves its diversity mix and provides diversity training programs to all staff, we are increasingly aware of the importance of this issue We have not yet included a section in the manual, nor have any partners requested diversity training Nonetheless, we do believe that NGOs must be constantly on the alert to hire and promote people with the best skills available, a need that cannot be filled if diversity is not fully embraced

These nine areas for analyzing institutional strength, while clearly limited, touch on some of the most frequently cited problems with NGO development Lack of clarity over the mission, poor planning, inactive boards and poor communications and administrative procedures are often fatal flaws for any organization, particularly NGOs that lack a solid funding base The next section covers financial resources and the NGO's capacity to sustain perpetual funding resources

Financial Resources

Raising funds to cover operational costs

Ideal Fundraising from diverse sources covers the operating budget, allows for venture investments, and provides long-term stability

Adequate Fundraising from diverse sources covers the operating budget and plans are under way for longer-term fundraising strategies

Weak. The operating budget is not fully covered and/or is dependent on one source of funding The NGO's effectiveness is undermined by funding crises

Objective criteria
- Does the NGO have difficulty covering short-term operating costs?
- Does the NGO have a one-year, two-year and/or five-year strategy for funding operating costs?
- What percentage of NGO funding comes from private sources?
- How many funding sources does the NGO maintain?
- What percentage of operational funding is kept in reserve?

Notes As part of financial self-sufficiency, ideas for fundraising are included in Chapters V - XI Concentrate on the ideas for raising unrestricted funds to cover operating costs as a critical way to maintain core salaries and long-term viability

RAISING FUNDS TO COVER PROJECTS/CAPITAL

Ideal: All projects have long-term financial plans and sufficient funding has been raised for current objectives as stated in the management plan

Adequate. Funding has been raised for short-term projects to achieve management goals, and plans are established to attain medium-term security

Weak Project related funding is lacking and there is an inability to meet management goals

Objective criteria
- Are management plans in place for all major projects? Are long-term funding strategies included?
- Is there a strategy for selecting appropriate donors/funding sources for specific projects?
- Describe your donor base for project funding Are you dependent on one particular source of funds?

Notes: Chapters V-XI emphasize numerous types of fundraising opportunities To the extent that an NGO can tap into numerous donors for funds, the projects will be more financially stable

LOCALLY BASED SELF-SUFFICIENCY

Ideal More than 50% of operations costs are covered through local self-sufficiency ventures, membership and endowments and an additional 25% for capital or projects from local sources

Adequate: Local self-sufficiency ventures have been initiated and are increasing to provide more than 25% of operating budget and at least $50,000 for capital or projects

Weak: Self-sufficiency ventures are untried or unsuccessful in raising operational income

Objective criteria
- What percentage of your operations costs is raised locally?
- What percentage of project costs is raised locally?
- Do you have a self sufficiency plan for attracting local funding? What percentage of funding does each of your projects provide?

Notes Aside from the importance of tapping into numerous sources of funds, it is worth noting that tapping into national donors for projects also increases environmental awareness and support for long-term conservation programs The Conservancy particularly encourages raising funds on a national level for that reason

LONG-TERM FINANCIAL PLANNING

Ideal The NGO is establishing trust funds, debt-for-nature swaps and/or Global Environmental Facility funds to ensure long-term protection possibilities

Adequate. There is an effort to conceive and mediate trust funds, debt-for-nature swaps and other long-term financing arrangements

Weak There is no involvement in national level discussions about long-term environmental financial mechanisms

Objective criteria:
- Has your organization established a long-term funding strategy?
- Is your organization invited into national dialogues on debt swaps, trust funds or other long-term financing mechanisms? What role have you played?
- What percentage of funding is covered by these mechanisms?

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Notes: This manual does not, as yet, include a chapter on long-term financial planning

Financial administration

Ideal The NGO has excellent cash controls for payables and receivables and a clear understanding of the program's financial health There are established budget processes and regular audits

Adequate Financial administrative controls are in place without a systematic office procedure Improved budgeting processes and regular audits are needed

Weak Financial reports are often incomplete and there are no clear office procedures for handling payables and receivables

Objective criteria
- When was your last external audit?
- What type of accounting system is in place?
- Is your financial system computerized?
- Is a current Balance Sheet available?

Notes Judith Towle of the Island Resources Foundation kindly allowed us to duplicate her work, "Fiscal Management for Non-Governmental Organizations," in Chapter XII, "How to Manage Your Organizational Finances "

Financial reporting

Ideal The NGO compiles excellent and timely financial reports for donors, the Conservancy, government and other groups

Adequate The NGO is usually timely and does an adequate job of reporting

Weak: The NGO requires major prompting and still delivers inadequate reports

Objective criteria
- Were financial reports complete and submitted on time?
- Did the reports have appropriate invoices and tracking mechanisms?

Notes. Reporting (both narrative and financial) is covered in Chapter V, "Fundraising Strategy" More details on financial reports are also included in Chapter XII, "How to Manage Your Organizations Finances "

The long-term effectiveness of NGOs hinges on their ability to generate funding for their projects and operations You must be able to market the important work you are doing, persuade others to regularly contribute and create your own income-generating projects if you are to succeed However, even NGOs with sufficient funding can get into serious trouble if administrative, reporting and auditing procedures are not well established

The last section is also of major importance to the long-term effecti ness and reputation of an NGO The NGO's ability to wo , well with a series of other organizations, conservation NGOs, government ministries, multilateral banks and community groups is an indication of its strengths and convictions While the ability to "work well with others" is a relatively subjective area, all of us are aware of situations where our effectiveness or reputation have been compromised because we could not establish satisfactory communications and agreements with other organizations In the "Notes" section below, the working hypothesis of the Conservancy is included to clarify why these issues are considered important The Zenger-Miller skills mentioned in Chapter IV "How to Better Manage Your Organization's Human Resources," are also extremely effective for use in multi-organizational relationships

Linkages

The Conservancy prides itself on being an organization whose success is largely due to a concerted effort to work in conjunction with a range of agencies in the private and public sector The ability to incorporate the often divergent interests of private and public groups, with goals ranging from conservation to development, has allowed for success and strength that, working alone, could not have been accomplished We offer the following criteria as standards to aspire to, not as mandatory rules for every organization

Cooperation on stewardship with government bodies

Ideal: Cooperative land protection and management programs between the NGO and public agencies and other private groups exist

Adequate Formal mechanisms are in place for a number of areas of joint land protection and management collaboration Relationships with public agencies are relatively good

Weak· Tensions are frequent between public agencies and the NGO and little effective collaboration is taking place

Objective criteria:
- Is there a current Memorandum of Understanding (MOU or contract) between the NGO and host government land protection agency?
- Are regular meetings scheduled between the two organizations?
- Is information shared systematically between the two organizations?

Notes Productive relationships with other groups, particularly government ministries, are critical to develop in-country capacity and commitment to the protection of natural areas

COOPERATION ON NEW SITE PROTECTION WITH PUBLIC AGENCIES

Ideal There is cooperation with international, national and local land management agencies to protect high-quality sites—at least two high priority sites have received improved protection status with the NGO's assistance

Adequate: Cooperation with pubic agencies is good and the NGO is respected for knowledge about given sites One high-priority site has received increased government support

Weak: The NGO is not collaborating with public agencies in setting site priorities

Objective criteria:
- Is information provided to key government agencies on important biodiversity sites?
- Are policy positions available from and distributed by the NGO?
- Is there a delegated person who meets regularly with regional, national and international players?

Notes. A working assumption of the Conservancy is that conservation NGOs can promote new areas of high biodiversity for site protection through effective collaboration with government land agencies

PUBLIC RELATIONS

Ideal: The NGO's accomplishments and mission are known to the informed public and key decision makers It is highly respected as a leading conservation entity by these groups

Adequate: The NGO has intermittent contact with key decision makers and has forged limited access to the public

Weak: The NGO has done little to promote its activities or conservation in general to key decision makers and the public

Objective criteria:
- Are solid promotional materials developed and distributed?
- Are regular updates, newsletters, news articles, etc , distributed to key decision makers to keep a high profile?
- Are regular meetings established and have key decision makers been invited to the sites or other activities?

Notes The working assumption is that to generate support for conservation programs, strong public relations skills are needed

NONGOVERNMENTAL SECTOR SUPPORT

Ideal: The NGO works in close partnership with other international and national NGOs and has played a leadership role in promoting NGO visibility and the success of the environmental agenda

Adequate: The NGO works with other international and national NGOs and is a member of NGO networks, but has not played a leadership role in promoting NGO coalitions and projects

Weak: The NGO does not have a history of working with other NGOs and/or is treated with mistrust and suspicion by other members of the NGO community

Objective criteria
- Is the NGO a member of a coalition organization?
- Is the NGO seen as a team player, supportive of the distinct roles of other organizations?

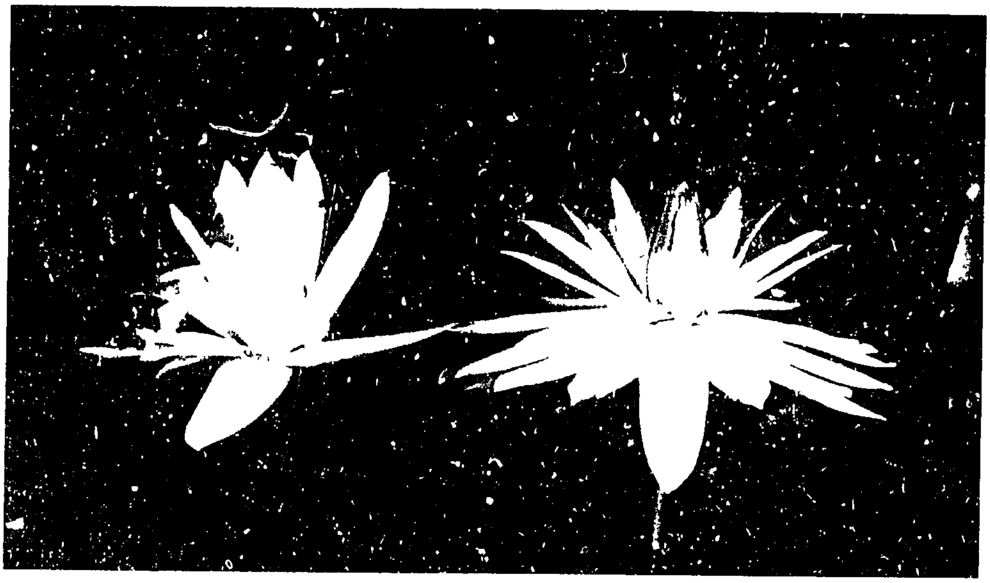
Notes: A working assumption is that no single NGO can tackle all of the conservation needs in a given country and that collaboration and mutual support are needed

Additional aspects to the linkages process can be included such as Does the NGO work well with local community groups around protected areas? Does the NGO have a legislative platform and is it working on passage of key environmental provisions? However, all of these are dependent on the projects and programs that any conservation NGO tackles Nonetheless, the issue of being able to work effectively with other groups is clearly important for the future success of all NGOs and the conservation movement

Conclusion

This chapter provides a way to determine key areas of NGO strength and weakness. While some performance areas are difficult to assess and somewhat subjective, the objective criteria provide questions that are easily answered in a yes/no format. In addition, other chapters in this manual provide in-depth guidance in many of these key areas of NGO performance. As you and your staff assess your strengths and weaknesses, you can refer to subsequent chapters for ideas on how to improve given areas. Good luck in undertaking this type of analysis and we hope that this information will provide insights, examples and step-by-step guidelines to help you strengthen your NGO to be ever more effective in carrying out conservation programs.

RESOURCES
FOR SUCCESS



Chapter III

Operational and Strategic Planning

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The Nature Conservancy.
LATIN AMERICA
AND
CARIBBEAN PROGRAM

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Chapter III

Operational and Strategic Planning

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INTRODUCTION

Nongovernmental organizations (NGOs) are under constant pressure to develop plans fundraising plans, annual plans, strategic plans and park management plans It is not surprising, therefore, that the mention of the word "plan" can cause eyeballs to roll Nonetheless, a plan is the only proven way to allow an NGO, or any other type of organization, to develop concrete and organized activities A plan obliges an NGO to develop goals and objectives that will help it face both current and future challenges

The Nature Conservancy has encouraged and assisted partner organizations with the planning process by offering technical assistance, financial support, workshops and courses The Conservancy itself has also been undergoing an extensive international strategic-planning process since 1992

The contents of this chapter combine "common wisdom," the Conservancy's and its partners' experience, as well as academic writings, to provide an overview of this subject The chapter's objectives are to enable the reader to

1 Know and understand the theory behind planning
2 Understand the fundamentals of planning as used in the Program Planning Model (PPM)
3 Learn to apply the PPM to identify the key program objectives
4 Use this chapter as a guide for planning

This chapter provides tools and techniques that are useful for both strategic and operational planning The actual examples refer mainly to strategic planning that deals with the effectiveness of the whole organization, including its mission, competitive niche and success over the long term Strategic planning defines future directions by determining areas where the organization has the greatest strengths and opportunities for success "Strategic planning forces you to define a point of arrival and a way to get to this point, keeping in mind intervening factors Strategy is the way to obtain what you are seeking because it determines which resources you need to be successful" (Ospina, 1992) "Strategic planning leads to decisions which affect the future of the organization This process helps clarify the mission and objectives by revisiting the programs and activities of the organization" (Hanna, 1985)

Operational planning focuses in more detail on the programs and projects that must be undertaken to complete the strategic plan For example, if an organization's strategic plan indicates that a biological monitoring program is necessary to achieve its mission, an operational plan would answer such questions as What needs to take place to create the program? Is new staff needed? Has baseline data been collected? Is funding in place? Operational plans focus on needed activities that move an organization smoothly from one project to another within a relatively short time frame

This chapter is presented in four sections the first section offers a glossary to clarify terminology, the second covers the theory behind planning, the next presents the Program Planning Model (PPM), and the fourth section refers to additional planning tools that are particularly useful in strategic planning

GLOSSARY

Frequently, when the planning process is under way, philosophical debates erupt over the meaning of words such as "mission," "objective" and "goal" False assumptions and vague definitions often undermine otherwise-successful planning sessions For this reason, a glossary is provided to clarify the way in which the terms are used in this chapter We recommend

Mission	The principal reason for the organization's existence It is also a description of an ideal state that can (or cannot) be accomplished in its totality The final result that the organization works towards
Goals	A description of an ideal state in the resolution of a particular problem Goals are a set of objectives that is the end product of a program
Objectives:	The finality of a project Various objectives contribute to the accomplishment of the goals and mission of the organization The objective is measurable and indicates when to terminate an activity or project and initiate another
Program:	A set of planned activities and projects directed towards accomplishing the goals and the mission of the organization
Project.	A set of activities geared toward the attainment of objectives that contribute to the success of programs and goals
Activities:	Actions taken to meet project objectives
PPM:	Program Planning Model
Plan:	A set of decisions aimed at reaching a desired future and serving as a guide for immediate decisions It includes a full definition of mission, goals, objectives, programs, costs and projects to be implemented in a pre-determined time period
Strategy:	The means by which the organization will undertake activities, projects and programs to attain its objectives, goals and mission

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that you develop or identify your own glossary to clarify terms before undertaking a major planning process

These rather circular definitions are in hierarchical order to further clarify the way in which we are using the terms

THEORETICAL CONCEPTS OF PLANNING

Before beginning the planning process, it is important to reflect on a few questions Even though these questions appear obvious and simple, they serve as a guide to know how to properly begin the planning process

- Why plan?
- When should we plan?
- Who should do the planning?
- For whom or for what are we implementing programs?

WHY PLAN?

We have all developed a thousand reasons why not to plan A survey of Conservancy staff yielded the most frequent responses

- Planning is not easy—there is no tried-and-true format to follow
- It takes too much time, which I don't have
- We have to do something now, not plan for the future
- It won't be useful 3 months from now, because we can't predict the future

While we recognize that planning is difficult, at the same time, the old Spanish saying **"There is never a good wind for a sailor who sets no course"** is particularly true for NGOs If your organization is constantly involved in crisis work, shows little accountability for results over time or finds that staff are overlapping or working at crosspurposes, then the time has come to start planning For conservation NGOs, the speed of changes in the environmental field, the possible loss of institutional identity, the potential arrival of large amounts of funding and future uncertainty because of political changes are important reasons to undertake a planning process

Planning is important for conservationists, it establishes the guidelines and alternatives needed to achieve their goals and objectives (Garcia Kirkbride, 1992, Ripley, 1987, Miller, 1980) Equally important, good planning allows managers to recognize where to avoid investing limited resources, time and energy As an additional incentive, solid plans are essential for successful fundraising for conservation and research programs

Plans also serve to analyze both the successes and failures of a program and to guide decisions Planning allows you to choose from among different alternatives by determining which offers the best chance for success, given budget, personnel, time and structural limitations (Ripley, 1987)

WHEN SHOULD WE PLAN?

"A good plan today is better than a perfect plan tomorrow"

In conservation there are many variables and situations that affect the organization, so there is a need to plan continuously Theoretically, an optimal moment to plan does exist (Miller, 1980), and that is determined by both internal and external factors of the organization

Examples of internal factors

- Are key staff, board and stakeholders available to participate in a planning process? (analyze, time, distance, money, commitment)
- Is the necessary information available to do a thorough analysis of the organization's strengths and weaknesses?
- Are key new personnel being brought on board in your organization that can provide new vision and skills for alternative programs?

Examples of external factors

- Has another organization established projects similar to yours that force you to establish a clearer competitive niche?
- Has a new government been elected that will pass legislation detrimental to the national parks you have worked to protect?

Analysis of these factors will indicate whether it is a good time to undertake a strategic planning process or better to wait a bit Obviously, putting off the planning process "until all conditions are right" will mean your boat will continue to blow in the wind and your ability to protect biodiversity will be limited

WHO SHOULD DO THE PLANNING?

Staffers directly involved in implementing a given program should be included in operational planning However, a much larger number of an organization's staff and board should participate in the strategic-planning process First, it is extremely important that the executive director and the president of the board of directors understand and agree to the strategic-planning process Others who should be included are board members, administrative advisors, program managers, other key staff, donors and possibly consultants Remember that planning is a multidisciplinary process that should be collaborative and participatory Even though the directors make the final decisions, a multidisciplinary focus is essential so that all points of view are considered and the best decisions are made (MacFarland y Morales, 1981, Miller, 1980)

Brainstorming to identify-stake holders early in the process can be helpful to ensure that key perspectives are represented in the strategic-planning process You should consider the participation of politicians, scientists, professionals, private citizens and others who might be affected by the program It is often important to include potential opponents to your projects or your organization, to be sure you understand their perspective and can establish better working relationships through the plans Within the organization, you should try to incorporate all levels of management in the planning process and keep all personnel informed about the process and its goals (Miller, 1980)

FOR WHOM OR FOR WHAT ARE WE IMPLEMENTING PROGRAMS?

Is important to clearly identify the goal and beneficiaries of the plan Is your goal to protect biodiversity, meaning that flora and fauna are the major beneficiaries? Do you define conservation as only protecting species of economic utility? Are you protecting the watershed that supplies all the potable water to the capital city? You will need to identify your program's possible users, beneficiaries or those otherwise affected by it To summarize, an organization should be clear about the potential impact of its programs (positive and negative) on distinct population groups, and, to the extent possible, set up mechanisms to have those groups included in the planning process

THE RESULTS OF PLANNING

Planning is a continuous process of searching for alternatives that help you decide which actions you should take (Ripley, 1987) Clearly, planning provides guidance for an organization to stay focused on its objectives Planning allows an NGO to

- take advantage of opportunities to fulfill its objectives,
- correct weaknesses in the institution and its programs,
- decline opportunities that are peripheral or not related to its goals,
- market itself by being clear about its mission, strategies and objectives,
- undertake new programs and projects with the full support of staff, board and others who have participated in setting the direction of the organization

PROGRAM PLANNING MODEL

A model is a simplified representation or abstraction of some aspect of real life It might be a physical representation (a model airplane), urban plans for a city or a diagram of a program A model's usefulness is based in its capacity to simplify situations, allowing us to think more clearly about real-life relationships (Dye, 1984) The Program Planning Model (PPM) facilitates participatory planning and the clarification of goals and objectives It is helpful in developing programs with a high probability of success that are appropriate to the areas where they will be implemented (Garcia Kirkbride, 1991)

An excellent application of the Program Planning Model can be found in the ZOPP (Ziel Orientierte Projekt Planung) booklets of the GTZ (Deutsche Gesellschaft fur Technische Zusammenarbeit) We highly recommend that you contact the GTZ office, the German Embassy or write the following address to obtain their books

GTZ
Dag-Hammarskjold-Weg 1-2, Postfach 5180
D-6236 Eschborn 1 bei Frankfurt am Main, Germany
Telephone (069196) 79-0, Telex 407501-0 gtz d

An initial version of the PPM was presented by Delbecq and Van de Ven (1971) as a group process method for problem identification and program planning It was subsequently modified to its current form (Van de Ven and Koening, 1976) The PPM was chosen for this manual because it has a logical structure that is easily adapted to different situations (see Chart 1)

The main focus of the PPM is to provide a comprehensive outline to (1) identify and define problems, (2) specify alternatives to solve problems and (3) select programs The PPM assumes that problem identification is necessary before planning a program It is also based on the assumption that there will be changes in the organizational process and all alternatives should be explored

PREREQUISITES FOR PLANNING AND EVALUATION

Prepare an agenda detailing the reasons for the planning session and the desired results (both general and specific), and distribute it to those responsible for the planning process (board, executive director) for review and approval This is often called the "Plan to Plan" Be sure to have the full commitment of this group to carry out the planning process This stage should clarify the tasks to be undertaken, roles of participants (consultative or decision-making), the schedule for the full planning process, the time requirements for participants, an explanation of the process and the desired

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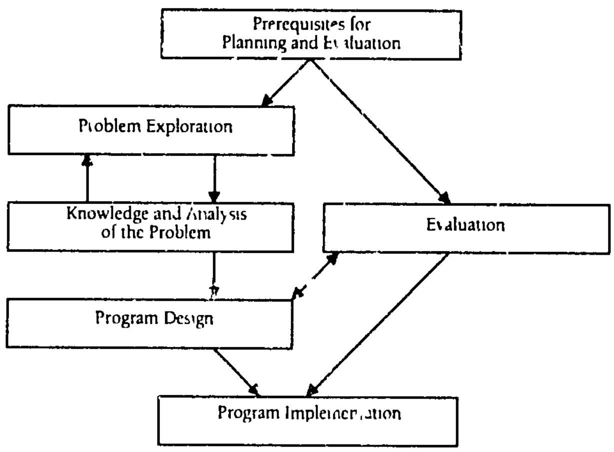
PROGRAM PLANNING MODEL (PPM)



products Finally, since some costs will be involved in conducting a strategic-planning process, a budget should be prepared

Be explicit from the beginning Establish clear and precise definitions for the terminology you will be using Distribute your own glossary if necessary! The planning process depends on clear communication and understanding

PROBLEM EXPLORATION

One of the most important steps in the planning process is identifying and defining the central or priority problems Even though this appears simple, the central problem is often difficult to identify Problem identification is critical for understanding and establishing clear program objectives

For example, your organization may decide that it wants to resolve or alleviate existing environmental problems You will have to analyze their causes and effects before forming the organization's goals Be aware that clarifying causes and effects and stating a central problem can sometimes be a difficult process Here are some potential problem statements

200,000 hectares of the national park system have been deforested every year for the past seven years

or

Settlers set fires to establish agricultural plots in the dry season, which, when out of control, burn national park land

The first is a more inclusive statement of the problem and provides substantial flexibility for how to respond to this crisis The second alternative is actually only one cause of the larger problem, and as a central problem statement may lock the organization into activities that do not fully attack all the causes of deforestation

Turning the central problem into a positive statement then becomes the basis for the organization's mission and goals This statement essentially describes the problem as solved

Example

The organization is committed to the preservation of our national park system

Once the central problem is clearly stated, then brainstorm to investigate the root causes of the problem Keep asking why to get to ever deeper root causes

Causes

Agricultural fires spread into protected national forests, destroying the park

Root causes

Settlers are moving into forested areas and setting fire to land to establish subsistence farm plots

Further root causes

Government law declares that "cleared" land is the property of the settler, so the more that a farmer can burn off, the greater chance he/she has for establishing land tenure

This process can continue indefinitely to focus on the root causes of environmental problems For both operational and strategic planning, it is useful to take the causes of the central problem and put them into positive statements (problems solved) to develop program goals and project objectives

Example

The program will work to amend the legislation on land tenure to ensure greater land security for farmers and greater penalties for burning national parks

While there are many approaches, such as the "Nominal Group Technique," questionnaires and interviews that facilitate the identification of problems and goals, we recommend the use of the "Goal Tree" as a simple yet effective tool

GOAL TREE

This technique (also called Objective Tree) is used to define primary and secondary goals and problems as well as analyze causes and results of problems We highly recommend GTZ's ZOPP books to facilitate this process This technique enables you to determine which goals and problems your organization should pursue as well as those that are better left to other organizations

Follow these steps

1 Make a list of problems (causes and results) and then put them into positive language to establish goals to be accomplished as part of your organization's mission Identify the organization's goals before you analyze how to attain them Let's say that ten goals are identified
2 Next, rank each problem and its corresponding goal from one to ten, one being the most important Quantitative goals are usually ranked higher than qualitative ones
3 Decide which goals are attainable and which should be organizational priorities Criteria for ranking the goals can include (ZOPP) cost/benefit analysis, availability of resources, complementarity or competitiveness with other organizations Suppose that among the ten goals there are four that take priority over the others These are called the primary goals (PG) on whose achievement the success of the organization rests The other six are secondary goals (SG) The two principal branches of your tree—the primary goal (PG) branch and the secondary goal branch (SG)—are now established Each branch should be analyzed separately to determine how each goal will be achieved and which strategies will be adopted Some of the SG can be pursued by other organizations
4 Analyze how you will gauge success and evaluate the achievement of each goal
5 Review the goals to make sure they are well written and clearly defined and that they have a cause-and-effect relation to the problem If, in the final analysis, the goal will not solve the problem, then you must go back to step one

Remember that the planning process is cyclical and continuous Repeat this step as many times as necessary Clear goals should be directly linked to the solution of the defined problem

Construction of a Goal Tree is an initial step for clarifying your goals If you are interested in more sophisticated processes, there are various computer software packages that help with project management and critical analysis They are Harvard Project Manager, Timeline and Gantt Chart However, we recommend that before using any of them, you use the aforementioned techniques to be sure that you have a clear idea of the data to input

UNDERSTANDING/ANALYSIS OF THE PROBLEM

This phase includes an analysis of the problem that is deeper, more systematic and more technical In many situations, it is necessary to identify experts and scientists inside and outside of the organization who are considered knowledgeable in the areas defined as primary goals These specialists are often the ones who will be responsible for implementing the program, so it is essential that they contribute to the program's design

Review existing literature, bibliographies and references that discuss the problem Where did the problem originate? What is its magnitude? What references are available? Are there similar projects that have tackled similar problems? Try to compile and analyze past experiences, identify the present level of knowledge and possible solutions or program alternatives This and the previous step are very closely related, so that once you have identified and investigated the problem, you need to determine whether the goals have been appropriately identified or not

It is important to note that this step is not about strategies, but about the formulation and identification of goals A strategy is a way to achieve your goal, since it dictates which resources and activities will be needed Miller (1980) mentions that many protected-area managers are more worried about strategies than about the formulation of goals when they begin the planning process

In-depth analysis of the problem entails a structured and deliberate process that (a) facilitates the definition of the problem, (b) emphasizes those aspects of the problem that are of highest priority, (c) provides a means for many people to contribute their ideas, (d) increases the legitimacy of subsequent proposals and (e) creates an atmosphere favorable to positive responses from the administrators and beneficiaries of the program (Delbecq and Van de Ven, 1971)

PROGRAM DESIGN

Now that the problems and goals are clear, this phase examines the alternative programs available to reach those goals—the costs, benefits, sources of funding and the time it will take to implement each program Analyze alternative programs and define the action plan that establishes how, when, where and why the work will be done It is imperative to examine a number of potential alternatives for attaining your goals Each alternative entails different levels of expenditure and income Some options are far more costly than others, some involve more risk of failure than others, some have fewer programmatic difficulties, while others have similar costs but very different fundraising potential One of the most useful techniques to use in choosing appropriate programs is a cost-benefit analysis (Delp, et al 1977)

Once a program is designed, negotiations and adjustments are made, and the evaluation of the plan begins The final product is a proposal for an "action plan" that lists each component of the program, the activities, expenses, steps to follow and the time needed to complete it

EVALUATION OF THE PLAN

This phase completes the PPM cycle before program implementation begins The critical question is **Should we undertake this project?** To initiate this phase, it is helpful to talk to people who have participated in the previous planning phases to review the planning process and ensure that critical ideas have been included Evaluation of the plan should include (1) evaluation of the objectives, (2) evaluation of selection criteria and (3) evaluation of the design Evaluation allows you to improve programs before they are implemented It is also helpful to ask the following questions

1 Why is this program attractive to your organization?
2 Is your organization capable of undertaking it?
3 Are there other organizations working on programs like it?

Finally, you should also identify the criteria on which the program will be evaluated once implemented Once the program has been approved and implemented, periodic evaluation is needed to answer the question Are you satisfactorily accomplishing this program? See the evaluation section in this chapter under "Additional Planning Tools" for more guidelines on establishing monitoring and evaluation criteria Evaluation allows an organization to periodically revise its programs and renew itself

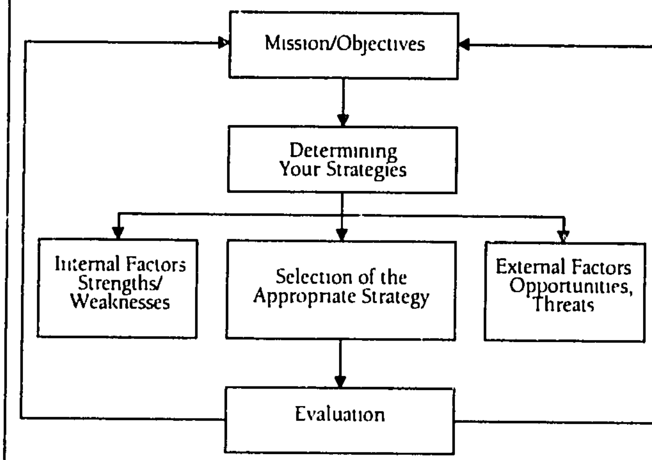
PROGRAM IMPLEMENTATION

Once the steps presented in the model have been taken, then the program or project is ready to be presented to a donor With a good plan, the probability of funding is fairly high When funding is available, project implementation begins Some programs should be implemented as pilot projects or initiated on a small scale to determine problems and difficulties before scaling up Even with the best plans, crises, unexpected events and breakdowns will arise, but with a good plan, you can stay focused on the program's goal as you solve these problems ■

ADDITIONAL TOOLS FOR STRATEGIC PLANNING

The following tools are most often used for strategic planning, but can be usefully adapted for other purposes The strategic management process encompasses three consecutive components (1) clarifying mission and objectives, (2) determining your strategies and (3) evaluation

COMPONENTS OF STRATEGIC PLANNING



CLARIFYING MISSION AND OBJECTIVES

The clear definition of the organization's mission, goals and objectives is the first step of strategic planning The definitions are then used as criteria for selecting strategies, programs and evaluation tools The mission is the end result the organization is seeking We recommend the Goal Tree technique as a useful tool to help clarify your mission Examples of mission statements used by various successful conservation organizations in Latin America are included below
Once the mission is clear, programs can be defined to integrate the goals, objectives and strategies to accomplish the mission When choosing program areas, a number of factors come into play (McMillan 1983)

EFFECTIVE MISSION STATEMENTS

"The conservation of diversity and biological wealth of Guatemala "
—Defensores de la Naturaleza

"The Foundation, inspired by Peru's extraordinary richness and biological diversity and conscious of the dangers that threaten its survival, has as its mission to act professionally and responsibly within Peruvian society, fulfilling the tasks necessary in order to preserve the renewable natural resources for the benefit of present and future generations "
—Fundacion Peruana para la Conservacion de la Naturaleza

"Our mission is to provide an integrated approach to the management of the natural and man-made environment by direct action and working with citizens, businesses and government"
—Jamaica Conservation and Development Trust

"Protect and preserve biodiversity in Bolivia "
—Fundacion Amigos de la Naturaleza, Bolivia

Criteria for internal attractiveness
- Is the program congruent with the mission of the organization?
- Does the program draw on skills existing in the organization?
- Will the program share resources and coordinate activities with other programs?

In addition, programs should be appealing to an external audience. Examples of the types of criteria you should consider for program selection include:
- Does the program have high appeal to groups capable of providing current and future financial support?
- Are measurable, reportable program results established?
- Do local people support or oppose the program?

Examples of a few of the program goals selected by successful conservation organizations follow. Only one goal from the many pursued by each of these organizations is mentioned.

"Promote the establishment of protected areas, their administration and adequate management."
—Defensores de la Naturaleza, Guatemala

"The establishment of a system to adequately manage protected areas so that these can serve the purpose for which they were created."
—Fundacion Peruana para la Conservación de la Naturaleza

"Establish the Jamaica National Parks Trust to provide continued financing of the operations of a Park System."
—Jamaica Conservation and Development Trust

"To establish a system of protected areas which represent the country's biodiversity, which is defined by land ordinances and whose operation is guaranteed for the long term."
—Fundación Amigos de la Naturaleza, Bolivia

DETERMINING YOUR STRATEGIES

To determine effective strategies, a three-part analysis is usually recommended: (1) analysis of the organization's internal capacity, (2) analysis of the external conditions under which the organization must operate and (3) selection of an appropriate strategy. This analysis is often referred to as "SWOT" for strengths, weaknesses, opportunities and threats.

First, the strengths and weaknesses of an organization should be readily apparent with an analysis of the caliber, quality and quantity of resources such as personnel, finances and resources that exist within the organization (Hill and Jones, 1992). Ask yourself: What are our major strengths and weaknesses? What must we do to build on the former and overcome the latter? Examples of types of attributes that should be analyzed can be found in Chapter II, "Measures of NGO Success."

Second, through the analysis of factors external to the organization, opportunities as well as threats are identified. These factors may be of an economic, social, cultural, demographic, environmental, judicial, technological or political nature. The more unstable the external environment, the more the NGO needs planning to help make successful strategic decisions. An analysis of similar institutions such as competitors and organizations doing similar work in other locations, should also be performed. Some examples of the external variables to be considered are included here (Ospina, 1992).

These ideas are most useful if sorted into program categories (national park management, legislative action, etc.) and internal management categories (fundraising, personnel management, board of directors, etc.). It is then easier to analyze the areas for growth and expansion of your organization.

Finally, based on your "SWOT" analysis, select an appropriate strategy. After obtaining information from the aforementioned steps, make a synthesis of the organization's strengths and weaknesses with the external factors, opportunities and threats. A matrix can be filled in for each program and soon a series of strategic alternatives can be generated. Each can be evaluated in rela-

PLANNING WORKSHEET

INTERNAL FACTORS			
Strengths	What are the major strengths of our organization?	**Analyze**	What should we do to take advantage of these strengths?
Weaknesses	What are our major weaknesses?	**Analyze**	What should we do to overcome these weaknesses?
EXTERNAL FACTORS			
Opportunities	What are the major opportunities that may be available to our organization?	**Analyze**	What should we do to take advantage of these opportunities?
Threats	What are the major threats our organization may face?	**Analyze**	What should we do to overcome these threats?

EXTERNAL VARIABLES THAT COULD INFLUENCE THE ACHIEVEMENT OF YOUR ORGANIZATION'S MISSION

ECONOMIC:
- inflation,
- fiscal policy,
- tax deductions for non-profit organizations

SOCIAL:
- education,
- health,
- population,
- employment for women

POLITICAL:
- political stability

CULTURAL:
- community participation

JUDICIAL:
- national park legislation,
- land tenure laws,
- natural resource exploitation guidelines

SIMILAR INSTITUTIONS WORKING IN YOUR FIELD:
- How many are there?
- Where are they located?
- Are they governmental or private?
- What do they do?
- What are their policies?
- What section of the market do they control?
- What is their capability of expansion?
- Where does their funding come from?

STRATEGIC MATRIX FOR SELECTING PROGRAMS

		PROGRAM ATTRACTIVENESS			
		High		Low	
		Alternative Coverage		Alternative Coverage	
		High	Low	High	Low
Competitive Position	Strong	1	2	5	6
	Weak	3	4	7	8

tion to its capacity to best meet your mission and goals (McMillan, 1983)

After the matrix is completed, identify which programs best fit the profile
- High Internal Program Attractiveness,
- Strong Competitive Position,
- Low Alternative Coverage

This area (# 2 in chart above) is logically an area of high potential growth as opposed to a program identified as having Low Internal Attractiveness, Weak Competitive Position and High Alternative Coverage, which should probably be divested quickly (#7) This analysis also helps define opportunities for new programs—areas that no other group is addressing effectively and where you might want to build organizational strength (#4) as there is a high tie-in to the mission The decision-making group will have to analyze each potential program and decide whether the strategy will be to aggressively pursue growth, divest quickly, work in collaboration with another group, build strength in a new area or stay the course (McMillan, 1983) While it is difficult and often embarrassing to close down a program, if your analysis indicates it is needed, you should probably move aggressively to do so to limit the drain and diffusion of financial and staff resources

Programs identified by the strategic plan should clearly
1 Tie in directly with your mission,
2 Build on the skills and resources of the organization,
3 Merit a major investment of time and resources,
4 Be in program areas where your organization is competitive with or better than other groups

For each program identify goals and objectives that can be assessed within a certain period of time Each program will also require a budget showing the resources needed to achieve what has been planned Objectives and goals should be reviewed at least every three years to ensure that your ship is still on course

Finally, the structure of the organization should be developed in response to the strategy The organizational structure may need to be adjusted if new programs and objectives are established

EVALUATION

As with evaluation for all types of planning, the two fundamental questions are

1 Should we carry out this program?
2 How well are we carrying out the program?

Before approving a program, revisit the matrix to ensure that the program is attractive to the organization (fits the mission, uses skills and resources well and is likely to produce concrete results), that you are in a strong competitive position (e g the institution has a strong track record, good fundraising ability, match of technical and organizational skills) and that you are competitively placed with regard to other institutions working in the same general area

Once you are clear that the program is a good idea and the evaluation of the plan is completed, ensure that evaluation criteria for implementation are established

- Does every objective have specific measurable results?
- Is it clearly stated who is responsible for what in your list of objectives?
- Are the objectives realistic (plausible) and independent from one another so they can be analyzed separately? (GTZ)
- Is there a clear link between the objective and resolution of the problem identified?
- Do the costs correspond to the budget?
- What information will you need to collect as the project progresses to measure accomplishments?

Once the program is under way, address the second major question How well are you carrying out the program? The evaluation should be based on how well you are reaching benchmarks for achieving the program's objectives When a long-term project is initiated, evaluation midpoints are determined to measure progress, make necessary changes or corrections or, perhaps, adapt objectives In general, if the new program is experimental or very risky, it is necessary to know if the initial expectations are effective before making a major investment

CONCLUSION

Planning is necessary for all NGOs It is essential in order to establish effective programs and obtain the goals and mission established by the organization It must be emphasized that most program failures are caused by faulty planning Strategic planning is particularly important because it prepares us to make good decisions in ever-changing surroundings

Even the best strategic plan cannot be successful without strategic implementation To develop these capacities, experience is required as well as the skills and tools mentioned in subsequent chapters such as fundraising, personnel policies and financial systems A good plan is without doubt the best means to obtain funding, but you still have to know how to promote it and how to establish and maintain harmonious relationships with donors As you explore the rest of the manual, remember, there is no better way to begin your program and set your NGO on a successful course of action than through planning

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1993

Resources for Success

Chapter IV

How to Better Manage Your Organization's Human Resources

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LATIN AMERICA AND CARIBBEAN PROGRAM

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Chapter IV

How to Better Manage Your Organization's Human Resources

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INTRODUCTION

An organization is most effective when the staff is highly motivated, teams are working together and communication is open and productive. Frequently, however, as conservation NGOs grow in size and sophistication, increasing numbers of personnel conflicts begin to occur. This phenomenon seems based partly on a basic rule of human relations: "The more people you put together, the greater the chance of conflict," and partly on the difficulties inherent in maintaining clear communication as staff size increases. At the same time, the most important resources an organization has are its human resources—all of the people, paid and volunteer, who carry out the organization's mission, objectives and tasks.

The key to managing others is clear communication. One of the major theories about organizational development is based on a series of questions put to business leaders. Their answers indicated that, time after time, a lack of clear communication was the major barrier to organizational effectiveness. Planning came in a close second. Communication, while critical in every business, is paramount in the nonprofit sector for maintaining staff morale and ensuring maximum effectiveness.

The Training Department has increasingly been asked to provide guidance on how to resolve communication difficulties and develop improved management tools. In response, in 1992 we began training partners with the Zenger-Miller Frontline Leadership Program, described in detail at the end of this chapter. In addition, we have offered occasional courses on personnel matters, including an important contribution from Enrique Amarilla of Fundacion Moises Bertoni during Conservation Training Week in 1993. For this chapter, this previous experience is called upon as are the human resource development tools of The Nature Conservancy.

As the Conservancy has grown from a less than 30 to more than 1500 full-time employees (and many more volunteers), our Human Resource Division has been charged with developing appropriate personnel policies. This chapter focuses on the Conservancy's experience with these management tools. We hope that future editions of this chapter will include more experiences from partner organizations, but at this stage many NGOs have not yet had extensive experience with their systems and are asking for advice on how to set up reliable personnel systems.

There are many management tools that encourage clear communication in the workplace. This chapter will focus on:

- **Personnel Policies and Procedures;**
- **Job Descriptions;**
- **Employee Objectives;**
- **Employee Performance Appraisals, and**
- **Zenger-Miller Frontline Leadership Training.**

We also offer recommended resources for working with the Board of Directors at the end of this chapter.

PERSONNEL POLICIES AND PROCEDURES

One management tool that promotes clear communication is a system of clearly articulated personnel policies and procedures that govern the hiring, compensation and management of staff.

PERSONNEL POLICIES SHOULD:

- Reflect the organization's values;
- Establish organizational expectations;
- Adopt standard business practices that are recognized as effective;
- Set boundaries and limits on the institution's and the employee's conduct and behavior;
- Stipulate positive and negative consequences of behavior;
- Provide a framework for interaction, and
- Comply with laws and government regulations.

Adherence to standard personnel policies and practices is essential to effective managerial performance. The Nature Conservancy has developed a system of personnel policies and procedures that govern the hiring, compensation and management of staff. We recommend that every organization establish a set of personnel policies.

A SAMPLE OF THE NATURE CONSERVANCY'S POLICIES:

- Code of Ethics;
- Equal Employment Opportunity/ Affirmative Action;
- Grievance Policy;
- Drug-Free Workplace Policy;
- Policy on Sexual Harassment;
- Smoking Policy;
- Travel Policies and Procedures, and
- Compensation and Benefits Policies.

Each of these and other policies are available in writing and are distributed to all employees As new staff are hired they are given an Employee Notebook that includes all of the policies and are encouraged to read them and ask questions about them during orientation In this way, all new employees are immediately informed about current policies and not only have written materials but have contact people who can clarify any questions

Policies are useful wherever potentially controversial issues may evolve Partner organizations, such as Defensores de la Naturaleza in Guatemala, have developed policies governing vehicle use, and policies that spell out per diem rates and reimbursement for expenses while in the field These are areas that can create jealousies and conflicts, therefore, a clear set of policies is essential In addition, like the Nature Conservancy, Defensores has developed a code of ethics that states explicitly that employees are not only expected to obey the law in all circumstances, but that maximum integrity and honesty are required Its policy directly states

"We will not tolerate an employee who obtains results by violating laws or unscrupulous behavior"

Policies communicate the values of the organization and state exactly what is expected from employees and managers

JOB DESCRIPTIONS

A second management tool to clarify specific responsibilities is a job description

> ### EVERY CONSERVANCY JOB DESCRIPTION SHOULD
>
> 1 Establish key job duties, which become the basis for performance standards and performance appraisal
> 2 Provide specific information for job evaluation
> 3 Describe the nature of the work and the way the job fits into the organization
> 4 Act as a recruitment and selection tool
> 5 Support Equal Opportunity Employment and Affirmative Action

An important characteristic of written job descriptions is objectivity The goal is to describe a position, what is done and how Comments of a personal nature, or those that are descriptive of personality traits, are irrelevant The writing style must be lucid and as brief as possible Action verbs should be used and program jargon avoided The format must follow a prescribed standard for uniformity among similar positions to be directly relevant to the job evaluation plan and applicable to the performance appraisal system

In the United States, job descriptions can use only requirements that are "bona fide occupational qualifications" (BFOQ) This is a legal term used in the implementation of Title VII of the Civil Rights Act of 1964 and subsequent laws regarding Affirmative Action to ensure that job requirements will not be constructed to discriminate against minorities

Most job "requirements" that pertain to race, color, religion, national origin, political affiliation, marital status, age, or sex are not BFOQs and may not be considered in the hiring process While similar legal requirements may not exist in your country, thinking in these terms can help to ensure that you are not discriminating against a potential employee who may bring strong skills to your organization

Procedure

Job descriptions are written in the office where the position exists and should be a joint effort of the supervisor, peers and subordinates, the incumbent (if available), shared or second-level supervisors and sometimes volunteers or co-workers

> ### A GUIDE FOR WRITING JOB DESCRIPTIONS
>
> 1 **Gather information about the job**
> Information sources include interviews, or a written statement by the incumbent (where available) or the supervisor, and job descriptions for positions that appear to be similar
>
> 2 **Organize the information and prepare a draft**
> Begin with drafting the "Summary of Position," since it is the most all-inclusive section of the job description When applicable, borrow language from existing job descriptions of similar positions Spell out names of organizations, departments and equipment the first time they appear, then use the initials or acronym, in parentheses
>
> 3 **Review the draft and submit a completed description** A job description should be reviewed by the incumbent and circulated among joint supervisors

NOTES ON STANDARD FORMAT

We recommend the establishment of a standard format to facilitate the process, to ensure that all key information is always included and to train managers to thoroughly think through job duties and entrance requirements prior to posting a position The Conservancy includes eleven critical pieces of information in each job description

1 Organization identification Job descriptions should be prepared on the letterhead of the office where the position exists The words "Job Description" should be centered below the letterhead
2 Job title A title descriptive of the duties of the position should be used If the title is commonly used throughout the organization, the location for this position should also be given Note part-time and/or short-term when applicable
3 Title of supervisor and department The person responsible for selecting, training, and supervising the position If supervision is shared, all supervisors should be shown The name of an individual is not appropriate, as that may change
4 Location The actual work site of the employee, showing the full name of the office and the city and state where it is located
5 Preparer This should be one of the supervisors who has thought through the skills needed for the department
6 Date prepared This provides potential applicants information about how long the position has been open
7 Summary of Position This is a brief paragraph that provides an overview of the position In two or three sentences, it describes the role of this position as it pertains to the mission or program of the organization This paragraph should answer the questions What kind of work needs to be done? What is the purpose of the position? What special knowledge, experience or skills are required? What degree of supervision or independence is characteristic of the working situation? With what groups of people does the job require contact, and what is the extent of that contact? Does the position include supervising any staff or volunteers? The last sentence should be "The [job title] is supervised by [title/titles] and supervises [title/titles] or 'no staff' "
8 Duties List, in descending order of importance, the duties of the position The order may be determined by the importance of the task or the frequency with which it is done This list forms a key source of information for evaluation of the job and, later, for performance appraisal Each job duty should be expressed as an activity, using active verbs ("raise funds," not "fundraising", "maintain trails," not "trail maintenance", "file," not "responsible for filing") It is not sufficient to list "budget" as a duty What does the person do with the budget? It may be to reconcile, draft, or type The choice of action verbs in this case will indicate the level of responsibility
9 Entrance requirements Objective information that is the basis for assessing, screening and selecting applicants to fill the position Once again, the items should be written in descending order of importance There are two major points to remember when writing these requirements they must be relevant to the duties of the job, and each requirement must be a (BFOQ) An example that meets these requirements an advanced degree for a staff writer The requirement of a college degree for most support positions is usually not a BFOQ and will be subject to challenge by those who review the job descriptions
10 Contact The full name, title, and address of the person who will be recruiting for this position
11 EOE Statement "The Nature Conservancy is an Equal Opportunity Employer," appears on all Conservancy job descriptions

SAMPLE JOB DESCRIPTIONS

Following are samples of two actual job descriptions The first is a job announcement for a position with the Jamaica Conservation and Development Trust Advertisements that effectively summarize a job description, such as this one, are critical for attracting top candidates The second is for Director of Finance and Administration for the Latin America and Caribbean Program of the Conservancy

JOB ANNOUNCEMENT

PROMOTIONS OFFICER

Our client, an active, nonprofit organization in Kingston involved in promoting environmental conservation and sustainable development, seeks to identify a Promotions Officer

Reporting to the Executive Director, the Promotions Officer will be responsible for preparing proposals and initiating/coordinating activities in support of fundraising, creating publicity materials and working with members and donors to promote environmental aims This challenging position should hold most interest for those with a marketing and publicity flair and a desire to promote environmental protection issues

Candidates should
- have a tertiary qualification in communications or marketing,
- have at least three years' experience in publicity or marketing,
- be familiar with computer programs and desk-top publishing, and
- have good communication and interpersonal skills

The Compensation offered is attractive

Write in confidence, enclosing resume, to
Donald J Duff, Selection Services, P O Box 76, Kingston

—Prepared by Peat Marwick

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Job Description

Title	Director of Finance and Administration
Supervisor	Executive Director, LAD
Location	Latin America Division
Date Prepared	August 20, 1992
Preparer	Geoff Barnard

Summary

The Director of Finance and Administration is the chief financial and administrative officer of the Latin America Division (LAD) managing the Division budgeting process, monitoring and supervising all financial transactions and designing and implementing reporting procedures and formats for programs within the Division and to outside agencies The Director provides training in administration and financial management issues to NGO partners and in-house staff

In addition the Director coordinates support to all offshore LAD offices/staff, researches legal and logistical needs and implements appropriate procedures, supervises and coordinates the design and implementation of appropriate personnel policies and procedures for the Division, manages immigration processing of foreign staff hired and deals with special personnel issues arising from the international nature of the Latin America Division work force The Director/Administrator is supervised by the Executive Director He/she manages the Administrative department, supervising the Office and Financial Manager, the Grants Financial Administrator and two Administrative Secretaries

Duties

Financial

1 Prepares LAD budgets Works with Directors in drafting initial budgets, reviews proposed budgets, amends and drafts final core operational and program budgets (130 as of FY93)
2 Monitors income and expenses throughout the year Drafts monthly divisional core actual/budget report Recommends changes to budget and/or implements cost-cutting restrictions as needed
3 Monitors and reports balance of Division-wide programs Parks in Peril International Programs Fund, Tropical Conservation Fund Maintains spreadsheets tracks special allocations within the programs and provides monthly reports for Management Committee
4 Oversees financial reporting on special donor grants Signs off on quarterly submissions ensuring proper formats documentation and authorization
5 Designs and monitors Divisional financial reporting formats and procedures to ensure proper documentation and authorization
6 Coordinates all financial transfers for overseas partners and/or debt purchases Arranges banking logistics and proper accounting
7 Oversees auditing process for LAD grant programs Designs terms of reference bids process and implementation of follow-up procedures on site with partners
8 Ensures that accounting transactions for the Division comply with proper financial controls policies and procedures

Administrative

1 Participates in Division policy-setting, program design and project approval
2 Researches appropriate legal/logistical information for the support of TNC staff/offices in Latin America and the Caribbean as needed Implements procedures as appropriate
3 Coordinates support of LAD offshore offices/staff Ensures funds availability reviews monthly accounting, monitors personnel and equipment purchasing support
4 Reviews LAD contracts proposals and agreements for proper financial provisions, government-imposed restrictions, budget feasibility and adherence to TNC policies
5 Assists in organization-wide policy setting through participation in International Strategic Planning Working Group and International Compensation Task Force and the design of modifications to the organizational accounting system through the General Ledger Task Force and Grants Reporting Working Group
6 Oversees Divisional office management activities including computer and equipment purchases and logistical support matters

Training

1 Provides training to NGO partners (in English and Spanish), through regional workshops and individual in-country visits, regarding overall financial management, personnel administration, organizational objective-setting and monitoring, and AID general budgeting, procedures, compliance issues and grant-specific requirements and stipulations
2 Provides in-house training for Division staff regarding contracting and reporting procedures and compliance issues

Personnel

1 Formulates appropriate personnel policies, guidelines and procedures for recommendations arising from the international nature of Division personnel
2 Oversees all personnel transactions for the Latin America Division Coordinates recruitment process for ensuring Workforce Diversity candidate pool and review process counsels supervisors and staff regarding performance problems, trains Division staff on proper personnel procedures and policies, and coordinates annual objective-setting and performance appraisals
3 Manages all immigration matters Prepares applications for visas and contacts appropriate agencies for renewal, extension/changes
4 Administers general relocation assistance for TNC overseas assignments and visiting fellows as needed

Entrance Requirements

1 Advanced degree in business management or related field and 3 to 5 years of experience in the international conservation field in one or more of the following areas nonprofit institutional development, finance/accounting or a history of successful program management experience with The Nature Conservancy
2 Excellent communication skills in English and Spanish, proven experience in preparing and delivering training presentations required Portuguese or French desirable
3 Successful management experience in international finance and personnel, including immigration, international benefits and taxation
4 Working knowledge of business practices, legal/logistical requirements of countries in Latin America and the Caribbean desirable
5 Proven ability to work independently and as member of a team, to coordinate and lead the efforts of others by example, results oriented, ability to work under pressure Excellent interpersonal skills and sensitivity to an advisory role in dealing with partner organizations required
6 Knowledge of AID general requirements and reporting procedures required Familiarity with TNC's accounting system desirable
7 Ability to maintain confidentiality and demonstrate sensitivity and discretion in all aspects of work Proven ability to work effectively in cross-cultural situations with a wide range of people of various economic and professional backgrounds in both the public and private sectors
8 Willingness to travel as required, in the U S and Latin America, to accomplish objectives
9 Demonstrated commitment to conservation and the goals and programs of The Nature Conservancy

Contact

Paul Martin
The Nature Conservancy
1815 N Lynn St , Arlington, VA 22209
Tel (703) 841-5300

The Nature Conservancy is an Equal Opportunity Employer

EMPLOYEE OBJECTIVES

Just as we set objectives to achieve our organization's mission and goals, The Nature Conservancy believes it is critical to set individual objectives for employee performance Objectives give us a sense of direction, a definition of what we plan to accomplish and a feeling of fulfillment when they are achieved We provide guidelines for both managers and employees, as objective setting is best done as a mutually agreed-upon process Objectives that the employee and the managers both agree to are far more likely to be achieved

MANAGERS' GUIDELINES FOR SETTING OBJECTIVES

Setting objectives transforms the planning process into a results-oriented agreement that assigns responsibility and provides for accountability To employees, an objective is an agreement to focus limited resources on producing critical results An objective provides a target for the employee's work for a given period of time The employee benefits by knowing exactly what is required in order to succeed

The Conservancy's guidelines for setting objectives,

1 Objectives should support the corporate strategic plan, the operating unit's strategic (or annual) plan and the supervisor's operating objectives Operating objectives constitute an individual annual plan that must reflect organizational needs and priorities rather than personal preferences
2 Objectives should be the product of dialogue between employees and supervisors, but supervisors are ultimately responsible for seeing that objectives meet organizational requirements
3 Objectives should be stated in a way that makes them measurable Doing so reduces the potential for debate as to whether or not they have been achieved
EXAMPLE· Cultivate Board of Directors chair by helping to plan annual meeting, attending all Board meetings and accompa-nying him/her on ten fundraising calls
INSTEAD OF Establish relationship with chapter chair
4 Objectives should be reviewed quarterly and revised as necessary based on changing circumstances and/or re-ordered priorities, however, only the supervisor may modify them (or approve a change initiated by the employee) Both parties should review objectives at least quarterly to ensure that progress is documented Managers need to articulate the importance of operating objectives throughout the year, otherwise employees may assume that they have been superseded by new priorities Modifications should be documented in writing to avoid confusion during performance appraisal about what was agreed to previously
5 Operating objectives are not synonymous with the job duties delineated in the job description, but in some cases they may be Objectives translate duties into specific results Jobs that focus on providing ongoing services may not lend themselves ideally to objective setting, since in such cases the goal is to continue performing basic duties rather than to initiate special projects It is possible, however, to target one or more duties for emphasis to reflect emerging needs or changing circumstances
EXAMPLE (for a receptionist)
JOB DUTY Answer the telephone
JOB OBJECTIVE· Answer all calls prior to the fourth ring, take clear and complete messages, deliver them promptly and cooperate with other support staff to ensure that no telephone in the office goes unanswered
Also, special projects offer possibilities for goal-setting The need for a new file system or a renovated office suggests a goal for the employees involved, writing a manual or designing an effective procedure also constitutes an objective
6 Annual objectives should cover the full scope of the job and be related to the key areas targeted Annual Plan Objectives, Job Duties, Program, Finance, Human Resources and Personal Development The number of objectives will depend on the position and the priorities identified Managers have the responsibility to focus objectives on organizational needs and to resist employees' tendency to emphasize the elements of the job they enjoy or prefer
7 Objectives should be listed in order of priority so there is no doubt as to their relative importance It should be clear to an employee what the order of priority is and that he/she should apportion time and other resources accordingly
8 Consider limiting the number of objectives to fewer than ten to send a clear message about the need to focus The benefit of objective-setting is diluted when the list is long
9 Objectives should be ambitious, yet attainable—in other words, realistic If either the supervisor or the employee sets objectives that are impossibly high, the result is likely to be failure that will set the program back and jeopardize the employee's enthusiasm and confidence Conversely, employees should not be permitted to suggest objectives that are so low

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and easily attainable that achievement does not represent a challenge

10 Whenever possible, objectives should be made precise, factual and specific Doing so ensures clarity as to exactly what is required to achieve the objective
EXAMPLE: Raise $50,000 in cash and $100,000 in pledges of future gifts for stewardship endowment
INSTEAD OF. Raise funds for stewardship

11 Every objective should pass the S-M-A-R-T test
Specific - is it focused?
Measurable - how will you tell if it's accomplished?
Attainable - is it a realistic target?
Resource-based - do you have what you need (funds, time, skills)?
Timely - when will it be done for the greatest value?
EXAMPLE Raise $20,000 for park guards' salaries by planning campaign kick-off for November with Director of Park Services and accompanying her on visits to all bilateral donors
INSTEAD OF Raise funds for program

EMPLOYEES' GUIDELINES FOR SETTING OBJECTIVES

At The Nature Conservancy, success is a function of planning effectively and performing well The process that links the two is objective setting Employees are expected to develop objectives jointly with their supervisor in connection with two events—when the employee is hired (or changes jobs), and as part of the annual planning and budgeting cycle The achievement of agreed-upon objectives is assessed in the performance appraisal process at the end of the introductory period and, thereafter, during the annual review Performance appraisal, which focuses on objectives and the Conservancy's performance standards, constitutes the foundation for administering salary increases

To develop sound objectives, employees need to be familiar with their program's annual plan and their supervisor's operating objectives

By completing the objective-setting process, employees will benefit by knowing exactly what is required to succeed This helps ensure employee commitment Employees have a say in how to accomplish their work and mutual agreement on the parameters of what is expected of them

SUGGESTED STEPS TO SET EMPLOYEE OBJECTIVES

- Review duties in job description
- Consult with supervisor about needs and expectations
- Consider the following categories as applicable annual plan objectives, job duties, program objectives, financial objectives, human resource objectives, including commitment to diversity and personal development objectives
- Draft objectives, limiting the total to fewer than 10
- List in order of priority
- Apply the S-M-A-R-T test above
- Discuss with supervisor, focusing on resources required
- Agree and sign
- Plan when to initiate each objective, develop calendar
- Post in visible place
- Track progress periodically and report to supervisor
- Discuss, revise or modify objectives as appropriate with supervisor's approval
- Document achievements/progress on performance appraisal form

EMPLOYEE PERFORMANCE APPRAISALS

Another tool used to manage human resources is the annual employee appraisal Performance appraisal is the cornerstone of The Nature Conservancy's personnel system It is an important process because it enables us to achieve several goals

1 Assess performance and document achievements
2 Reward employees commensurate with their achievements
3 Build on strengths and target areas for improvement
4 Provide information to help in making decisions about the employee's future with the organization
5 Document deficiencies in case dismissal is later necessary

The Nature Conservancy has established the management and development of staff as a high priority by assigning the highest possible value to this kind of work in the job evaluation system Supervisors find that performance appraisal is demanding and time-consuming work, but our experience has been that it is well worth the effort Employees have a right to expect regular feedback on their performance, and supervisors who expect good performance will increase their chances of getting it if they praise employees who perform well and provide constructive feedback when performance falls short of expectations

Performance appraisals assess our performance during the preceding year It is a time to receive feedback on good performance and input on areas for improvement

The appraisal process has two sides, that of the supervisor and that of the employee Let's take a look at each side

MANAGERS' GUIDELINES FOR PERFORMANCE APPRAISALS

An important part of performance appraisal is the appraisal interview For maximum effectiveness, supervisors are encouraged to prepare well, including taking the following four steps

1 Study the employee's self-appraisal
2 Arrange the interview a week in advance, if possible, in order to give the employee the opportunity to prepare
3 Allow ample time for adequate discussion
4 Provide for privacy and prevent interruptions by visitors or the telephone

Supervisors tend to approach the appraisal process with dread As supervisors we fear how others will respond to our feedback Consequently, we give the appraisal process a low priority and tend to put it off Performance appraisal should be an ongoing process and should not be confined to the annual completion of a form By communicating frequently on performance, supervisors and employees forge productive working relationships A single error does not take on disproportionate importance, and supervisors are less likely to be unduly swayed by recent events when completing the form Many supervisors find it helpful to keep notes on performance year-round that they can refer to during the appraisal process

Praising employees for good performance is the pleasant part of performance appraisal, more difficult, but equally necessary, is being candid with employees about performance deficiencies This task is important for two reasons

1 Since a major goal of performance appraisal is performance improvement, employees must know where they are falling short of expectations
2 If employees are either unable or unwilling to meet the expectations of the job, eventually dismissal may be necessary Without documentation of performance deficiencies, dismissal is very hard to accomplish and could involve legal risk to the organization

In documenting performance deficiencies, it is important to be specific and cite examples An employee may only be confused by being told, "Your attitude is a problem " A supervisor conveys more information by saying instead, "Your failure to call and tell me that you would be an hour late created a problem because a messenger arrived to pick up a package, and we couldn't find it " The chances of improving a performance deficiency are increased when the employee understands exactly what the problem is To make the process as successful as possible, we recommend the following strategies for success

1 Avoid a "once a year" attitude Make feedback an ongoing process Let employees know what they are doing well and where they need to improve at every opportunity
2 Focus on substance—duties, objectives, performance requirements, achievements, comparison between performance and expectations Be specific
3 Be balanced, supportive, positive and motivating
4 Learn how to give constructive feedback This skill is emphasized in the Zenger-Miller Frontline Leadership training mentioned at the end of this chapter

EMPLOYEES' GUIDELINES FOR PERFORMANCE APPRAISALS

Employees typically approach the appraisal process with anxiety and fear of criticism As employees we tend to understate our performance To maximize your contributions (as an employee), you should

1 Approach the appraisal with a positive attitude, determined to benefit from the experience
2 Be prepared for your appraisal Participate actively in the interview instead of merely listening to the supervisor Ask questions
3 Keep the discussion businesslike and objective
4 Demonstrate your willingness to consider suggestions for improvement If constructive feedback is not offered, ask for it If you believe criticism is unfair or unwarranted, do not hesitate to correct the facts, but resist the temptation to be defensive or argumentative
5 Request additional support or assistance if you feel you need it, and request follow-up meetings to discuss progress

Focus on substance—duties, objectives, performance requirements, achievements, the comparison between your performance and your organization's expectations Your goal should be to provide and obtain as much substantive information as possible on your performance—for your benefit and your organization's

Receiving praise for good performance is the pleasant part of performance appraisal, the more difficult, but equally necessary, part of the process is receiving constructive criticism and discussing performance deficiencies This part is important for two reasons

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1 Since the goal of performance appraisal is performance improvement, you need to know where you are falling short of expectations so that you may improve
2 Employees who want to advance have to find out what will be required in the way of additional knowledge, skill, and ability

PEER AND SUBORDINATE APPRAISALS

Based on experience, the Conservancy values the use of peer and subordinate input in the appraisal process and therefore requires that all supervisors solicit feedback from others Objective information gathered from several people who have the opportunity to observe performance is more likely to produce a valid appraisal than the observations and opinions of one person Staff members realize the serious responsibility of helping appraise the performance of a colleague An employee may be asked to provide feedback about his/her supervisor and colleagues If your organization chooses to undertake a similar policy, we recommend keeping confidential the identity of those who provide such feedback, and destroying any information provided in writing

THE NATURE CONSERVANCY PERFORMANCE APPRAISAL SYSTEM

Ultimately, overall performance at the Conservancy is classified into one of the following five categories

Performance Rating 4	Exceeded performance expectations and excelled in key areas
Performance Rating 3	Met performance expectations and exceeded in key areas
Performance Rating 2	Met performance expectations in key areas
Performance Rating 1	Did not meet performance expectations in key areas
Performance Rating 0	Place on probation

Raises are set at a certain percentage so that all employees who rate a 4 might get a 6% raise while employees who are rated as a 1 receive no additional compensation Depending on the organization's budget, a cap is set on the percentage of salary increase that can be provided to high-performing staff

Any employee who needs assistance with the performance appraisal process should consult his/her own supervisor or another person within the organization who takes responsibility for personnel issues

The Nature Conservancy's Employee Performance Appraisal has three sections In the first section, the employee lists the objectives established for the current appraisal period Both employee and supervisor provide comments addressing the accomplishment of each objective Allowing time to read comments prior to meeting gives both the supervisor and employee time to prepare emotionally, identify points that need clarification and consider ideas on how to improve

The second section describes the key requirements for accomplishing objectives The criteria used for judging each of these factors are included in the attached Employee Appraisal Form, as is the matrix that both the employee and the manager complete Additionally, employees and supervisors add comments on the performance requirements

The third section of the appraisal is an overall performance summary Both supervisor and employee summarize the overall performance of the employee based on assessments in the first two sections

Following is a sample of The Nature Conservancy's Employee Performance Appraisal

ZENGER-MILLER FRONTLINE LEADERSHIP TRAINING

Several times in this chapter we have referred to the importance of clear communication The way we communicate and interact with people is critically important People respond according to our actions toward them Just as children imitate their parents' behavior, people tend to imitate the values and behaviors they see commonly practiced around them in the organization Clear communication skills are critical for team building, employee motivation and organizational effectiveness

In 1992, the Conservancy began training colleagues and our own staff with Frontline Leadership, a training program developed by Zenger-Miller Inc At the time the Conservancy was growing exponentially, there was a high demand for training on the part of people who had been promoted into management positions, and our strategic plan emphasized the development of staff capacity Seeing that many of our Latin American and Caribbean colleagues were facing similar problems, the Training Department introduced the Zenger-Miller training in workshops held in Jamaica, Bolivia and Guatemala Some of the organizations that participated then requested in-depth training for their staffs Finally, modules of this training were provided to the whole range of partners at Conservation Training Week in 1993 The Training Department has concentrated on

EMPLOYEE PERFORMANCE APPRAISAL

Annual Performance Appraisal (Year Ending ____________ ________) ________
Twelve Month Introductory Review ____
Six Month Introductory Review _____

Section A Objectives for the Appraisal Period Ending ______________ ________
(Attach additional pages as necessary)

Employee lists the objectives established for the current appraisal period Both employee and supervisor provide comments addressing accomplishment of each objective

Objective # 1
Employee s Comments

Supervisor s Comments

Objective #2
Employee s Comments

Supervisor s Comments

etc

Section B Performance Requirements

Attitude and Commitment to Work Demonstrates a strong personal and professional commitment to The Nature Conservancy and its mission Views job success in terms of advancing the Conservancy s mission Personal satisfaction comes from a job well done Willing at times to put work ahead of personal preferences Keeps abreast of trends and events in the world of conservation in order to be knowledgeable and effective Serves as an advocate for the Conservancy its mission and efforts on a personal level

Commitment to Workforce Diversity Performs work in support of the Conservancy s Human Diversity Vision Positively contributes to a working environment that supports a culturally diverse workforce For Supervisors Increases organizational workforce diversity

Effectiveness as a Team Player Works cooperatively and thoughtfully with other TNC staff and volunteers Listens well to views of others and supports their efforts Demonstrates a concern for achieving the best program results rather than defending personal or departmental "turf" Works effectively with people who are difficult or demanding Adapts to change Allows others to succeed or get credit Cooperates rather than competes with colleagues Uses courtesy tact and discretion in dealing with others Offers when appropriate to assume extra duties during peak periods to ensure team success

Communications Engages in clear and effective oral and written communication Uses bias free gender-neutral inclusive language in all oral and written communication Demonstrates good selling skills in dealing with people inside and outside of TNC Accomplishes results within TNC by influencing others and obtaining cooperation of staff and volunteers Is a successful fundraiser or negotiator Relies on dialogue rather than directives Keeps others informed to reduce surprises including providing bad news when necessary Communicates negative feedback in a positive way Is accessible returns phone calls promptly and initiates contact as needed

Initiative and Reliability Can be relied upon to assume responsibility and perform duties without prodding Initiates action as needed and follows through Abides by corporate policies and procedures Resourceful resists being deterred or distracted from goals does not offer or accept excuses in lieu of results Punctual and regular in attendance Plans leave and secures approval in advance submits leave reports on time Does not abuse employee privileges or benefits

Administration Sets priorities well manages time effectively so that routine procedures are not neglected in the effort to achieve major goals produces timely work Meets deadlines without sacrificing quality of work Assumes responsibility for consequences if duties are performed incorrectly incompletely or late Proactive rather than reactive Organized but reasonably comfortable with flexibility ambiguity Adapts to changing needs and new circumstances rather than resisting change Conserves TNC resources and encourages others to do the same

Decision-making and Problem solving Engages in gathering and analyzing information critical thinking and risk assessment before making decisions solves problems effectively without producing negative consequences Considers precedents and guidelines (internal and external) Seeks guidance and counsel from appropriate people without decision shopping Makes sound decisions in a timely way after gathering sufficient information instead of delaying decision until all information is available

Management of Staff and Volunteers Recruits and selects applicants who meet job requirements develops abilities and skills of staff through effective training performance appraisal and career counseling Works within the framework of the Conservancy s human resource policies and procedures and meets deadlines Motivates employees by providing feedback on strengths and areas for improvement Recognizes achievements and provides supervisory support in order to meet program goals and objectives

Both employee and supervisor indicate the degree of accomplishment of each requirement Mark an X at the place on the line representing your assessment

Use the following comments section to elaborate as desired For any requirement assessed as needing improvement please clarify and indicate actions to be taken
Employee s Comments on Performance Above

Supervisor s Comments on Performance Requirements Above

Section C Overall Performance Summary
Both supervisor and employee summarize the overall performance of the employee based on assessments in Sections A and B

Employee s Overall Comments

Supervisor s Overall Performance Summary

As required I have used peer and/or subordinate appraisals to conduct this performance appraisal

Employee s Signature/Date

Supervisor s Signature/Date

As required I have used peer and/or subordinate appraisals to conduct this performance appraisal

Co Supervisor s Signature/Date

Signature/Date Regional Director of Administration (Field) or Director Employee Relations

PERFORMANCE REQUIREMENTS	EMPLOYEE ASSESSMENT OF PERFORMANCE REQUIREMENTS			SUPERVISOR'S ASSESSMENT OF PERFORMANCE REQUIREMENTS		
	IMPROVEMENT NEEDED	MET	EXCELLED	IMPROVEMENT NEEDED	MET	EXCELLED
Attitude & Commitment						
Commitment to Diversity						
Effectiveness as Team Player						
Communication						
Initiative & Reliability						
Administration						
Decision-Making & Problem Solving						
Management						

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core interpersonal relationship training to help focus on communication styles and issues. Samples of courses offered include:

- Giving Constructive Feedback,
- Getting Good Information from Others, and
- Recognizing Positive Results.

Once NGOs have mastered these skills, more managerial training is offered to include courses ranging from supervising individuals to managing teams. At the most sophisticated levels, courses on managing change and making an organizational impact are recommended.

The fundamental building blocks of the Zenger-Miller program are the five "Basic Principles" that should guide our everyday interactions with others. These principles can have a powerfully positive impact and build remarkably constructive relationships with others. The Five Basic Principles are reprinted here with permission from Zenger-Miller Inc.[1]

1. **Focus on the situation, issue, or behavior, not on the person.** As managers, we need to let people know when work needs improvement, when a job is not being done correctly or when people are interfering with others doing their work. Most people can accept questioning of, and even criticism, about their work, as long as they do not feel they are being personally attacked. If we focus on the situation, issue or behavior we can give both positive and negative feedback in a way that will result in the listener's being less likely to feel defensive and more likely to remain open and receptive to the information we convey.

2. **Maintain the self-confidence and self-esteem of others.** People in your organization want to feel that you value and respect them as individuals. How you treat people can cause them to lose interest, stop trying and drag down the performance of the whole team. Maintaining the self-confidence and self-esteem of others is critical to getting good results and consistently meeting or exceeding standards. Let each person know how his/her contributions are valued. Ask for the other's point of view. Look for ways to recognize those things a person does well. Take each opportunity to give thanks for a job well done. People with high levels of self-confidence and self-esteem tend to do their best to produce good results.

3. **Maintain constructive relationships with your employees, peers, and managers.** Poor relationships make every job more difficult. Healthy relationships can reduce stress, build teamwork and enable you to focus your energies on getting the job done. Maintaining constructive relationships means treating people as you like to be treated. Deal with conflicts in a way that will make working with that person in the future easier, not harder. Don't let small conflicts build. Keep communication pathways open. Treat today's situations as opportunities to build future successes together.

4. **Take initiative to make things better.** It is our responsibility to deal with potential problems and prevent the costly results of "crisis management." But taking the initiative is more than just avoiding a crisis. It means continually looking for ways to improve all aspects of our organization. As you work, look for ways to improve products, services or communications. Whenever you see a potential problem or an opportunity for improvement, take action.

5. **Lead by example.** As a manager, your "actions speak louder than words." Your actions on the job—even the "little things"—are closely watched by others. Successful managers use even the smallest opportunities to set an example for others. The success of an organization is the accumulated result of hundreds of little things done a little better by people who follow a positive leader's example.

Effective communication is neither accidental nor magical. It begins with the deliberate, consistent practice of these five Basic Principles. Even if those around you fail to practice them, you are the one people look to for leadership.

THE BOARD OF DIRECTORS

Clearly, the Board of Directors is essential to the establishment and success of all NGOs. The Conservancy is aware of the needs of many NGOs to strengthen their Board leadership. Rather than developing our own training materials, we have been providing materials developed by the National Center for Nonprofit Boards. While these excellent materials are available mainly in English, key chapters are now available in Spanish to assist NGOs with Board formation and management. One of their books, *Ten Basic Responsibilities of Nonprofit Boards*, is particularly useful and a way of educating potential Board members about their responsibilities if they do not have previous board experience.

[1] *Frontline Leadership* ©MCMLXXXVI by Zenger-Miller, Inc.

Use of these materials will help avoid problems encountered in many NGOs, such as
1 Unclear division of responsibility between the President and Executive Director
2 Lack of Board involvement in fundraising or policy-setting
3 Lack of clarity about how to look for and select new Board members

Rather than writing a chapter here that is not as comprehensive as the work done by the National Center, we advise you to enter into direct contact with the Center Its address is
National Center for Nonprofit Boards
Suite 411, 2000 L Street, N W, Washington, DC 20036
USA Tel (202) 452-6262 Fax (202) 452-6299

CONCLUSION

The management tools covered in this chapter are critical to maintaining high levels of communication within an organization Effective communication is critically important for the prevention and resolution of conflicts, and for maintaining high employee motivation Individuals perform most effectively when they are clear as to what is expected of them and how well they are performing The management tools presented in this chapter establish the systems, procedures and recommended behaviors to promote clear communication in the workplace They also lay the groundwork for establishing an organizational culture that rewards exceptional performance and good teamwork and provides guidelines for employees to be successful

1 9 9 3

RESOURCES
FOR SUCCESS

Chapter V

Fundraising Strategy: Eight Steps to Successful Fundraising

Written by
Erin Castelli, Beth Chung, Ruth Norris
The Nature Conservancy

Contributors
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The Jamaica Conservation and
Development Trust

The Nature Conservancy.

LATIN AMERICA
AND
CARIBBEAN PROGRAM

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Chapter V

Fundraising Strategy: Eight Steps to Successful Fundraising

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INTRODUCTION

The Self-Sufficiency Project has emphasized the development of fundraising strategies for every NGO to increase financial self-sufficiency. Fundraising strategies have not changed radically in the past two years, although useful tools such as acknowledgement processes and two-page concept papers have been added to this chapter. Ruth Norris's original writing remains as the building block of this chapter with new contributions from Erin Castelli and Beth Chung of the Latin America and Caribbean Program's development staff. In addition, the Asociacion Nacional para la Conservacion de la Naturaleza (ANCON) provides a case study of an actual donor report, and parts of the Jamaica Conservation and Development Trust "case statement" are included to provide concrete examples of successful fundraising strategies.

Now that you have identified what you want to accomplish, and what financial and technical resources you will need to do so, you are ready to proceed with finding and obtaining those resources—people's time, goods, services and money. Remember that the first three can be donated directly—never use your hard-won cash to pay for something that could just as easily have been donated!

At this point you are probably facing the prospect of asking a lot of people for what seems to you like a lot of money. To succeed at raising money to support your organization's programs, you will need a well-thought-out fundraising strategy. Your strategy will help you make the most efficient use of your time. It will also help make your requests to donors clear, compelling and targeted to their particular interests. Most important, your strategy will help you make sure that you cover your fixed costs and your most urgent priorities, and take on additional projects only when you have the basic resources to support them.

EIGHT STEPS TO SUCCESSFUL FUNDRAISING

1. Planning: Determine your funding needs
2. Identification: Make a prospect list
3. Proposal: Write your basic proposal
4. Research: Know your prospective donors
5. Visit: Cultivate prospective donors
6. The Request: Ask for a gift!
7. Acknowledgements and Gift Processing: Thank your donors
8. Grant Tracking and Reporting: Keep your donors involved!

PLANNING
DETERMINE YOUR FUNDING NEEDS

If you have prepared a strategic plan and budget, you know what your needs are. If you do not have a plan and operating budget, start by preparing one. Your plan should include the goals and objectives for your organization overall, as well as for specific projects. Your potential donors will want to know, before they give, how their contribution will be used to achieve your mutual goals.

Even more important, you need to know what to request. Take a look at your planned expenditures for the next year or two. Are some needs more urgent than others? Can you separate which are "fixed" costs, and which could be cut down, or postponed, if necessary? Are some of your expenses covered by funds already in hand, or funds that have been pledged? What are your total sources of regular income (memberships, T-shirt sales, etc.)? How much do you need beyond what is coming in? Of this, which needs are most urgent? This is what you must ask for first.

You will find, as you begin to investigate prospective donors, that many of them have special interests, and will tell you that they generally prefer to give to projects of a certain type. If you have your needs firmly in mind, you will be able to respond to those interests by pointing out how your projects complement them. If your needs are not firm in your mind, you will probably find yourself "inventing" new projects as you go along, to respond to the donors' interests—only to find, after you have raised a magnificent amount of money, that you still do not have enough to cover your basic needs. A thorough knowledge of your program objectives, and what you need to achieve them, is a vital fundraising tool.

Below is a sample form for programming your fundraising needs. Plan ahead and project your costs for the next three years at least. Do not do this on a yearly basis or you will always be trying to meet payroll!

SUMMARY BUDGET SAMPLE

	TOTAL COST	RAISED/ PLEDGED	NEEDED
Core Operating	________	________	
Costs (not chargeable to individual projects)	________	________	
Personnel	________	________	
Office	________	________	
Telephone	________	________	
Equipment	________	________	
Postage	________	________	
Travel	________	________	
Other	________	________	
Project Costs (conservation projects, membership campaign, outreach/education projects, etc.)			
PROJECT 1			
Personnel	________	________	
Office costs	________	________	
Travel	________	________	
Equipment	________	________	
Capital investments	________	________	
Other	________	________	
PROJECT 2 (ETC.)			
Total	________	________	

IDENTIFICATION. MAKE A PROSPECT LIST

Now that you know what to ask for, whom are you going to ask? You need to be organized and strategic in your thinking. Which would be a more efficient use of your time—finding 1,000 people who could each give you $25 or finding 50 people who could give you $500? Or could you, perhaps, ask one person for $10,000 and three for $5,000? Where are you going to find those people?

Start with a brainstorming session. Begin by making a list of everyone (individuals, foundations, corporations, clubs and associations) who has given you financial support in the past. Most of them should be prospects for additional support in the future. Now list those who have an interest in your programs: your members, your board of directors, prominent people who have expressed an interest in conservation, people who visit natural areas, donor foundations that give to organizations like yours, and businesses that benefit from national parks and natural areas (travel agents, hotels, outdoor equipment manufacturers). Also consider businesses that need to improve their "environmental" image (oil companies, mining companies, utilities), people who own vacation homes near national parks, people who are members of other conservation organizations and scientists who do research in natural areas. The idea is to make a list of people who have an interest in your programs—whether they have realized this interest or not!

These are your prospects—your potential donors. A successful fundraiser is always looking for new people to add to a prospect list, and there are many creative ways to do it. Look at local and international newspapers and magazines. Put up a guest book at visitor centers or hotels within natural areas, and ask visitors to sign their name and address. Put up a display on national parks at your airport, with a card that people can send in to request more information from you. Ask travel companies to share their client lists. Many people are interested in national parks and natural areas—the trick is to find out who they are!

PROPOSAL: WRITE YOUR BASIC PROPOSAL

Before you contact any of the people on your prospect list, you will need to organize your thoughts and be ready with written materials that describe the need for your programs, the objectives you plan to achieve, the activities that the donation will support and how you will measure the success of those activities in addressing the stated need. You do not want to have to start from scratch every time! If, as a result of your planning process, you have prepared a written plan and budget suitable for public distribution, you can use these as the basic proposal. Its function is to serve as a "menu" from which your potential donors may choose how to direct their support. It shows how each project of the organization fits together in a coherent body of work.

At The Nature Conservancy, we have been using two types of proposals successfully, the "case statement" and the "two-pager." The case statement serves to "package" our program activities with a unifying theme. Successful case statements developed over the past few years include "Jamaican Splendor The National Parks Campaign," "Conserving Bolivia's Natural Heritage," "Conservation through Development The Sian Ka'an Biosphere Reserve" and "Fundación Moises Bertoni The Mbaracayú Project," among others Sometimes we use the case statement to introduce a potential donor to our programs and find out which ones he/she might like to support Other times we use it instead of a proposal-- for example, when making a request in person to an individual, we go over the program in the case statement and then ask directly, "Would you consider making a $10,000 donation to support this campaign?" When it is necessary to write a specific proposal, we use the case statement as an enclosure, to show how the activity in the proposal fits into an overall program Or we use the "boilerplate" language from the case statement to construct the specific proposal

For example, the Jamaican Conservation and Development Trust's "Jamaican Splendor" case statement is visually appealing, with detailed photos of the land and the flora and fauna found there This allows the potential donor to visualize the project and where his/her money would be going Photos parallel the text to help tell the story The following excerpts from "Jamaican Splendor" outline the threats to the environment, and the conservation actions that the Trust will take to protect Jamaica's natural heritage

An additional example of the power of a case statement, Fundacion Moises Bertoni's "The Mbaracayu Project," is included at the end of Chapter VI, "The ABCs of Fundraising "

The "two-pager" is a summarized version of a formal proposal and generally focuses on a specific project We call it the two-pager because it consists of only one to two pages of text and a budget Sometimes The Nature Conservancy uses this document to "whet the appetite" of a prospective donor It also comes in handy when your donor requests a proposal on the spot during your fundraising visit, or when you need to send an inquiry letter to a foundation As society's pace quickens, more and more foundations, corporations and individuals prefer the two-pager to the longer, more formal proposal It gets right to the point and they can decide right away whether it fits their interests

You will learn more about writing proposals—both the basic proposal and specific project proposal—in Chapter VII, "The Art of the Foundation Proposal "

RESEARCH
KNOW YOUR PROSPECTIVE DONORS

You have your program needs identified and written in a basic proposal, and you have a first draft list of the people you want to ask to support the campaign Now you need to think more carefully about each of your prospective donors Do you know them well enough to ask for money? If not, how are you going to get to know them? Do you know anyone who already knows potential donors well enough to ask them for money? Can you ask potential donors for general support, or will they be especially interested in a particular program area? How can you find out what their specific interests are? How much would they be able to give you, and how much should you ask for?

The more you know about a potential donor, the better your chances are When you add the name of a potential donor to your prospect list, make notes as to what you need to know to be ready to make a request Here is a sample "prospect list" that will help you progress toward "popping the question"

EXCERPTS FROM "JAMAICAN SPLENDOR. THE NATIONAL PARKS CAMPAIGN"

"Threats to the natural environment in Jamaica have been going unchecked for years—countless acres of forest have been cut down to make space for farms Important watershed areas are under constant threat from poor agricultural practices Over the last 100 years sixty rivers have been lost Soil losses range from five to forty tons per acre per year This soil silts rivers, causes flooding and pollutes the sea In the sea, coral reefs, which produce the white sand beaches, are besieged by overfishing, anchor damage and sewage Pollution, bad farming practices and inefficient management have contributed to the rapid destruction of plant and animal habitats Jamaica has realized the extent of these problems and is making environmental protection a priority The movement towards sustainable development and a recognition of the need to protect natural areas will grow out of the Campaign

"The National Parks Campaign was initiated to create and provide for Jamaica's National Park System The System will ensure that rare and endangered species and areas are protected The Campaign will raise $4,000,000 over three years and will (1) establish the National Parks Trust as a vehicle for sustainable funding for park operation,(2) provide funding for Jamaica's first two national parks (Montego Bay Marine Park and the Blue and John Crow Mountain National Park), and (3) provide for the Conservation Data Centre, to support the operation of future parks in the National Park System The National Parks Campaign is an opportunity to conserve Jamaica's natural heritage "

INDIVIDUAL DONOR PROSPECT LIST

Name ______________________________

Address ______________________________

Telephone ______________________________

- Previous donations to your organization (amount/date)
- Your staff or board member(s) who knows this donor best
- Comments on donor's interests
- Who has contacted this donor? When? Content of meeting/contact?
- Your planned request to this donor
- Next step in cultivation process (Who? When?)
- Who will make the request for the donation? When?

Always research your potential donor's ability to give Wouldn't you feel terrible if you asked for and received $1,000, only to find out later that it would have been all the same to the donor if you had asked for $10,000?

Donor research is relatively easy when your prospective donors are foundations and corporations with well-established programs of charitable giving The procedures for researching and working with these types of donors are explained in detail in Chapter VI, "The ABCs of Fundraising " However, your prospect list should not consist entirely of these types of potential donors The richest source of contributions is private individuals In the United States, individuals give away 90% of the money, or $66 billion The Nature Conservancy receives 83% of its private contributions (not government grants or contracts) from individuals, 7% from corporations and 10% from foundations

VISIT
CULTIVATE PROSPECTIVE DONORS

You cannot just walk up to people you do not know and ask them for money Well you can, but the results are not likely to be terribly good You need to get to know them, to help them become interested and excited about your project (to "sell" your project to them)

There is a saying in fundraising circles—"People only give to people " And it is true The person who asks for money should be someone whom the potential donor knows, likes, trusts and feels good about supporting You can become that person by cultivating your donor (sometimes) Other times, you can get to know the potential donor well enough to know who should ask (a member of your board, perhaps, who belongs to the same club or works in the same business) The process of cultivation is learning about the donor and his/her interests, and giving him/her time to learn about your organization and your work What you are really doing is creating the perfect moment and atmosphere when it will be time to make

THE REQUEST. ASK FOR A GIFT!

Always ask in person if you possibly can Remember that it is very easy to say no in a letter, somewhat easy to say no on the telephone and very hard to say no to someone who is sitting next to you, looking you in the eye Your job is to make it very hard for the donor to say no A qualified solicitor should make the request

Always ask for a specific amount If you have researched this donor's giving potential, you know what they can afford

For example "Would you consider a gift of $50,000 over three years to save "

Once you have asked, wait quietly as your prospective donor thinks it over and begins to answer If you start talking again now, it's all over! Learn to expect a positive answer It will show in your attitude Remember you are asking for a legitimate cause, not for yourself If the answer is no, take a deep breath and ask if it would be possible to give some smaller amount If the answer is still no, ask if he/she can give you any advice about the campaign and about other people you might approach Maintain a positive attitude!

ACKNOWLEDGEMENTS AND GIFT PROCESSING THANK YOUR DONORS

Congratulations! You've received a gift! How you handle your donations can have a strong influence on your ability to get additional donations in the future Your acknowledgement and processing should be efficient and professional

Here are some helpful tips from Ronda Mosley, special assistant to the executive director of ANCON in Panama, on how ANCON acknowledges its donors

It is important to acknowledge gifts because it is your opportunity to thank the donor for his/her most important contribution and to tell the donor once again what the money will be used for and how the people, animals, land, water, etc , will benefit from this support It is also important to list a person the donor can contact if he/she has any questions

Regardless of the size of the gift, the donor gets a personalized letter from our executive director Our letters reiterate how important their gift is to our ongoing work and that their continued interest, commentary and support are always welcomed and needed

We also invite the donor to Panama to see his/her project or the site(s) where his/her money is being used We make it very easy for the donor to say, "Yes, I'll visit Panama " We supply itineraries in English, tour guides and lovely places to visit Depending on the donor, the trip can be very posh or very rustic Our goal—to foster a sense of "partnership" so the donor will feel a part of the long-term project

All donors (no matter what the size of the gift) receive a copy of ANCON's newsletter This is an update on what ANCON is doing in the field that is distributed every two months We try to highlight special projects and always include donors' names if they supported a particular project We hope this keeps ANCON in the front of the donor's mind at giving time We also realize that donors can't make it to Panama often to see projects, so we bring a small part of Panama to them through the newsletter

If ANCON is sponsoring a special event or participating in something different or interesting, we send special letters of invitation to current and potential donors We invite them to join us and take the opportunity to let them know how special they are to us We also guarantee that if they come to Panama they will have a good time

All of this sounds like a lot of work, time and paper, however, constant, positive contact keeps you on track with the donor and really helps when you go back for more funding

Processing the gift in a timely manner is also important This sample acknowledgement and processing system was developed by a U S organization

Step 1 Donor Gift Acknowledgement

- Gifts under $25 send pre-printedacknowledgement card
- Gifts of $25-100 personal letter fromfundraising director
- Gifts $100+ personal letter from executive director
- Gifts $1,000+ personal letter from presidentof the board

If the gift is directed toward a particular project or program, acknowledgement letters might be written by the director of that project or program

Step 2 Processing

- All checks deposited on same day received
- Copy of check and accompanying form(or name, address, telephone number and datecheck was received) are given to membership/donor data manager
- Data manager prepares receipt and sends it to theperson responsible for sending acknowledgements
- Data manager enters donor information into files
- Acknowledgement and receipt are sent withinthree days of receiving contribution

Step 3 File Maintenance

- **Computer files** should be sorted by name, date andamount of gift, at a minimum That is, they shouldallow you to look for an individual donor by name,to find all donors who gave during a certain month(for processing renewal notices) and to find all donorswho have given, say, $100 or more (so that you can offer them special invitations for increased future giving) Of course, there are many more variables you can include in your data base for sophisticated donor information management, and there are commercially available software systems for donor information management The point is to have a system that meets your information needs Back up your computer programs regularly, and keep a copy stored in another location so you will have a backup in case of fire or burglary

- **Individual files** should be kept on actual and potential donors of some minimum amount (say, $1,000) These are where you file your notes on research and meetings, and copies of correspondence as you proceed with cultivation

- **Chronological or "tickler" files** (usually a three-ring binder with a section for each month of the year) keep you up to date on what to do next When you receive a contribution that will require you to submit a report, note the date that you should begin preparing the report in the appropriate month of your "tickler" file If you promise a potential donor that you will be getting back to him/her in a month or so, put it on your 'to do' list for that month so you won't forget All your meeting and follow-up activities (remember, you decide after making each contact what you are going to do next and by when) should be noted on the appropriate date Your "tickler" file keeps you organized and aware of all the self-imposed and donor-imposed deadlines so you don't let things slide

GRANT TRACKING AND REPORTING KEEP YOUR DONORS INVOLVED!

Is there a happier moment in a fundraiser's job than the moment when a large check arrives? It's especially sweet when it's a check that you worked hard to get, researching the donor, preparing a proposal, and following up with documents and information Now, you may think, your job is done—you can celebrate your success and go on to the next major donor In fact, nothing could be further from the truth When you cash the check, you accept a whole new set of responsi-

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bilities to that donor, and you also open the door to a whole new opportunity to build your organization's reputation (good or bad) among the donor community Your responsibilities, in brief, are

- To use the funds in a manner consistent with the budget you presented to the donor
- To report to the donor on the use of the funds and the achievement or failure to achieve the goals set out in your proposal
- To keep the donor informed of changing conditions that may affect the success of your project—for example, a change in key staff, a change in national legislation affecting the project, success or failure in raising funds above and beyond this particular donor's contribution

Sounds like a lot of work But it's worth the effort Unless you've received the entire donation in one check, payment of future installments could be held up or even canceled if your reports are not prompt and in good order A donor who receives prompt, clear, accurate reports of what his/her contribution has supported is likely to continue to give to your organization in the future Think of good reports as a way of cultivating the donor for their next contribution A donor who receives sloppy reports numbers that don't add up—or, worst of all, no information at all—is not likely to send another check

Maybe you're still not convinced that good grant tracking and reporting are important Perhaps you really would like to have the experience of having your funding discontinued or, worse, of receiving a letter asking you to return money that was once granted

Strange as it may seem, NGOs have done all these things Maybe they don't need any more money than they've already got More likely, they're just so caught up in the pressures and urgencies of the moment that they don't take the time to save themselves much work and grief later on But if you're the one who will be making funding requests in the future, take the time now to make sure that you, or whoever is responsible for spending the money you've worked so hard to raise, understands

- what it is to be used for,
- how to record its actual use, and what documents to keep,
- how to keep track of progress indicated in your proposal, and
- when reports are due

SIMPLE WAYS TO LOSE YOUR FUNDING

- Deposit the check in your general account as soon as it arrives Don't bother to acknowledge it, after all, the foundation will know you got it when they get their canceled check
- Charge whatever you like to your general account—after all, you know your priorities ' they may be a bit different now than they were when you wrote the proposal When you make charges against this account don't bother to keep track of which specific donation you are drawing from
- If you really want to lose your funding, don't bother to send reports at all
- Never mind the deadlines for the reports you do send The U S tax regulations are your donor's problem, not yours
- Send the report, but just write a glowing account of everything your organization has been doing since the check arrived As for the financial report, use round numbers or guesstimates and send along a fat auditor's report in Spanish
- If they remind you that you have a report overdue, send a long letter explaining why you couldn't possibly prepare a report by the date indicated You might even hint that all this paperwork is unreasonable and distracting you from the more important job of conservation
- Instead of sending a report, send a request for additional funding

One of the major benefits of good record keeping and project reporting is that it serves as project evaluation and assists you in planning and budgeting for future projects Prepare for record keeping and reporting at the beginning, as you write the proposal When you write your objectives, indicate a date by which each activity will be completed Specify indicators of progress toward your goal that can be measured Plan carefully what you will have to spend on each of the projected activities Later, with the money in hand, each time you spend from the grant account, record the charges against the item budgeted in your proposal As the project proceeds, keep track of whether your proposal budget accurately reflected the costs of each activity, and whether the progress indicators you expected actually came about as predicted Mark your calendar for dates by which certain activities should have been completed If you are not the project manager, make sure you review appropriate procedures with the person who will be spending the funds—securing receipts or expense reports for all expenditures charged to this particular donation, measuring results at prescribed intervals, etc Meet in advance of your donor's report deadline (or at six-month intervals if you do not have specific deadlines) to review expenses incurred and progress measured so far These meetings will serve to keep your project on track as well as to provide excellent information to your donors

When you write your next proposal you will be more authoritative in your predictions of costs and results because you will have the well-documented experience of your past projects Chapter XII, "How to Manage your Organizations Finances," offers more pointers on the administration of funds and financial reports

Reporting

With your financial tracking systems established, you are now prepared to report to your donors Most foundation donors will give you definite dates when your reports are due, other donors may not Regardless, at six-month to one-year intervals, you should report to your major donors on how the project is advancing, and continue doing so until all funds have been spent Begin setting and tracking your report deadlines right when you receive the gift

A grant report should contain a narrative and financial account of how a gift was spent Begin by drafting a financial report similar to your original proposal Remember to include monies spent down to the last cent This shows that you have seriously monitored and carefully spent their gift Compare your expenditures to what you proposed to spend in your original proposal Your expenditures should be similar If they aren't, describe why it was important to reallocate his/her funds and what you did with them

Now you're prepared to write the narrative, or written, section of your report Again, you should refer to your original proposal Compare the original proposal to make sure that you have done or addressed what you proposed to do In the narrative, describe the accomplishments and results, as well as the overall impact the gift has made on the project You want the donor to see how his/her gift contributed to your success Involve your donor by introducing him/her to the players (e g rangers or other staff) who carried out the project and how his/her gift fits into the entire picture of the project Tell a story and make it personal and exciting! This will bring your donor closer to your projects and increase the chances of future support in your programs If appropriate, show your donor how the gift leveraged additional gifts or in-kind services Many donors like to know that their investment is secure, that other monies are in hand to build on their gift

With your reports, send a personal cover letter from the appropriate officer of your organization to your donor Highlight in the letter key results, describe the impact of the donor's gift, and thank your donor again for his/her continuing support and commitment

Good narrative and financial reports make for good relations with your donors And that's what your job as a fundraiser is all about The following is a sample narrative report that Ronda Mosley from ANCON in Panama sent to a major donor

CHECKLIST FOR REPORTING

- Refer to your original grant proposal before writing your report
- Detail grant expenditures in a financial report—show specifically how your donor's gift was spent (include dollars and cents)
- Make sure the narrative report reflects the grant expenditures
- Describe the impact of gift on the project and organization
- Describe grant accomplishments and results
- Make your report exciting—tell a true story!
- Personalize your report to the audience you are writing to
- Show financial and in-kind leverage/matching grants
- Describe how your project will continue beyond he grant period
- Avoid acronyms and jargon
- Thank your donor for his/her support at the end of your report

SUGGESTED REPORT FORMAT

1 Title Page
2 Summary of Grant
3 Introduction (e g information on biodiversity, threats, organization, etc)
4 Project Summary
5 Accomplishments of Grant
6 Future of the Project/Other Funds Raised and Needed
7 Conclusion (e g thank the donor and summarize impact of gift)
8 Financial Report
9 Appendices

CASE STUDY

NARRATIVE REPORT, ANCON

"The Protection of Migratory Birds in Chagres and Soberania National Parks"

Final Report
Based on Field Work from September 1991 to January 1992
The __________ Foundation
Presented March 1992

Asociacion Nacional para la Conservación de la Naturaleza (ANCON)
Apartado 1387
Panama 1, Republica de Panama
Tel (507) 63-7950, (507) 64-8100 Fax (507) 64-1836

Project Period January 1991-January 1992
Total Budget US $40,000

Summary
Through this grant, ANCON's Science Division was able to complete sixteen field excursions into Soberania and Chagres National Parks The grant was vitally important to ANCON and its efforts to protect the Panama Canal Watershed

A The _____ Foundation's funding allowed ANCON to consolidate its research presence in the Panama Canal Watershed and to position itself strategically for a key opportunity carrying out a successful bid for realizing the biological inventories for the tri-national (Japan, United States and Panama) Canal Alternatives Commission The awarding of this $2 2 million contract to ANCON and the University of Panama, with the tremendous leveraging of the original ________ Foundation grant, will intensify ANCON's work in the canal watershed and give ANCON a strategic position in developing future management plans for Panama's natural areas,

B The Foundation's funding allowed ANCON's science staff the opportunity to implement new methods of bird research (utilizing mist nets, etc) through intensive field research trips into the canal watershed parks, in cooperation with community members and INRENARE park rangers The information collected about the birds of these important parks has been logged into Panama's CDC (Conservation Data Center) and the information will be utilized well into the future to design management plans for the parks,

C The Foundation's funding allowed key scientific breakthroughs for instance, the research information gathered about the Southern Lapwing is significant because this is the first recorded breeding and nesting of Southern Lapwings in Panama

Field Studies (Narrative Report)

Objectives
- To study and compile information regarding the migratory birds that visit Soberania and Chagres National Parks from January to May 1991 (Interim Reporting Period) and September 1991 to January 1992 (Final Reporting Period)
- To corroborate and expand the data compiled in ANCON's Science Division conservation database, gathered from earlier studies regarding migratory birds
- To train and improve ANCON's science team in the observation and capture of migratory birds and in the execution and documentation of field investigations
- To record confirmed sightings of migratory bird species that visited each national park in 1991 and 1992

Methodology
The ANCON Science Team spent three days (on average) each month, from September 1992 to January 1992 in each of the parks to conduct the studies The researchers determined the placement of the mist nets (ten in all) and set them every day at 6 00 a m and left them until 6 00 p m every evening According to renowned tropical bird researcher James R Karr, "Mist nets can be used to quickly survey the birds of an area, providing a variety of data on species compositions and abundances" (Karr et al , 1979) For ANCON's purposes, the mist nets were scattered throughout the study area in locations where the researchers had previously observed birds feeding

After a bird is captured, the researcher begins to record vital information about the particular bird identification of the species, sex, age, physical condition of the muscles, condition of the feathers and whether the bird is molting, and if the bird is a female and not a migratory species, is she laying eggs, nesting or feeding chicks The researchers also weigh the bird and then gently release it back into the trees

The research team spent from 6 00 a m to 10 00 a m and from 4 00 p m to 6 00 p m every day of the field trip with binoculars bird watching as they traveled through the forest These daily walks (approximately 16 kilometers) helped train the researchers to be more aware of the birds, their calls, whistles and songs, and to make better observations about the birds in their natural settings

Soberania National Park
There were three study areas chosen for the migratory bird studies (1) Camino de Cruces (the Pedro Miguel River area), (2) El Charco Trail (along the Sardinilla

River), (3) Pipeline Road (along the Frijoles and Sirystes Rivers) These sites were chosen because they are representative of various forest types present in Soberania and because of the abundance of bird habitats

Of the 443 registered species of birds for Soberania National Park, ANCON's scientists captured and observed 107 species in 15 orders and 34 families Of the 88 migratory species recorded for Panama, eight were captured

Chagres National Park
There were four study areas chosen for the migratory bird studies (1) Alajuela Lake, (2) Pacora Heights, (3) The headwaters of the Piedras River, and 4) Cerro Guagaral (Guagaral Hill) These sites were chosen because they are representative of various forest types present in Chagres and because of the abundance of bird habitats

Of the 335 registered species of birds for Chagres National Park, ANCON's scientists captured and observed 143 species in 13 orders and 32 families Of the 54 migratory species recorded for Panama, eleven were captured

Key results

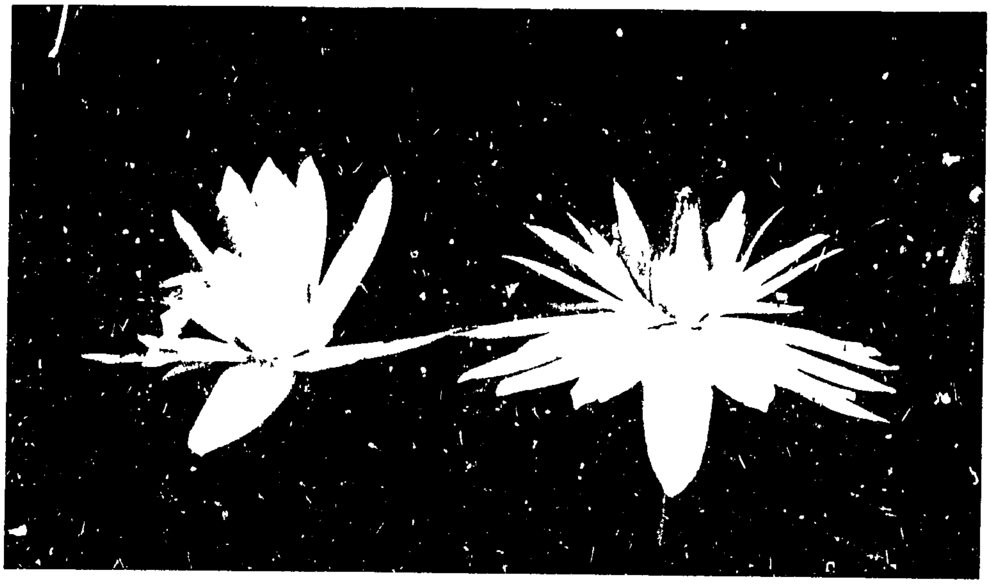
- The ________ Foundation's funding paved the way for ANCON to train its field personnel in biological inventories procedure and thus become an active player in the competitive bid process for the tri-nation al Canal Alternatives RFP ANCON and its partner organizations have just been awarded the $2 2 million contract by the commission to conduct biological inventories of the canal watershed These continued inventories will add a wealth of knowledge about the biosystems of the watershed and greatly increase the amount of information stored in Panama's CDC Much of this would not have been possible without the vision of the ________ Foundation and its assistance one year ago
- The percentage of migratory species captured was 13 4 % in each park for the project period In many areas, it was not possible to lay mist nets because of the intense rain (which could harm the birds) during the study period, so the researchers made visual observations and song recordings
- The preliminary results indicate that this type of broad-scale study encompasses a large space and the ANCON Science Team feels the study should be extended to other areas in both parks and in other protected areas throughout Panama
- It is an important discovery for ANCON and the birding community that we found the nest hatchlings of the Southern Lapwing This may be the first reported sighting of nesting Southern Lapwings in Panama ANCON has recorded growing populations of Southern Lapwings during the past year One reason to explain this is that these birds may now be breeding in Panama Lapwings were again spotted in the second section of the study period At this point there may be a nesting colony ANCON zoologists plan to study the area carefully to obtain information (breeding habits) of this bird

CONCLUSION

Remember that a donor who gave once and felt happy with his/her investment is your very best prospect to solicit for future donations This donor will also become an excellent source of information about other potential donors

Use these eight steps for a successful fundraising program Do not leave out steps Set target dates and deadlines to achieve steady progress Above all, always be clear clear about your needs, clear about the basic objectives of your program, clear about your donors' interests, clear about what you can and cannot do with your donors' money

RESOURCES
FOR SUCCESS



Chapter VI

The ABCs of Fundraising

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LATIN AMERICA
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Chapter VI

The ABCs of Fundraising

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INTRODUCTION

Many fundraising veterans say that the secret of fundraising success is simply this selecting the right person to ask the right donor, in the right way, for the right amount, for the right reason, at the right time While all these factors are important, the most fundamental ingredients in the fundraising mix are the people representatives of your organization and potential donors Because there are all different types of people, the dynamics between you and the donor will be different every time There are, however, certain basic truths about the different categories of donors that can be helpful when planning how to allocate your fundraising time

This chapter covers some of the basic differences and approaches to three major categories of donors (1) Individuals, (2) Foundations, and (3) Corporations A case statement and case study that exemplify successful fundraising strategies are included at the end of the chapter Details for writing proposals, useful for all types of donors, but particularly geared to foundations, are included in Chapter VII,"The Art of the Foundation Proposal " In addition, additional information about approaching corporations is included in Chapter VIII, "Corporate Fundraising and Cause-Related Marketing "

INDIVIDUALS

In general, individuals are the easiest type of donor to raise money from This is not to say that there aren't a lot of very difficult, eccentric and challenging individual donors out there, however, with individuals, the amount of time you spend in securing a gift is often the shortest of all types of donors Some individuals can be asked for a gift on the first visit

People you can ask for a gift right away usually fall into one of two categories The first is the exceptionally busy and wealthy person, with whom you know that you are not likely to get another meeting unless you explain exactly why you're there The second—and usually much less difficult—is the person who knows your organization well, is already involved with it or is a friend or relative of someone who is associated with your organization

Most individuals will require more than one visit to get to know you as a person and to learn more about your organization Every person has his/her own "comfort level" that must be reached if he/she is going to make a gift It is your job as a fundraiser to help donors reach their comfort level, and you do that with a three-step process

A. Inform and Educate the Donor
B. Inspire the Donor
C. Sincerely Ask the Donor to Help Make a Difference

INFORM AND EDUCATE THE DONOR

Most people do a great job of presenting the work of the organization The part to remember here is that you don't want to do all the talking You should start with a brief overview, and then asks a question or two about the donor's interests You should then listen to the donor's interests, and politely ask questions and provide information relevant to the donor's interests Then you can mentally assess what organizational needs the donor might respond to

Patricia Leon Melgar, Director of Development for the Fundacion Peruana para la Conservación de la Naturaleza, goes to every meeting prepared with several requests or needs Patricia advises, "The best strategy with the potential individual donor is to give a brief introduction and then ask his preferences, make him talk, and listen, because it can give you clues as to how to focus your request ' A good way to do this is to guide your conversation from a general background and the prospect's interests to the specific concern you think is most likely to fit the prospect's needs Patricia also notes that when fundraising from individuals in developing countries, it's important to stress that conservation is an investment in the future, for the next generation "With short-term issues like poverty, hunger and health occupying a lot of donors' attention, we as conservationists have to show both the short-term and long-term benefits of preserving ecological resources," she says

INSPIRE THE DONOR

So now you've made your case It is a little more difficult to truly inspire each donor you meet The best way is to come equipped with one or two good, dramatic stories or examples of how the work of your organization has made a difference Plan in advance how you will relate the story or example to the need you want the donor to help you meet It works best when the need is a project with a story directly related to the success or challenges of that project

Some fundraisers like to carry a photo book with them, which they use to tell their stories Good photographs can impress and draw in the donor and also inspire you to tell your story with enthusiasm and conviction Some people are easier to inspire than others, you don't have to make every person jump out of his/her chair Some people will be inspired only after five or six personal visits (and may not ever show it) But you

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should never stop improving, refreshing and refining your presentations You want to be able to deliver a presentation that inspires you as you give it, because your enthusiasm will show and make the difference Now, you have educated and inspired the donor It's time to take the third, most critical step the request

Sincerely Ask the Donor to Help Make a Difference

This final step is the hardest for many people, no matter how much experience they have had The best fundraisers on Earth still feel their adrenaline pumping and a knot in the pit of their stomach when they do it But that is natural—don't let it deter you! Remember, you are not asking for anything for yourself You are offering someone the opportunity to invest in a worthwhile endeavor After you've informed and inspired the prospect, you might say "Would you consider a gift of [specific amount] to save the Amazon River?" (or a similar, active phrase that expresses what the gift will do) Then wait for the person's answer

The Operations Support Request

There is a special art to asking individuals for money for operations Use specific examples of talented people in your organization and the things they've accomplished, explaining that funds must be raised each year to meet the costs of their work You can also make the need for operating funds more compelling by describing a worthwhile project, for example, that would not be possible without the support of the organization's infrastructure (whether it's an office or a vehicle, a staff member or computer software)

When making a request for an operations gift, make it as specific as possible "Would you consider a gift of $10,000 to help the Nature Foundation's community development program continue its success this year?" (Of course, you've just spent five minutes describing its success in detail and telling a dramatic human story of how it has made a difference) Remember, you have to inspire the donor, merely asking someone to "support our operations" is not very compelling

Foundations

Many people believe that foundations are the second easiest type of donor In general, however, getting a foundation grant takes more time and effort than asking an individual for support You have to follow a different set of rules for each foundation, and tailor a proposal specifically to meet its interests It can take a year or more from the time you start to get an answer But as with any donor, the bigger the potential payoff, the more time you should be willing to spend in cultivation Large foundations, therefore, are often worth the effort

Best of all, with a little research you can find medium-sized foundations that will entertain the same (or a slightly modified version of your) proposal The most important advice to remember when planning your foundation fundraising is this "Don't put all your eggs in one basket " If you are going to spend the time needed to prepare a good proposal, you should identify five to ten foundations that will consider it You want to get the maximum possible leverage (and payoff!) from your time An extensive section on preparing effective foundation proposals is provided in the next chapter

Corporations

Corporations are usually the most difficult type of donor from which to secure major support They typically require a large investment of time in meetings and presentations, and long cultivation periods In addition, some corporations have complex decision-making processes, and it can take a long time to get a grant approved The exceptions to this rule are typically corporations that need "green" publicity Automotive, oil, gas, chemical and agricultural companies are examples Other industries to consider are the travel industry (especially cruise lines) and the food and beverage industry

Why does corporate fundraising take so much time? It can take several meetings to discover and meet the people who actually make the decisions about corporate contributions Then you have to cultivate these people Eventually, you have to write a proposal Sometimes the results are great, but other times your contacts leave the corporation or are transferred Often when the leadership of a company changes, you must start all over with the cultivation process

This is not to say that you should not target corporations as prospects, but you should choose your potential partners carefully, investing your time where it is likely to have the greatest return Choose stable companies whose earnings and leadership are considered solid

As with individuals, the personal impression you make with corporate decision-makers is very important. The success of a grant request or cause-related marketing deal with a corporation depends most heavily on your ability to demonstrate a goal that is shared by both organizations. And the second most important factor—which is more difficult to define—is the rapport and business relationship that grow between representatives of your organization and representatives of the corporation. Refer Chapter VIII on corporate fundraising for more information.

CONCLUSION

If you keep in mind the differences between donors and tailor your approach to each one, you will greatly enhance your effectiveness in raising funds for your organization. For all donors, remember your fundraising ABCs—educate, inspire and ask!

The following sections provide examples of successful methods for fundraising from individuals, foundations and corporations. The Mbaracayu case statement, a joint effort between Paraguay's Fundacion Moises Bertoni and The Nature Conservancy, is included as it has proven very successful in the U.S. This case statement, like many others, was targeted to U.S. donors and written in English. Nonetheless, in any language, a case statement is useful for all types of donors, to introduce them to your mission and your project. This case statement is rendered more attractive and inspirational by a series of beautiful color photographs that accompany each section of text. It is also packaged as a small booklet with a colored front page, thick paper stock and a map, all of which make it an extremely appealing case statement. While we cannot replicate the whole booklet here, the text alone both educates and inspires all who read it.

The case study entitled "Campaign for the Galapagos Islands" was organized to raise significant gifts from individuals. This campaign was included in previous editions of the manual. While several new campaigns have been undertaken since that time, including the major Brasil Verde Campaign, the Galapagos Campaign's conclusive results and final reports make it particularly useful and inspiring. We have also kept this campaign in the current edition as more recent campaigns that target individuals are based upon the same strategies for success. Two additional campaigns are included in Chapter IX, "Publicity Campaigns with a Fundraising Component", but they are not primarily fundraising campaigns as they have a high publicity and environmental education component.

Both the case study and the case statement successfully follow the ABCs of fundraising:

A. Inform and Educate the Donor
B. Inspire the Donor
C. Sincerely Ask the Donor to Help Make a Difference

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CASE STUDY

FUNDACION MOISES BERTONI: THE MBARACAYU PROJECT

"Nature is the best academy of life ... to understand one must learn in the academy of the forest." Moises Bertoni (1852-1929) Paraguayan Naturalist

The forests of Paraguay are almost gone. Sadly, we have learned little about the life they harbor—and won't unless the destruction is halted. One last opportunity remains to save a significant forest in eastern Paraguay.

The Mbaracayu tract of 143,000 acres of moist tropical forest is for sale to commercial interests. These interests will destroy the forest and convert the land to soya and cotton farms if given the opportunity. The forest will become a biologically barren wasteland, indistinguishable from the thousands of square miles of deforested land in eastern Paraguay and adjoining southern Brazil.

The Fundacion Moises Bertoni has taken on an unprecedented and ambitious challenge to acquire and protect this last large tract of privately owned dense humid, subtropical forest in Paraguay. The Mbaracayu project is an effort to ensure the long-term cultural and economic survival of a rich and biologically diverse area. It is a unique opportunity to share in the protection of Moises Bertoni's academy, for the people of Paraguay and the world. It is an investment in global conservation.

The Threat to Paraguay's Natural Heritage

Sharing borders with Bolivia to the northwest, Argentina to the south and Brazil to the northeast and east, Paraguay is a landlocked nation roughly the size of California—recently awakened to the need to conserve its natural heritage.

Demand for agricultural land and the needs of landless peasants are rapidly consuming the remaining forests of eastern Paraguay. Each year 250,000 acres of forest are lost through logging and uncontrolled agricultural development. Lands adjacent to the Mbaracayu Forest in Brazil are almost completely occupied and deforested. This destruction has threatened the existence of over a third of the country's wildlife—some species have not been seen in 10 years. Within the next 15 years, all natural forests in the eastern third of the country will disappear—forever—unless action is taken now.

The Mbaracayu Forest

The importance of the Mbaracayu Forest cannot be exaggerated. At 143,000 acres in size, it is the last large remnant of dense, humid, subtropical forest in Paraguay. Located in eastern Paraguay, bordering Brazil, the property is roughly rectangular in shape, approximately 12 by 18 miles in size. Naturalists have identified nineteen natural plant communities containing a wide representation of endemic plants and animals. Wildlife now extinct or severely endangered in other regions thrives in Mbaracayu. These include jaguar, puma, tapir, peccary, giant armadillo and the rare bush dog. Birds such as the king vulture, large macaws and the endemic bare-throated bell bird all find sanctuary in the forest canopy.

Several species of the Cracidae family—bare-faced curassow, black-fronted piping-guan, and their allies are seen, an indication that the land has been altered only slightly and is not subject to intensive hunting pressure.

Dr. Alwyn Gentry of the Missouri Botanical Gardens has confirmed the biological richness of the area. He has stated that it is probably the most significant remaining example of Alto Parana forest type and includes species found in the largely destroyed Atlantic Forest of Brazil. He has identified the Atlantic Forest as one of the world's ten highest priorities—global biodiversity 'hot spots'—requiring immediate conservation action.

The People

The protection of Mbaracayu is crucial to the preservation and health of people as well the flora and fauna. The land is the traditional hunting grounds of the Ache, an indigenous tribe of hunter-gatherers, only recently brought into contact with the outside world. Prior to contact, they lived in the jungle, avoiding the modern "civilized" world. In the distant past they had been hunted by the outside world, and their women and children carried off into slavery. As the forest was destroyed their livelihood was lost, and in 1978, they were rounded up by the army and moved to two settlements near the Mbaracayu. These people depend on the wildlife, plants, and fruits of the forest for survival.

The continued traditional use of the Mbaracayu for subsistence by the Ache is an essential land management objective of the Mbaracayu project. This project will provide training to the Ache as patrolmen and game wardens for the reserve, and as guides to researchers and ecotourists in the area. In addition, the project will fund the purchase of agricultural land which will be titled to the Ache.

The Mbaracayu project will also involve other communities in the adjoining lands to improve agricultural productivity and economic conditions. The poor and isolated farming population largely cultivate soya, corn, cotton and tobacco. This monoculture leaves the fragile soil infertile after two to three years and forces the farmers to deforest new lands. These communities have had little or no contact with agriculture or forestry extension agencies and therefore lack knowledge of alternative technologies, diversification of crops, proper use of chemicals and soil and water conservation techniques.

The project will provide the settlers adjacent to the Mbaracayu, with the opportunity to increase their own productivity and quality of life while protecting the Mbaracayu Forest, and its natural resources for present and future generations.

Fundacion Moises Bertoni Providing Solutions

In January 1988, a group of Paraguayan private citizens decided to act on their concern for the accelerating pace of deforestation in their country. Recognizing that the government did not have the resources necessary to protect the remaining natural forests of Paraguay, they formed the Fundacion Moises Bertoni para la Conservacion de la Naturaleza (Moises Bertoni Foundation for the Conservation of Nature), named to honor the world-renowned Paraguayan naturalist. The Fundacion Bertoni is legally registered in Paraguay as a not-for-profit organization.

The mission of the Fundacion Bertoni is the preservation and conservation of the country's biodiversity in harmony with the sustainable social and economic development of Paraguay. The increasingly successful work of the Fundacion Bertoni focuses on four major goals:

- Expand the system of protected areas to include examples of all major habitats and large ecosystems,
- Promote public and private efforts to protect existing and create new nature reserves and wildlife habitats,
- Develop a national awareness of conservation issues and nurture an environmental ethic in the people of Paraguay,
- Increase public and private financing of conservation actions that will sustain the country's future social and economic development.

In just three years, the Fundacion Bertoni has become the leading conservation organization in Paraguay, and is recognized as a national authority on conservation and environmental issues. It is implementing environmental awareness programs at the national level, promoting private land conservation, and providing direct support and training to the national park service. It also works with local communities near protected areas to organize conservation actions and to adopt sustainable land-use practices. The most ambitious land-saving project of the Fundacion Bertoni is the purchase and protection of the Mbaracayu Forest.

The Strategy

The first step in the strategy of the Fundacion Bertoni was to forge a national consensus that the Mbaracayu forest should

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CASE STUDY

FUNDACION MOISES BERTONI THE MBARACAYU PROJECT CONTINUED

be kept intact and managed as a nature reserve in perpetuity In advocating the protection of this land a complex series of issues were faced, the traditional use rights of the native peoples, pressures for development, the need for improving the land use of surrounding inhabitants These challenges are being met through the efforts of the Fundación, which has enlisted the support of the President of Paraguay, key legislators and government officials, local leaders and the general public

The second step was to reach a sales agreement with the land owner After three years of negotiations, the Fundacion and The Nature Conservancy have reached an agreement to purchase the Mbaracayu from the International Finance Corporation of the World Bank The Corporation reduced its selling price from $7 million to $2 million, upon condition that the Fundacion would dedicate the land as a permanent nature reserve, managed for the protection of its wide variety of flora and fauna

To maintain the Mbaracayu Forest in its natural state, the next step was the creation of a private nature reserve recognized by the government of Paraguay In June 1991, an international agreement was signed by the Fundacion, The Nature Conservancy, the government of Paraguay and the United Nations, whereby the Mbaracayu would be the core area of a larger conservation unit, an international bioreserve The plan includes a program of economic development of the neighboring local communities in the area based on sustainable use of the natural resources and protection of the Mbaracayu Also included is a design for a public awareness campaign aimed at enlisting the participation of land owners and residents for support of the Mbaracayu as a biological reserve

The Need

This major capital fund drive is the first private sector campaign in Paraguay undertaken to acquire and protect one of the country's richest and most diverse natural areas The Fundación Bertoni has taken the lead in this endeavor, and a fundraising goal of $3,750,000 has been set Of this,

- $2,000,000 is needed to purchase the Mbaracayu property from the International Finance Corporation,
- $1,000,000 is needed to endow a trust fund to meet the costs of protecting the nature reserve, and
- $500,000 is needed to purchase an adjacent property to be titled to the Ache enssuring the survival of their culture and traditions

The balance is needed to meet the initial capital costs of land protection, and the implementation of sustainable development and outreach programs among the Ache and other local groups

Initial response to this fundraising effort has been strong Over $2 850,000 is pledged The United States Agency for International Development granted $500,000, and the government of Paraguay, $100,000 AES Corporation put forward a challenge grant of at least $1,500,000, and a private donor pledged $750,000

The balance to be raised — $900,000 — over the next 12 months With the support of foundations, corporations and individuals throughout the world, the Foundation Moises Bertoni and The Nature Conservancy are confident that this critical natural area will be preserved and the flora, fauna and people inhabiting this land will continue to thrive successfully

For more information on how you can support the protection of the Mbaracayu forest, contact

in Paraguay Raul Gauto, Executive Director Fundacion Moises Bertoni Casilla 714, Asuncion, Paraguay
Tel (595-21) 25-638
Fax (595-21) 212-386

in Great Britain Diane Espinoza, Board Member
6 Wilton Crescent, London SW1X 8RN, United Kingdom
Tel (44-71) 235-7555
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in the U S Alan C Randall, Board Member, Fundacion Moises Bertoni, c/o The Nature Conservancy
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Arlington, VA 22209 Tel (703) 841-4882
Fax (703) 841-4880

CASE STUDY

THE CAMPAIGN FOR THE GALAPAGOS ISLANDS TARGETING INDIVIDUAL DONORS

(Based on a presentation by Ashley Boren, Director of the Campaign, at The Nature Conservancy's Skills Training Week, July 1988)

The Campaign for the Galapagos Islands was a two-year fundraising campaign sponsored by The Nature Conservancy. We succeeded in raising a $1.5 million endowment for the Charles Darwin Foundation and its Research Station. The campaign began in 1986 and concluded in April 1988. All funding has been sent to the Charles Darwin Foundation in the Galapagos Islands.

The campaign employed three full-time personnel: director Ashley Boren, a secretary based in Washington, D.C., and a representative in Galapagos.

The fundraising process had two points of emphasis. In the United States the director of the campaign and members of the Campaign Committee solicited funds in traditional ways from individuals, foundations and corporations. In the islands the representative had contact with visitors, informing them of the biological importance of the islands and the work of the Station. He devised a system to register the names and addresses of all visitors to the islands.

One of the most important factors leading to success was the leadership provided by the volunteer committee chosen as directors of the campaign. The members of this committee, all very influential people, served as the campaign's first donors, hosted social events where potential donors were cultivated and introduced Ashley to their friends and associates for presentations about the campaign. The identification of potential members of this committee, and persuading them to serve, was a critical step in the campaign. The committee included Ecuador's President and Minister of Agriculture, the Secretary Emeritus of the Smithsonian Institution, S. Dillon Ripley, who was chairman of the committee, chief executive officers of multinational corporations and prominent scientists and academics. Besides lending credibility to the campaign by allowing their names to be used in connection with it, this group was able to open doors for the staff, allowing them to meet and talk with people whom they could not have made contact with on their own. Many of the committee's members had visited the Galapagos. Thus the members of the committee were able to present the campaign based on their own personal experience.

In a sense, the Galapagos are an ideal focus for a campaign of this type because a visit to the islands is typically very long and expensive, and thus all those who visit can be presumed to have both a fairly strong interest in natural history and conservation, and the ability to make a substantial contribution. So the placement of a staff person in the islands to meet visitors, give presentations and get to know those who would be the best potential donors, had a good probability of paying off. Some visitors, told during their visit of the ongoing campaign to build an endowment for the Research Station, made on-the-spot commitments to support the campaign. Others added their names to the list "to receive more information." When the representative sent lists of visitors to the staff in Washington, these lists were already annotated with whatever information the representative could provide. The Washington staff then checked these lists against lists of people who had already made donations to The Nature Conservancy, and against standard reference books. Members of the committee also looked at lists of visitors to point out those who might be good prospects for large gifts. With the committee's help, the U.S. staff made appointments to visit those recent travelers who might give substantial donations, and sent follow-up letters with additional information and requests for contributions to the rest.

The very concrete focus of the campaign—building an endowment fund for the Charles Darwin Foundation—proved to be both an advantage and a disadvantage. It made for clear and direct presentations, and it was easy for potential donors to see exactly how their money would be invested. However, as a rule, endowment funds are the most difficult to raise. Many individual donors prefer, and many foundation donors require, that their contributions be used to actually achieve the stated purposes in a given period of time rather than invested to provide a relatively small flow of income from interest.

Another important preliminary step was to prepare a strategic plan for the campaign, identifying its goals, the method Ashley would use to achieve them and the time, personnel and budget she would need to do so. The plan was revised every six months, but even in its initial rough draft, it was an important tool for recruiting members of the leadership committee and soliciting the first donations. Following the rule of thumb that the campaign's administrative costs should not exceed 10% of its total goal, Ashley planned her operations budget at $150,000 maximum for the $1.5 million campaign. This $150,000 would have to include her own salary and the salaries of her staff, her costs for brochures, trips to visit donors, mailings and so forth.

Recognizing that her time and resources to contact donors would be limited, Ashley knew that she would have to make the most of each contact. To begin, she decided to look for a donor who could give substantial portion of the campaign goal in a single donation. It seemed difficult, to be sure, but no more difficult than finding and asking hundreds or even thousands of people to each give $1,000. Ashley decided to seek two to three donations of more than $100,000 each, fifteen to thirty $15,000 - $50,000 gifts, and the remainder in small gifts ($35 - $1,000). In each category except the last, her task was to research and then make contact with people and institutions that could make donations of the indicated size (small donations were solicited by mass mail). Structuring her prospect list according to the size of donation she would be soliciting also helped her organize her time and priorities, making sure that she gave enough time and attention to her best prospects for large gifts.

Her first challenge was to identify that first large donor and determine how to make contact. She decided that since the Galapagos are an Ecuadorian national park and many of its visitors are from the United States, the initial contribution should be made jointly by the governments of the United States and Ecuador. She first solicited a matching grant from the U.S. Agency for International Development, then received the matching funds from the Ecuadorian government. The total from the two governments was $300,000. Seeing the two governments' participation encouraged Texaco, a wellknown corporation which does a lot of business in Ecuador, to follow with a $100,000 grant. Each of those large donations was solicited individually, with personal visits to the appropriate representatives and a proposal written specifically for the particular institution. The fact that these original large grants covered the campaign's operating costs enabled the staff to begin informing all potential donors that every penny of their contribution would go directly to the project (the endowment) and not to administration. This proved to be a powerful selling tool.

When she had her requests for these large donations in process, plus individual requests to her committee members, Ashley was ready to prepare publications and launch the campaign publicly. She hired her staff, produced a brochure describing the islands, their biological importance and the campaign, and wrote a longer "case statement" with more details about the campaign, beautiful color photographs which were pasted in by hand and a detailed budget identifying the Research Station's projects and needs that the campaign would support. The case statement was presented personally (by Ashley or by a member of the committee) to donors who might give large sums. The brochure, with

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CASE STUDY 3

THE CAMPAIGN FOR THE GALAPAGOS ISLANDS CONTINUED

a cover letter signed by Secretary Ripley, was sent to all visitors after they had returned home More than 25% of the visitors solicited responded, giving some $100,000 in small contributions (less than $1,000 each) However, the major part of the staff's time was spent in contacting major donors

Although there were a few substantial donations from governments, corporations and foundations, most of the donors to the endowment were individuals Some of them were people who had not already been donors to the Conservancy before the Galapagos campaign began (One of the conditions established at the beginning of the campaign had been that Ashley was not to contact donors who were already being cultivated or solicited for gifts to other programs of the Conservancy) To find new donors, Ashley her staff and her committee conducted extensive research They began with all their own friends and associates who had visited the islands or expressed an interest in them Some people came to the staff's attention when they responded to a mail appeal with a rather large check ($1 000 or more) In these cases Ashley or her staff would call to thank them personally and try to find out more about their interest, in case they might make another, larger contribution later on The campaign kept extensive files on each donor and potential donor, so that whoever made the solicitation would have as much information as possible before making the request

Ashley did much of the calling on donors herself She points out that the attitude she presented to these potential donors was very important, even though at first her job was hard A year after the campaign had started, with the big governmental contributions still in process and not yet in, she had raised only about 10% of her financial goal, and yet it was important to convince each of the potential donors that their contribution would fuel a successful campaign, one that was sure to achieve its goals, and that the contribution about to be requested was an important step toward success This she did, and events ultimately proved her right Still, it was her own belief in the cause and in the campaign that enabled her to proceed confidently and successfully

The process of cultivating each potential donor sometimes stretched out over a considerable time Usually Ashley worked with a member of her committee to get an appointment to see the potential donor Sometimes this would mean a note sent by the committee member asking the potential donor as a favor to have a meeting with Ashley and telling him/her to expect Ashley to call for an appointment Sometimes, in the case of very important, very busy people, the committee member would make the appointment for Ashley or actually come along on the visit (The secretaries of key members of her committee became important allies, preparing many letters for their bosses signatures requesting that a colleague find time to see Ashley when she called for an appointment) When making the appointment Ashley usually stated that her purpose was "*to ask advice*" about the Galapagos campaign (It would have been much harder to get an appointment "to ask for money"—it is extremely important to wait for the right moment to address the question of money—and she did indeed want advice as well)

Ashley didn t simply wait for the right moment to ask for a contribution She worked actively to create it Making her first visit to a potential donor, to tell him about the campaign and ask his advice about campaign tactics and potential donors, she looked for opportunities to speak to that person about his interests in nature and conservation—perhaps commenting on a picture or memento in the office, a mutual friend or colleague whom she knew who had visited Galapagos etc Sometimes she asked if the potential donor would be interested in making a trip to the Galapagos (the campaign offered group tours, charging enough to cover costs) Some potential donors would be invited to social events where they would mingle with several of their peers who had contributed to the campaign The larger the dollar amount being sought, the more cultivation was carried out In each case, Ashley used a series of contacts, first to build a sense within each potential donor of interest in the campaign (ask him to do something, i e , introduce her to someone else so they would feel more involved) Next she helped build involvement and concern with the future of the islands, and confidence in the campaign and the work of the Research Station as strong vehicles to achieve the desired outcome of conservation and continued scientific research Once this was achieved, the moment was right to ask for a contribution

When the moment came to make the request it required a judgment call whether Ashley should make the request or whether a member of the committee should accompany her to make the request himself Almost all major contributions were requested in person Whoever made the request asked for a specific amount Sometimes the donor would give that amount, sometimes he would give a smaller amount and sometimes the potential donor would decline Ashley made a point never to leave without asking for something—could the person perhaps suggest names of other people who might be interested in participating in the campaign, or might he host an event at which the campaign could be presented?

Again, Ashley s positive attitude was her most important tool Her own belief in the campaign made it possible for her to approach potential donors with the confidence that what she was asking was worth her time and theirs, and that her request was actually a way of offering donors an opportunity This same confidence helped her deal with negative responses and come from each meeting with something for the campaign, whether that particular individual had made a financial contribution or not

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RESOURCES
FOR SUCCESS

Chapter VII

The Art of the Foundation Proposal

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The Nature Conservancy

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INTRODUCTION

The Self-Sufficiency Program has consistently encouraged skills development in proposal writing and grantsmanship to assist Latin American and Caribbean nongovernmental organizations (NGOs) in tapping into important U S and international foundations for support While proposals are often written for U S foundations, they can also be a major vehicle for attracting the attention of corporations, foundations, individuals and governmental institutions in your own country

This chapter includes guidelines and examples for writing a complete, well-planned funding proposal While the text refers to the standard format most commonly used for foundation proposals, this model is also excellent for proposals to major individual donors and corporations Some of the new ideas for this chapter were introduced by Victor Hugo Naranjo during a presentation on proposal writing at Conservation Training Week 1993 Victor Hugo Naranjo and other staff of the Development Department of Fundacion Neotropica in Costa Rica also thoroughly reviewed early editions of this chapter The actual case study examples used throughout this chapter are excerpts from a successful proposal developed by Cristian Vallejos of the Fundacion Amigos de la Naturaleza (FAN) in Bolivia

FOUNDATIONS

Foundations are the answer to every fundraiser's prayer After all, they're in the business of granting money to deserving organizations like yours, so you don't have to feel awkward or embarrassed about asking Just write yourself a good proposal, send it in, and wait for the check to come in the mail What could be more straightforward?

As the materials included in this section will show, the process is somewhat more complicated than that Just as with any other potential donor, you will have to invest a considerable amount of time in research to determine which foundations are the best prospects for funding your programs, and which of your activities will appeal most to these foundations Competition for foundation grants is intense Most foundations receive many, many more proposals than they can fund The process is often lengthy, and it is not unusual for two or more years to elapse from the time of your first contact to the day a check arrives

Therefore, foundation funding is appropriate only for needs that can be foreseen well in advance Most foundation funding is not renewable for more than a year or two, and so should be reserved for projects that can be completed within a short time cycle, or picked up by other sources of funding Many conservation organizations have suffered severe financial crises when a foundation grant upon which they had become dependent ran out, leaving them with no alternative but to lay off staff and shut projects down As a rule of thumb, it is not wise to depend on foundations for more than a quarter of your income The Nature Conservancy receives some 11% of its funding from this source

We should start by clearing up some confusion which has arisen over the use of the term "foundation" In this chapter we use the term "foundation" to refer to grant-giving, private-sector entities that provide financial support to different activities Usually these foundations make grants based on formal requests (proposals) Typically you can recognize them because their names will include the word "foundation," "fund" or "trust" However, and this is the confusing part, some other types of organizations also use these terms World Wildlife Fund, W Alton Jones Foundation and The Pew Charitable Trusts all give grants to groups like yours But Environmental Defense Fund, the Friends of the Earth Foundation and the Forest Trust are educational and advocacy groups who use the money that they raise to carry out programs of their own Island Resources Foundation makes small grants to Caribbean NGOs and also carries out programs of its own The point—use a directory! Consult the Foundation Center or *Foundation Directory*, or other reference materials identified in this section, and then call or write the foundation to be sure you understand its programs before you invest your valuable time preparing a request

The procedures for making a foundation request, and tips on proposal writing, contained in this section represent the best advice of experienced fundraisers But they are not hard-and-fast rules for any particular project or foundation Most foundations have established procedures that grant seekers are required to follow It's always a good idea to write and ask for a foundation's guidelines and an annual report, which will tell you what projects the foundation has supported in the previous year

This chapter concludes with a reference list of selected foundations and sources of information about foundations All of the reference materials cited pertain to U S foundations that make international grants Do not forget to research donor foundations based in other countries, especially your own

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PROCEDURE FOR MAKING A FOUNDATION REQUEST

1 Research the foundation and its interests A short list of foundations that makes grants for conservation projects is included at the end of this chapter You can also consult *The Foundation Directory, The International Foundation Directory, Taft Foundation Reporter,* and other reference books You can order these books from The Foundation Center (see address list at the end of this chapter) or use Foundation Center libraries to research potential foundation donors when you are in the United States Write to the Foundation Center for information
2 Write a brief letter to the appropriate foundation official and ask the extent (if any) of the foundation's interest in your programs
3 You may choose to follow up your initial letter with a telephone call or personal visit to the donor foundation Personal contact can help ensure your request will "stand out from the crowd" of organizations requesting funding But don't make the mistake of using personal contact to take the place of a clear, concise, well-thought-out proposal International travel for donor contact is an extremely expensive venture If you plan to visit a donor, write or telephone first to make sure that the donor is willing to see you and the visit will be beneficial to you both Then, before you go, review the points you wish to make in the discussion
   - State the purpose of your visit and the request Describe the project for which a grant is requested Suggest how the project might fit in with the recent philanthropic interests of the foundation
   - Justify the amount requested
   - Outline the benefits or values your project will produce, state its current relevance, significance, urgency, need
   - Show why your institution is well qualified to undertake such a project Bring supporting materials such as annual reports, pictures and brochures of successful projects
   - Describe how the project has been carefully planned for soundness and effectiveness, and, if pertinent, state by whom it was planned
   - Take along your case statement or plan document
   - Explain the qualifications of the person who will administer the project Foundations most often give to qualified people
   - Promise to keep the foundation appropriately informed on the use of any grant it may make

   In fact, the points you want to make in your meeting are more or less the same as what you will write in your proposal The next section will give more detail on the process of writing your proposal But as you prepare for your meeting, keep one more point in mind Don't do all the talking yourself Listen Ask questions Find out what interests the donor has and what experiences he/she can contribute Let the donor set the tone and style
4 Write your formal proposal

WHAT IS A SUCCESSFUL PROPOSAL?

The answer to this one is easy a successful proposal is judged not on its brilliance of writing and style, its clarity and originality, or its perfect description of your organization's objectives A successful proposal is one that gets funded Although in this section we focus on the process of writing, it is important to remember that no amount of virtuoso writing will make your proposal successful unless you have followed the basic steps of researching your potential donor, cultivating the donor and addressing your proposal to the donor's specific interests It's also necessary to follow whatever guidelines the donor may have established, meet his/her deadlines, and be sure to have all the necessary attachments and documentation Proposal writing is only one step of the fundraising process described in this manual Your success in each of the steps will ultimately determine the success of your proposal

Some organizations prepare a comprehensive proposal or case statement that includes all their planned activities for a period of one to three years This is a very useful tool to use when you are unsure of a donor's particular interests and would like to show him/her a "menu" as part of the cultivation process, it can also be used as an attachment to a specific proposal to show how the particular project for which you are seeking funding fits into your organization's overall plan and budget A case statement by Fundacion Moises Bertoni is included at the end of Chapter VI However, in almost every circumstance requiring a formal proposal, the "general menu" will not be enough You will have to prepare a more specific request geared to a particular project that is within the funding capability of your donor, with very specific details about how you propose to spend his/her money

Some organizations also prepare a general proposal for each of their projects This is a very useful thing to do However, these general proposals should almost never be used to make a specific request Instead, they should be used as a draft from which you adapt an individual proposal for submission, taking care to address the particular donor's interests, and following whatever format guidelines the donor may have When you have a lot of proposals to prepare, it may seem appealing to write a generic version and make lots of photocopies Indeed, if you do that you'll get your proposal out to many potential donors But the bottom line is success, and in the long run you'll do better if you target a moderate number of proposals for a high rate of success than if you "paper the world" with proposals that have little chance for success Each proposal that you write and send should be personally addressed to the recipient

One final note a formal proposal should be used when circumstances are appropriate Most grant-giving foundations require that you make your request in writing, via a formal proposal, but some do not accept proposals until they have reviewed an initial letter of inquiry Some require a "two-pager," or proposal summary, before they'll accept a full proposal Corporations that have well-established giving programs may ask that you make your request by written proposal, and may not require (or permit) a meeting beforehand The best approach to individuals, however, is usually a request made in person for a specific amount whose use you have explained In some circumstances, where corporate or foundation guidelines do not explicitly discourage it, you might send an unsolicited proposal It can be a good way to introduce your organization to a smaller foundation that may not know of your work, or to have a proposal considered by a corporation that you may not be able to visit personally In general, however, unsolicited proposals have a lower effectiveness rate than those that are a planned part of the eight-step fundraising process discussed in Chapter V So suit your strategy to the source as carefully as possible

Gathering the Information You Need to Start

First, you must have a project or other funding need with clear goals and objectives Meet with the project manager and others involved with the project so that you can be certain everyone agrees about the who, what, when, how and why of the project If there is disagreement on any important aspect of the project, stop Don't even try to write a proposal, because to move ahead without organizational consensus does your group and potential donors a great disservice You want to succeed, so take the time to discuss the issues At the end of this process, write down the project goal and narrow down the project objectives to no more than five Everyone involved should be comfortable with these, and confident that they advance your group's overall mission The project objectives should be ambitious, but also realistic and achievable As a final step, ensure that your objectives are specific enough that you can lay out a budget for them This will give you a sense of whether your ideas are clear enough to begin writing them down

The Budget

The heart and soul of any proposal is the budget After all, it shows exactly what you're asking the donor to pay for! This is where you should start the process of writing your proposal Work with the project manager until you have a budget that is detailed and clear, and reflects the closest possible estimates of the real costs you anticipate You and your executive director or president should be able to tell, just by reading the budget, how many personnel will be assigned to the project, for what time period, in what positions It should be clear what equipment will be purchased and for what it will be used If land is to be purchased, the budget should indicate how many hectares or acres and at what cost If services are to be contracted (lawyers, accountants, writers, consultants), it should be clear what these services are and how they support the project Travel budgets should indicate who is traveling, where they are going, how many trips, of what duration, specific transportation and per diem expenses You cannot write good text until your budget is in order! We offer a bad example (Fig 1) and a good example (Fig 2) to compare the differences

Figure 1

Bad Example of a Sample Budget

Sea and Sky National Park Project Budget for 1993-1995 Equipping Park Guards for Management and Protection

Supervision/Personnel	70,500
Publications	1,700
Equipment	1,220
Trails	1,775
Vehicles	27,500
Research	12,000
Community outreach	3,750
Project administration	4,125
Training	1,700
Evaluation	1,000
TOTAL	$125,370

If your organization has prepared an organizational strategic plan, or a plan for this particular project, you will be in good shape at this stage of the process Your strategic plan will contain many of your project's goals and objectives Without it, you will have great difficulty creating a budget like this If you have done your planning, you will find that the budget needs, and much of the supporting text you will need for the proposal is already available to you This is yet another good reason to prepare a strategic plan and keep it up to date!

Also, before you begin to write, gather as much

FIGURE 2

GOOD EXAMPLE OF A SAMPLE BUDGET

Sea and Sky National Park Project 1993-1995 Budget
Equipping Park Guards for Management and Protection

	Year 1	Year 2	Year 3	Total
Project director				
Salary	18,000	20,000	22,000	60,000
Benefits	3,000	3,500	4,000	10,500
Subtotal	21,000	23,500	26,000	70,500
Preparation of map/guide editorial consultant				
(2 months at $300/month)	600	——	——	600
artist fees	200	——	——	200
printing 1,000 copies	500	——	500	1,000
Subtotal	1,300		500	1,800
Office supplies for park headquarters staff				
computer	2,000	——	——	2,000
printer	1,000	——	——	1,000
diskettes & computer supplies	200	200	200	200
2 desks	300	——	——	300
3 file cabinets	225	——	——	225
Subtotal	3,725	200	200	4,125
Field equipment for park guards (6)				
2 tents	100	——	——	100
6 sleeping bags	435	——	——	435
6 pairs of boots	180	——	180	360
6 rain ponchos	100	——	——	100
6 backpacks	225	——	——	225
Subtotal	1,040		180	1,220
Trail construction/transport for volunteer crews				
at 30/mile	225	300	250	775
lunches (30)	100	100	100	300
materials for construction of trail markers	300	200	200	700
Subtotal	625	600	550	1,775
One four-wheel-drive truck for use by project manager and park guards	25,000	——	——	25,000
Maintenance	500	1,000	1,000	2,500
Subtotal	25,500	1,000	1,000	27,500
Research Four fellowships of three months to students at national university doing field work in the park	4,000	4,000	4,000	12,000
Subtotal	4,000	4,000	4,000	12,000
Community outreach two workshops (20 people)				
Staff travel	1,000	1,000	1,000	3,000
Materials	150	150	150	450
Printing/mailing	100	100	100	300
Subtotal	1,250	1,250	1,250	3,750
Training for fundacion staff assigned to project attendance at international park management seminar, June 1988, San José	1,400	——	——	1,400
Subscriptions	100	100	100	300
Subtotal	1,500	100	100	1,700
Project evaluation consultant fee	——	——	1,000	1,000
	=====	=====	=====	=====
TOTAL	$59,940	$30,650	$34,780	$125,370

material as you can that's already been written about this project or similar projects—correspondence, articles, brochures, papers Look for articles by respected scientists and authors that will give credibility to your case Quote from these articles in your proposal

Equally important, you will need as much information as you can get about the donor your proposal will be addressed to Write to ask for the donor's guidelines for writing a proposal (most foundations will supply you with this) A copy of their annual report will give you information about the types of activities they fund, the size of their grants and the terminology they feel comfortable with Keep notes from meetings with the donor or people who know the donor Remember the golden rule, that people give to people Personal contact is extremely important because even institutions give to other institutions through people

SUIT THE FORMAT TO THE DONOR'S REQUIREMENTS

What follows is a general outline that includes most of the types of information a grant-giving foundation would ask you to include in a funding request It will serve as a draft, and in some cases even as a finished proposal, but the important thing is to find out what the donor expects and follow that format! This will vary from donor to donor Remember, a successful proposal is one that gets funded—and that means, besides being well written, that it is submitted on time, in the correct form and with all the required attachments Usually, the attachments requested will include your most recent audited financial statement, your operating budget, certification that your organization is a bona fide tax-exempt group, resumes of key project personnel, and sometimes letters of reference Know what your donor requires ■

GENERAL PROPOSAL FORMAT

EXECUTIVE SUMMARY

Write this section last Try to summarize each of the sections of your proposal in one short, clear sentence Get help from an accomplished writer if you can, this section, and the cover letter accompanying your proposal, will make that all-important first impression on your donor If, after writing the rest of your proposal, you still have difficulty summarizing each section in a concise and direct sentence (or two), consider the possibility that your proposal text is still not sufficiently clear and specific, and consider revising the proposal itself This section is extremely important, because in the case of busy foundations, it may be the only part they read as they "screen"

CHECKLIST FOR EXECUTIVE SUMMARY:

- Belongs at the beginning of the proposal
- Identifies the grant applicant
- Includes at least one sentence on credibility
- Includes at least one sentence on problem
- Includes at least one sentence on objectives
- Includes at least one sentence on methods
- Includes amount requested in this proposal
- Should be brief
- Should be crystal clear
- Should be interesting

proposals If your summary is outstanding, you'll increase the likelihood that your proposal will be read In addition, when your proposal makes the final cut, you have made it easy for the staff to take a summary of your request to their Board of Directors for consideration Foundation staff will love you for this because it saves them work

Here is a checklist you can use to go over that all-important proposal summary before sending it in Remember that this, along with the budget, is the most critical part of your proposal Try to write it when you are well rested It is difficult to do a good job at this when you've just spent eight hours thrashing out the body of your proposal Put the document aside for a day or so, then re-read it and write the summary And remember, the shorter it is, the better—never more than one page

Cristian Vallejos of the Fundacion Amigos de la Naturaleza from Bolivia shared one of his excellent proposals with a group of participants at a proposal writing course during Conservation Training Week 1993 Their assignment was to write an Executive Summary based on the proposal The finished product below is a good example of an executive summary

NEED FOR THE PROJECT

Your donor's most important question about any project you submit will be, "Why should we become involved in this?" Begin by identifying the problems—in the world, in your country, in your community—that your project will solve

The following example of a needs or problem statement is taken from the same proposal by Fundacion Amigos de la Naturaleza

This needs statement is very clear and very specific The problem addressed is a situation in the external world (tropical deforestation) rather than an internal "process" difficulty of the organization Reading the

COMMUNITY RESOURCE PLANNING AND MANAGEMENT IN AMBORO NATIONAL PARK, BOLIVIA EXECUTIVE SUMMARY

"Pressure by human settlements upon protected areas in Bolivia, and throughout Latin America, is a major problem that threatens the conservation of the impressive biological diversity that they shelter While implementation of protection enforcement measures is a necessary condition for the conservation of protected areas, it is not enough to deal with the causes of increasing human pressures that threaten them

This has been recognized by the Fundación Amigos de la Naturaleza (FAN), a Bolivian nonprofit foundation currently providing vital assistance to over 6 5 million acres of protected areas in our country Fundación Amigos de la Naturaleza has thus developed this proposal for Community Resource Planning in the 1 5 million acre Amboró National Park, an area of tremendous biological and social significance

The Amboró Park project intends, over a three-year period, to reduce human pressures upon Amboró National Park by motivating five peasant communities, located in the southern area of the park, to plan the sustainable use of their resource base This will involve the development of a participatory methodology, the assessment of the resource base, and finally, the preparation of local plans The methodology developed by the project and its results will be shared with the management and settlers from other parks through a workshop and the publication of a manual

For this purpose, Fundación Amigos de la Naturaleza respectfully requests of the _________ Foundation $____, representing 50% of the project costs This work represents a hope for the future of Bolivia's biological diversity"

GOOD EXAMPLE OF A NEEDS STATEMENT

"Most protected areas in Bolivia, and throughout Latin America, are subject to increasing human pressure which threatens the conservation of their biological heritage This is because parks are being created without management plans, or the financial resources to implement them, critical poverty levels and restrictions to land tenure that push migrants to settle in areas of high biological value and ecological frailty, and the use of unsustainable technologies such as migratory agriculture and overgrazing

"The implementation of protection measures is necessary for the conservation of protected areas, but these measures do not address the increasing human pressure that threatens them Moreover, there are many frustrating examples where protected area managers have alienated the local population and have generated a situation of constant conflict Therefore, it is necessary to develop alternatives that address the needs of the local population and are compatible with the long-term conservation of biological diversity"

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Checklist for Needs Statement:

- Relates to purposes and goals of the organization
- Is of reasonable dimensions
- Is supported by statistical evidence from authorities
- Is stated in terms of the people who will benefit
- Is developed with input from beneficiaries
- Is a statement of a real problem, not the "lack of a method"
- Doesn't make assumptions
- Doesn't use jargon
- Is interesting to read

example, you can clearly visualize the problem and imagine what the results would be if nothing were done Reread the example and consider what you would add to further strengthen it

Goals and Objectives

This section should flow naturally from the previous one Since this is where you started, by meeting with others to clarify the goals and objectives of the project, you should have no trouble here A problem has been identified, and you are proposing a solution If the donor provides you with the requested resources, what will you accomplish? At the end of the project, what will have been achieved?

Following is an abbreviated section of the FAN proposal which spells out the overriding objective of the project and then provides a series of specific expected results (or sub-objectives) by year

Note how this section of the proposal concentrates on measurable results that will be achieved There is a clear commitment not only to a whole series of results but also a general time frame for achieving them In this section of your proposal, concentrate on concrete achievements that will mean success for your project One common mistake is to go into detail about the methodology in this section There is a big difference between objectives and methods, and you should be sure to concentrate on the actual objectives in measurable terms

Good Example of Project Goals and Objectives

"To reduce pressure upon Amboró National Park by facilitating participatory community planning for the sustainable use of the resource base

Expected results

i) General
- Development of a methodology for participatory community planning and sustainable resource use.
- Drafting of specific plans with five selected communities
- Empowerment of local communities to assess their needs, to plan and design solutions and to seek resources needed to implement their plans

ii) Year 1
- Assessment of the social, economic and cultural characteristics of the communities in the southern limit of Amboró National Park
- Assessment of the resource base of the communities, the current use patterns and alternatives for sustainable use

iii) Year 2
- Expansion of the program to four more communities
- Improvement of community organization and self-reliance

iv) Year 3
- Starting of implementation of community plans
- Drafting of a final version of the participatory planning methodology and publication of manual"

Qualifications of Your Organization to Carry Out the Project

Describe your organization's experience and the background and skills of your key personnel How is your organization uniquely qualified to carry out this project—that is, what skills, personnel, contacts, reputation, credibility and resources do you possess that make you more suited than other organizations to carry out this particular project? This section should not be more than one page, even if your organization has been successful for more than a century The following sentences were also included in the FAN proposal, along with a section describing FAN's mission and institutional objectives

In its proposal, FAN establishes that the project fits into its mission and strategic plan, and focuses on FAN's legal and historical role working in the area In this section it is often also useful to include

- names of other groups that you are collaborating with,
- names of particularly well known consultants or staff whose involvement would be seen as a plus to the project, and
- previous successful experiences of the organization in developing similar types of projects

Depending on the amount of supporting material you feel you need to establish credibility with the prospective founder, you may decide to include some of this material at the end of the proposal as addenda Other kinds of

GOOD EXAMPLE OF QUALIFICATIONS

"The objective is both congruent with FANs mission and builds upon specific institutional capacities and strengths Protection and management of the Park is coordinated between FAN, the UTD-CDF (the government agency in charge of protected areas) and the SENMA-IDB project (a joint program sponsored by the Secretariat for the Environment and the Inter-American Development Bank)

Under this agreement FAN is in charge of management of the Park's southern and western limits With the Parks in Peril program, sponsored by The Nature Conservancy, FAN has provided for the basic protection of the Park by hiring and training field personnel, purchasing vehicles and communications equipment, building camps, demarcating boundaries and financing field operations "

things you can include in the addenda or appendix section (so as not to clutter up the proposal itself) are your proof of tax-exempt status, resumes of key project personnel, an organizational brochure/list of accomplishments, a strategic plan and your organizational budget

METHODS

These are the specific activities that you will carry out in order to complete the project They might include hiring a project administrator, purchasing land, building infrastructure, posting park boundaries, training park guards, building trails, publishing bulletins, hosting workshops, teaching courses, writing letters, putting advertisements on television and radio, hiring a scientist to conduct a survey—the list of possibilities is endless Your methods are things that you will be doing, NOT things that you will be promoting, facilitating, coordinating or encouraging When you propose activities like these, always remember to specify how much and by when Do not confuse your methods with the project objectives Remember, methods describe the activities to be employed to achieve the desired results (your objectives) The demonstration of a new and pioneering method can sometimes be an objective, but that is seldom the case

In the FAN proposal the methods are presented in the workplan

FUNDING NECESSARY FROM OTHER SOURCES

Are you asking this donor to fund the entire cost of your project, or are there other funds needed in order to complete it? If other contributions are necessary you must state in your proposal how much you will need beyond what you are requesting from this donor to implement the project successfully, and where you are going to get the additional funds If any of the sources will provide in-kind support, state that here FAN clearly laid out that the donor was being asked to cover 50% of project costs over a three-year period and detailed other organizations that were being solicited for the remaining 50%

GOOD EXAMPLE OF METHODS

YEAR 1

During its first year, the project will focus on building the information base about the communities and developing the participatory planning methodology The project will implement an assessment of the population and resource base in Amboró's southern limit Project staff will compile basic data on the communities' demographics, organization and resource use patterns to establish the information base for project monitoring and evaluation purposes A first draft of project methodology will be developed Based on this information, one community will be selected as a pilot site The selected community, with support from field staff, will participate throughout the assessment process

YEAR 2

During the second year, project implementation will focus on expanding the program to five communities and producing plans for each of them The facilitation of the participatory planning process will involve community workshops, field surveys and other participatory techniques, through which the five selected communities will complete a self-assessment of resource management issues The communities will assess the problems identified and the solutions proposed, and will then draft plans for the sustainable use of their resource base The communities, with support from project staff, will implement demonstration activities to test the proposed solutions, and motivate participation "

BUDGET

Now that your text is finished, go back to the budget and make sure that each item included in the budget is adequately explained by the text Make additions and changes to your text as necessary to support the budget The budget you present should represent the cost of the total project For example, if you are requesting $100,000 as a 25% contribution to a $400,000 project, you would include the $400,000 budget as broken down on a yearly basis to allow donors an opportunity to understand the whole project

Some General Suggestions

Send the proposal with a brief cover letter, one or two pages, that re-emphasizes the major points and tells the donor why the project should be funded

- A proposal can be anywhere from 2 to 20 pages in length (not including addenda) Sometimes the donor will provide guidance, a good rule of thumb is 8 to 10 pages
- Have an experienced writer (preferably a native speaker of the language you are writing in) review the text
- Send an original, not a copy Consider the appropriate use of pictures, maps and graphic illustrations to make the proposal more interesting Use nice stationery, but don't use the very expensive (or nonrecycled) type Foundation people hate plastic binders and expensive covers
- Use clear and direct sentences Avoid the passive voice and impersonal expressions such as "It would be recommendable to "
- Be succinct If you feel it is necessary to include complicated or detailed plans, submit them as an attachment that you can reference in the text of your proposal
- Enclose your case statement or plan to show how this project fits in with your overall objectives
- Think of your proposal as a legal contract If you receive the money you have requested, you will be obligated to demonstrate achievement of each of the promised objectives

Conclusion

Writing a good proposal is only part of the challenge You need to understand your donor's interests and appeal to them through letters, personal visits and even site visits The successful proposal is usually not the initial form of contact with the donor, but rather the result of previous discussions, exchanges of concept papers and ideas—in short, part of a continuing cultivation process However, written proposals are important for succinctly stating your needs, objectives, methods and budgets They are needed, in many cases, to convince the governing board or another level of staff with whom you have not previously communicated that your project is worthwhile Following these guidelines, and most important, following your donor's requests, will help lay the groundwork for success

List of Foundations that Make Grants for International Conservation Organizations

John D and Catherine T MacArthur Foundation
Suite 1100
140 South Dearborn Street
Chicago, Illinois 60603
(312)726-8000

W Alton Jones Foundation
232 East High Street
Charlottesville, VA
22902-5178
(804)295-2134

Jessie Smith Noyes Foundation
16 East 34th Street
New York, NY 10016
(212)684-6577

The Tinker Foundation, Inc
55 East 59th Street
New York, NY 10022
(212)421-6858

The Ford Foundation
320 East 43rd Street
New York, NY 10017
(212)573-5000

Conservation, Food and Health Foundation, Inc
c/o Grants Management Associates
230 Congress Street,
3rd Floor
Boston, MA 02110
(617)426-7172

The William and Flora Hewlett Foundation
525 Middlefield Road
Suite 200
Menlo Park, CA 94025
(415)329-1070

The Lazar Foundation
c/o Helen Lazar
680 Madison Avenue
New York, NY 10021

Andrew W Mellon Foundation
140 East 62nd Street
New York, NY 10021
(212)838-8400

The John Merck Fund
11 Beacon Street
Suite 600
Boston, MA 02108
(617)723-2932

Joyce Mertz-Gilmore Foundation
218 East 18th Street
New York, NY 10003
(212)475-1137

C S Fund
469 Bohemian Highway
Freestone, CA 95472
(707)874-2942

Charles Stewart Mott Foundation
1220 Mott Foundation Building
Flint, Michigan 48502-1851
(313)238-5651

Inter-American Foundation
401 N Stuart Street,
10th Floor
Arlington, VA 22203
(703)841-3800

W K Kellogg Foundation
One Michigan Avenue, East
Battle Creek, Michigan
49017-4058
(616)968-1611

World Wildlife Fund
1250 24th Street, N W
Washington, D C 20037
(202)293-4800

Wallace Genetic Foundation
Suite 400
4801 Massachusetts Avenue, N W
Washington, D C 20016
(202)966-2932

Conservation and Research Foundation
Call Box, Connecticut College
New London, CT 06320
(203)873-8514

Geraldine R Dodge Foundation
163 Madison Avenue, 6th Floor
P O Box 1239
Morristown, NJ 07962-1239
(201)540-8442

OTHER SOURCES OF INFORMATION

Environmental Grantmaking
Foundations
Environmental Data
Research Institute
797 Elmwood Avenue
Rochester, NY 14620
(They can send you a book listing foundations that grant awards for environmental issues It is updated annually)

The Foundation Center
1001 Connecticut Avenue
N W Washington, DC 20036
OR
The Foundation Center
79 Fifth Avenue
New York, New York 10003
(Maintains reference libraries and sells reference books Write for catalog and information)

The Grantsmanship Center
1125 West Sixth Street,
Fifth Floor
P O Box 17220
Los Angeles, CA 90017
(213) 482-9860
(Provides great proposal writing and fundraising materials and newsletters Also offers training courses in grantsmanship)

TogetherNet
130 South Willard Street
Burlington, VT 05401
(802) 862-2030
(Computerized information on funding sources as well as training and NGO networking)

EcoNet
c/o Institute for Global
Communications
3228 Sacramento Street
San Francisco, CA 94115
(Similar to TogetherNet)

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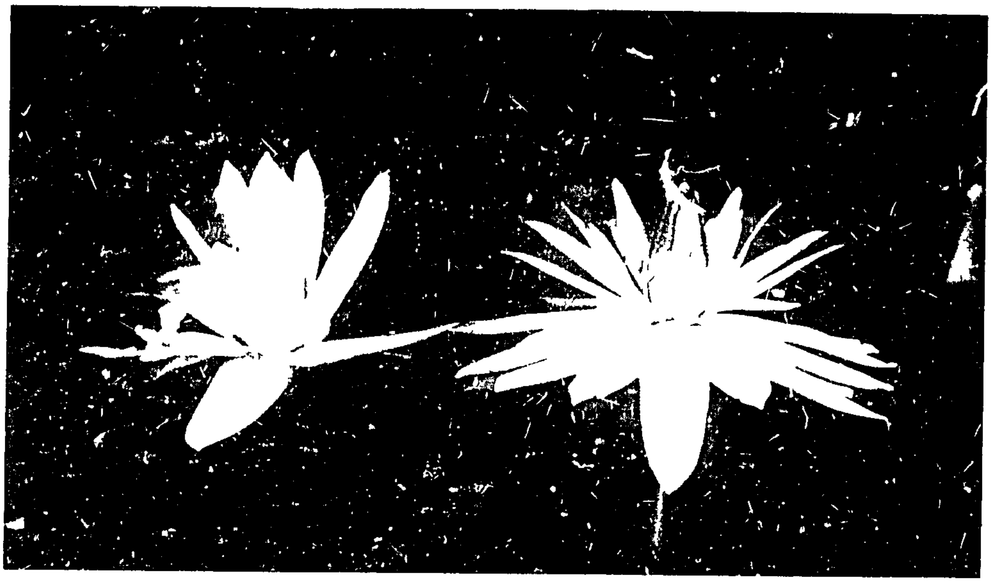

Chapter VIII

Corporate Fundraising and Cause-Related Marketing

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LATIN AMERICA
AND
CARIBBEAN PROGRAM

Chapter VIII

Corporate Fundraising and Cause-Related Marketing

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INTRODUCTION

Corporate fundraising has been an important source of financial support, contributions and publicity for many Latin American nongovernmental organizations (NGOs) A number of corporate associate programs have been extremely successful, particularly in countries where tax-deductible donations are possible and/or where publicity aligning a corporation with the conservation movement is beneficial to the corporate image Generally, a corporate giving program is set in place to encourage long-term relationships and a yearly gift

A relatively new area of involvement for conservation NGOs with corporations is cause-related marketing The Nature Conservancy has developed very successful cause-related marketing ventures with companies such as The Nature Company, Cristian Dior Perfumes and Miller Brewing Company To date this approach has generated some good publicity among Latin American NGOs, and in a few cases is now starting to show strong financial results

CORPORATE FUNDRAISING

Establishing a funding relationship with corporations requires a six-step approach,

1 Decide What Corporations to Solicit
2 Get in the Door
3 Educate and Inspire
4 Ask!
5 Acknowledge Gift and Continue Cultivation
6 Renew and Upgrade

DECIDE WHAT CORPORATIONS TO SOLICIT

Your "prospect list" is ideally selected from business and corporations that meet some or all of the following criteria:

- owned and operated by members of your board of directors, their colleagues and their friends,
- dependent on natural resources for their business—lumber, petroleum and power companies, and those associated with natural areas such as travel agencies, hotels, dive shops, outdoor equipment retailers, etc ,
- interested in upgrading their image using a connection to an environmental organization,
- branches or local subsidiaries of multinational corporations that already contribute to conservation organizations in the U S and/or other countries Much of this information can be found in the corporate membership lists of The Nature Conservancy, World Wildlife Fund, World Resources Institute, etc ,
- dependent on public goodwill and reputation for community involvement and patronage—banks, insurance companies, local businesses, etc ,
- connected with the travel industry—airlines, travel agencies, cruise lines, hotels, outdoor equipment retailers, etc ,
- involved in organizing special events, concerts, conferences, expositions, etc ,
- publishing newspapers or magazines or working in the public relations field,
- historically supportive of other civic causes—universities, hospitals, etc

Apart from using the above list as a method of preliminary identification, a little library research can also be useful There are two reference books available to help you The first is the *International Directory of Corporate Affiliations* which lists both foreign and U S corporations, and their local and foreign addresses The second is the *Directory of American Firms Operating in Foreign Countries* which lists, country by country, the names and U S addresses of companies operating overseas Your local chamber of commerce may also have directories listing local addresses for these companies and the names of the managers

ANCON's staff conducted extensive research using directories and other sources of information, and made a list of some 200 leading corporations in Panama, focusing on those that depend on natural resources, work in natural areas, depend on public-service image or are subsidiaries of multinationals that have a history of giving to conservation efforts in their home countries An individual file (hard-copy and computer) was opened on each prospective associate The file included information on any previous contacts made by ANCON as well as whatever information was available on the company's policies, identification of specific issues that would connect it to ANCON's work, names of its board of directors, etc When possible, the staff made notes about the company's holdings and types of business services, in case this information would be useful for soliciting an in-kind donation This file was continually updated as information was gathered throughout the corporate campaign

Once your list has been compiled, you'll need to gain access to these companies A useful way to begin is to call a meeting of your board of directors and determine which members may have good contacts with anyone in the listed corporations You may also wish to consider inviting people from one or more of these corporations to sit on your board Board members should be willing to become corporate members and have the ability to persuade others to join the effort as well

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Get in the Door

Once you have identified your corporate prospects, you need to think about the best way to approach the appropriate people within the corporation The Conservancy often writes short letters to prospects, which are then followed up with telephone calls from the Director of Development The strategy is usually to say that you "will be in the area" and ask for 10 or 15 minutes of their time Personal visits are made to all those who respond positively

Sometimes, playing the corporate name-dropping game can work to an organization's advantage An example "Mr Smith [who happens to be the chairman of a powerful social or professional organization] suggested that you might be interested in joining our efforts In fact, he has already become a corporate member and thought you would be interested in our programs "

In ANCON's case, once the staff gathered sufficient information about prospective corporate associates, they asked the board members to serve as contact people for specific corporations Their duties included calling the company on ANCON's behalf to request an appointment, sometimes accompanying the staff on the initial appointment, and usually accompanying them when the actual request was made

It is very useful in terms of effectiveness and in the interest of your time and that of the company you are approaching, to make sure you speak with the right person It may take you a while to find out who that person is but it is well worth the effort Perhaps there is already an executive in the corporation who has an interest in conservation—someone who has visited your office, attended a social function with a member of your staff or supported you at a fundraising event? If this is the case, try and find out what kinds of projects the corporation may be willing to support In other words, determine what kind of request is most likely to be successful These details need to be determined before the next step of setting up the important meeting with the chief giving officer or chief executive officer

As noted in the chapter on individual donors, it's perfectly acceptable and often preferable when making your initial appointment, to ask to see the manager "to make a presentation about our corporate giving program and to ask for advice " Depending on the nature of the relationship your organization has with a corporation, the initial visit may function as a "cultivation" visit—a chance for both parties to get to know each other More than one of these visits may be required, but eventually, if you want the corporation to support your work, you are going to have to ask for its support Simply leaving a brochure behind and expecting prospects to call will not ensure results

Educate and Inspire

As part of your pitch to the corporation, follow the ABCs of Fundraising (Chapter VI) In addition, be prepared to address the issue of benefit to the corporation, as it will surely come up "How can my company benefit from a relationship with an organization such as yours?" Occasionally the answer is obvious A company that deals with natural-resource issues can enhance its image by aligning itself with an environmental organization Besides, it s in that company's best interests to care about and support the environment

To better educate the targeted corporations, ANCON prepared information packets that included a letter of introduction, an ANCON fact sheet and a 16-page special-edition newsletter presenting ANCON's accomplishments in text and pictures Immediately after the board member called to request an appointment, the packet was sent to the appropriate corporate officer with a cover letter signed by the President and Secretary of ANCON's board (themselves prominent businessmen) If necessary, the staff did additional research about the corporation to prepare for the appointment, and the program director took along a second information packet to the visit

This is what ANCON's fundraising officer has to say about what goes on during the appointment "It is of utmost importance to be courteous and polite during the interview Most of the people interviewed already have an idea of the purpose of our visit, but not many know about the importance of corporate fundraising and getting Panama's business sector involved in conservation A brief presentation of Panama's natural resources and ANCON's conservation work is given to the potential donor In this presentation we show our professionalism and efficiency in conservation work and how the donor's money will be well invested in us We show that we also work with large nonprofit international organizations Our objective is to "set him up" in a special situation where he would answer positively to our proposal We explain that the contribution is very important to us, since raising money locally will guarantee the continued support of these international foundations We thank potential donors for their time (these people usually have a very tight schedule) If they desire additional information, such as audited financial statements or detailed plans for a particular project, we send it along with the thank-you letter Additionally, we invite the company's key person and ANCON board member, at their own convenience, on a field trip where they can see the projects that ANCON carries out in the field "

ASK!

At some point in the relationship, questions like "Does this project interest your company?", "Are you interested in a relationship with my organization?", and "Would you like to support our work through a corporate membership?" will arise If the answer is not definite—for example, you may be told that others in the corporation will have to be consulted—ask if you can call back the following week to see how it went, or to answer any further questions that may have arisen Even if the answer is no, ask for suggestions or advice about other companies that may be interested in supporting you

An even more effective method—if at all possible—is to have "Mr Smith," your friendly board member who is a personal friend of the corporation manager, make the "ask" on your behalf

Some corporations have formal giving programs either through the corporation itself or a related foundation For example, the O'Boticario Corporation, a cosmetics firm in Brazil, also operates the O'Boticario Foundation, which supports environmental projects Proposal requirements can vary from corporation to corporation Some have a very formal method of grant giving, others are much more informal Some local branches of multinational corporations are limited in their giving capacity and require home office approval for larger amounts Find out the details before you make your formal request

The Conservancy uses different categories of giving, each with a designated title that varies with the state offices—landmark, conservator, steward, horizon, etc , that correspond to a level of giving—$100, $250, $500 or $1,000 Each prospect is asked for a specific amount A standard format is "Most individual supporters give $100, so we ask corporations to give $250 or $500 if possible "

"Most individual supporters give $100, so we ask corporations to give $250 or $500 if possible."

Don't forget that many companies that may not be able to support your organization with cash donations can provide goods and services that you would ordinarily have to pay for In Peru, a corporation agreed to print a bulletin for children as part of the Fundacion Peruana para la Conservacion de la Naturaleza's educational campaign for children Another group receives office space at no charge Restaurants have provided free catering for fundraisers and other special events Hotels often provide free meeting space and sometimes free or discounted room rates for visiting VIPs A major hotel was extremely gracious, providing a number of services at severely reduced rates or as a contribution for the Conservancy's Conservation Training Week in the Dominican Republic in 1993

Other available services include businesses that allow NGOs to use their copying or mailroom services free of charge, stores that sell NGO's merchandise such as T-shirts, posters, cards, books or handicrafts produced by cooperatives that an NGO may be working with Lawyers, advertising agencies, accounting firms, printers and others can provide services free of charge or at reduced rates Investigate the possibilities However, if a situation is important either because of scope or urgency, try not to rely on pro bono goods or services When a business volunteers to give you something for free, the arrangements are usually made at its convenience Often this may put you on a slower timetable than you had anticipated

ACKNOWLEDGE GIFT AND CONTINUE CULTIVATION

As with all donations, grant tracking and appropriate acknowledgements are needed A thank-you letter should be sent immediately, together with any additional information requested If a donation was promised, arrangements should be made to pick up the check In many situations, the NGO executive director or board member should receive it personally, posing for a picture with the corporate officers When the donation is received, the corporation should also be sent a receipt confirming that the donation is tax-deductible

Different NGOs in Latin America and the Caribbean offer different kinds of benefits to their corporate sponsors Most arrange for publicity—perhaps the picture of the NGO president accepting a check from the corporate chairman Some arrange to feature corporate sponsors or list the names of corporate associates in their newsletters Depending on the size of the corporation, a press conference may be useful A small cocktail party to which important donors, board members, staff and the press are invited can also help generate publicity At any of these events, the NGO can present the corporation with a plaque, framed project photo, local art, etc ANCON sends a framed photo of one of Panama's national parks as a symbol of recognition Offer to provide a speaker, a slide show, perhaps a one-day field trip! The Conservancy has sent lapel pins with our logo to each $100-or-more donor and a column in the chapter newsletter recognizes all $1,000 corporate donors with their corporate logos

RENEW AND UPGRADE

A renewal letter should be sent out annually to corporate sponsors This is usually a handwritten or personalized note Upgrades to the next giving level are asked for selectively and require involvement of the board members or others that helped open the door or make the first ask If you have selectively cultivated corporations—asked them to visit the site, acknowledged their gifts in public forums, and continued to educate and inspire them as to the importance of your work—corporations are often happy to renew their affiliation with your work

CAUSE-RELATED MARKETING

WHAT IS CAUSE-RELATED MARKETING?

Cause-related marketing provides a corporation the opportunity to enhance its marketing, advertising and sales programs through association with an NGO Typically, the corporation makes a financial contribution to the NGO in exchange for the rights to refer to the NGO in its programs and promotional materials The contribution can be structured in a variety of ways and is frequently based on a percentage of product sales

HOW DOES THE CORPORATION BENEFIT?

Association with an environmental organization enables the corporation to express its environmental values to customers, the press and other members of the business community Moreover, by making a financial contribution linked to sales the company not only benefits the environment directly, but allows the customer to participate too, this is well illustrated in the ANCON-BMW case study

HOW DOES THE NGO BENEFIT?

Cause-related marketing is another form of corporate fundraising and another way to encourage the corporate sector to participate in addressing environmental issues Relationship to a corporation brings with it increased exposure for the NGO, potentially high visibility advertising that contributes to public awareness about the organization's mission, programs and membership opportunities Information on Fundacion Natura's work using corporate support for a national publicity campaign throughout Colombia is included in Chapter IX, "Publicity Campaigns with a Fundraising Component"

WHAT MAKES A SUCCESSFUL CAUSE-RELATED MARKETING PROGRAM?

It is important in this kind of venture for an NGO to align itself with appropriate companies Visibility will most likely be high, so choosing wisely is essential Products should be of good quality and companies should possess sound environmental records In this age of environmental concern, a corporation wishing to associate its name with that of an environmental organization will be willing to pay for the privilege Do not sell yourselves short Your name and what it stands for is valuable You'll need to determine for yourselves, with your board, what constitutes a fair deal for your organization Devise and implement standards How much is your name worth? What is too little?

It is advisable to obtain a contract between the NGO and the corporation delineating the relationship—duration of the deal, whether there is an exclusivity issue, revenues expected, etc Generally the benefits to the NGO include receiving a portion or all of the annual fee and a percentage of the net profits on annual sales Panama's ANCON and Fundacion Progressio in the Dominican Republic both have affinity card programs A major benefit to generating income in this way is that monies raised are unrestricted and can be used to fund operations, the most difficult money to raise The following case study of ANCON and BMW is an excellent example of cause-related marketing

ANCON AND BMW—A MOVING EXPERIENCE

In April 1992, ANCON launched a new campaign called "Adopta tu Hectarea"—fashioned after the successful "Adopt An Acre" program of The Nature Conservancy The objective of the program is to encourage people in Panama and abroad to "adopt" a hectare of parkland for $35 Monies raised are used for conservation and protection activities in a designated park

Participants in the program receive a T-shirt, sticker, an adoption certificate and automatic membership in ANCON (as an "Amigos de ANCON") with all associated benefits for one year The program has received extensive press coverage from television, radio and newspapers

In April 1992, Bavarian Motor Works (BMW) in Panama joined ANCON's Adopta tu Hectarea Program by agreeing to adopt five hectares in the name of any person who purchased a BMW

The deal came about after the Executive Director of ANCON sent a formal letter to the President of BMW Panama, requesting BMW consider supporting ANCON's conservation programs After several meetings between ANCON staff and BMW, BMW agreed to become involved in the Adopte tu Hectarea BMW realized the high profile nature of this kind of venture—that there was much publicity to be gained from such an 'environmental" connection

The formal agreement between ANCON and BMW focused on two major points first, that five hectares would be adopted for each vehicle sold by BMW and, second, that during the year of the promotion, April 1992 to April 1993, ANCON would not run any similar programs with any other car manufacturer After signing the agreement, ANCON issued press releases announcing BMW's involvement in the program BMW reciprocated by planning a cocktail party at which both the BMW President and ANCON board members spoke about the unique nature of the ANCON/BMW relationship and its positive effect on conservation

BMW Panama highlighted new car owners in its monthly newsletters who were also members of the Adopta tu Hectarea program, acknowledging their commitment to Panama's extraordinary natural heritage BMW also featured its relationship to ANCON in various promotional pieces it produced over the year

By the end of the promotional year, 3,123 hectares had been adopted, with 585—or 18% a direct result of the BMW promotion In the process, 117 new car owners became members of ANCON The program proved to be an enormous success for both parties BMW received excellent, positive coverage from the local media and its own promotional efforts, and ANCON boosted its membership and conservation efforts through a new program while working with a major corporate force in Panama

ANCON recently completed a direct mailing to 40,000 people across Panama announcing the 1993 Adopte tu Hectarea program and is seeking similar agreements with other corporate donors

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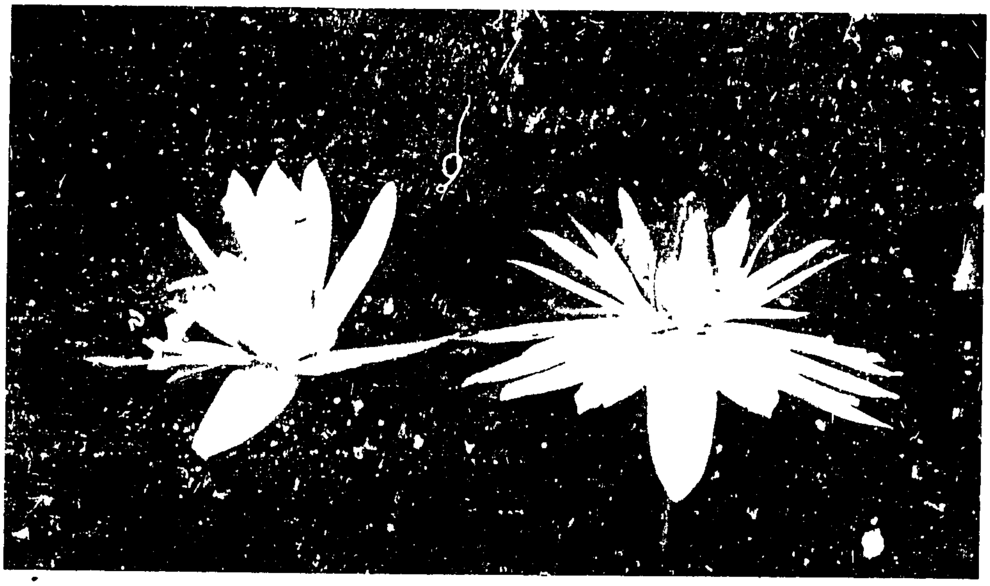

Chapter IX

Publicity Campaigns with a Fundraising Component

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LATIN AMERICA
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Chapter IX

Publicity Campaigns with a Fundraising Component

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INTRODUCTION

Conservation Training Week 1993 brought together many practitioners of financial self-sufficiency who have spent years trying to cover the operational costs of their nongovernmental organizations (NGOs) Two of the instructors at this event, Elsa Matilde Escobar of Fundacion Natura (FN) and Patricia Leon Melgar of Fundación Peruana para la Conservacion de la Naturaleza (FPCN), presented innovative ideas that linked environmental education, increased public awareness and fundraising in one campaign The instructors present their information and success in this chapter

These campaigns serve multiple conservation purposes as they:

- create a greater awareness of the environment,
- mobilize people to take action,
- attract volunteers for conservation activities,
- provide people with an opportunity to make a difference,
- provide a vehicle for financial contributions, and,
- gather names for future mailing/membership lists,

Publicity campaigns can serve all these purposes while raising unrestricted funds from local donors!

National conservation programs must generate strong support from the local community to protect the country's biodiversity over the long term Efforts to educate, mobilize and encourage a greater commitment to the environment are critical for success Thus, campaigns that target different sectors of the population must educate and inspire the audience to contribute to the environment This contribution is not always financial People can be asked to lobby for a piece of legislation, to recycle their plastic containers, to become a member of your NGO or to spend a day planting trees in a reforestation program Generating public support for conservation is a major challenge for NGOs in all countries

Along with the education and mobilization of the target audience, many campaigns of this sort also generate funds These funds are usually unrestricted, or able to support the work of the NGO in any given area, as opposed to being tied to a specific project Unrestricted funds are particularly useful for covering core operating expenses, especially when the sometimes-fickle international funding fails

The ability to attract local contributions is an indication of NGO strength, prestige and political clout Dependency on international donors is fiscally risky, and also indicates a lack of local support for your conservation activities NGOs are more effective when they can show a local mandate for pursuing their conservation agenda As conservation becomes increasingly politicized in some countries, it also raises your credibility and reputation if you are not solely dependent on international funding sources

This chapter highlights two campaigns developed by the authors The campaigns are very different in scope and target totally different population groups, but both create greater environmental awareness, generate publicity for the NGO and increase the amount of unrestricted funds flowing to the NGO Patricia Leon Melgar developed a school raffle targeting elementary school children in private schools Elsa Matilde Escobar targets the corporate community and generates national level media exposure through cause-related or "ecological marketing " Many of the same strategies covered in Chapter VI, "The ABCs of Fundraising," were used in these campaigns The difference lies in the attention spent educating the donors and the creative twists used to target local audiences

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1992 School Campaign for Nature. How to Identify Opportunities When Facing a Crisis

Background

In 1991, the Peruvian Foundation for Nature Conservation (FPCN) had a successful year of fundraising The foundation managed to increase the year's revenues by a margin of 124% compared with 1990 This increase was accomplished through such diverse strategies as event organizing, corporate campaigns and membership drives

The budget proposal for 1992 called for an additional increase of 40% However, in making our projections we neglected to consider a fundamental aspect of working in Latin America the quickness with which market conditions change On December 31, 1991, a law was decreed that repealed the tax benefits granted to businesses or individuals who gave donations to conservation organizations As a consequence, FPCN could no longer offer tax benefits to its corporate members, the sum of which accounted for 29 2% of the total funds raised locally in 1991, and were expected to account for 40% of those funds in 1992 The loss of income was significant and we had to find ways to make up for this loss

This emergency led to the concept of doing a "*Raffle for Nature*" in various private schools in Lima Working with private schools would give us access to a wider pool of well-to-do contributors—parents—by means of small contributions that would not affect the family budget or require tax benefits

There were three disadvantages we recognized at the outset First, no tradition of philanthropic giving existed in this market Second, the market was in recession, with an annual inflation rate of 55% Third, the awareness of nature conservation is even more scarce in this market than in traditional markets, moreover, the knowledge of the richness of Peruvian natural resources is very weak among the general public, especially in Lima, which is itself a desert--the closest forest is many hours away It was therefore very unlikely that the school board and the parents associations would accept the notion of a raffle to benefit nature unless we could find a way to offer some benefit to the students themselves

Objectives and Process

In addition to fundraising, the School Campaign needed to generate interest about nature conservation among the student body We wanted to show that Peruvian nature was not only beautiful, but also useful, and we wanted to show its current condition, as well as what we could do together to conserve it

Program Plan

1 Identify the segment of the market to target

2 Make preliminary contacts with the schools to sound out any interest in the campaign

3 Design and produce an educational packet to distribute to the schools Our educational packet included two videos, one for children 5 to 9 years of age and another for youngsters 10 to 18 years, audio-visual presentations for elementary and high schools, an art contest and, finally, the raffle

4 Sign agreement letters with the schools and present them with the Schedule of Activities (The schedule should begin at the end of May and culminate on September 12 with the final drawing assuming that the school vacations are generally from July 24 to August 14)

5 Carry out the Schedule of Activities with follow-up to offer help when necessary

6 End the campaign on the day of the drawing, write a report of the results of the campaign and send out press releases

7 Stage a ceremony to confer diplomas of recognition (or something similar) to the teachers who were exemplary in their support of the campaign

Problems that surfaced during the campaign included:

- Lack of finances The entire campaign cost US$700 for the production and distribution of materials
- Poor-quality videos The videos that were available for copying did not reproduce well enough for our objectives
- Lack of school schedule information School curriculum planning takes place in March, our campaign was announced in May This oversight also led to problems with the Schedule of Activities, as schools' vacation dates vary
- Lack of knowledge about the infrastructure available to the schools We initially offered two audiovisual presentations to each institution, however, many of the schools' auditoriums were too small for the entire student body—in some cases we gave 24 presentations per school

- Lack of personnel The program was executed by the Department of Development at FPCN This consisted of two executive personnel, one secretary and one part-time volunteer
- Delays in the bureaucratic process Because permission from the Ministry of the Interior for the raffle was delayed, we were unable to print tickets on time and we had to push the raffle back to October 15 In addition we only had one to three weeks of sales, compared with other raffles that had up to four months of sales, and because of security concerns in the capital, many schools were closed during the days of the raffle
- Competition Three similar raffles were occurring at the same time as ours This caused many schools to opt out at the last minute so as not to overburden the budgets of the parents

RESULTS

- 18 partially participating schools, with a pool of more than 20,000 children between the ages of 5 and 18
- 12 schools fully participating in the raffle, with a pool of 9,000 children
- 34,000 tickets sold At the daily exchange rate we raised US$21,000 Each child sold an average of 3 7 tickets In addition, Club Pronatura promised a membership card to those students who sold 10 or more tickets 1,800 children became new members 18,000 tickets were sold by 20% of the participating students
- A strong interest in land conservation was generated among the students and teachers of the schools in Lima
- More than 20,000 children were reached through our talks and presentations
- The Club Pronatura was founded with 1,800 members
- 7 new corporate members were recruited through the donations of gifts for the raffle and the printing of tickets, bringing in a total of US$7,000
- We can now count on the support of teachers and students who are interested in continuing to work with us

The 1992 School Campaign was successful in spite of early mistakes and setbacks We raised US$4,000 more than we projected, and exceeded the projected number of students participating We had expected to reach nearly 8,000, and even though not all schools participated in the raffle, 9,000 students participated in the campaign

The 1992 budget goal was realized We managed to increase our fundraising revenue by 38% with respect to the total funds raised in 1991 The corporate membership made up 19 2% of the local funds raised (not 40%, as we had hoped) and the raffle made up 30 4% The Development Department of FPCN is responsible for all of the programs for corporate membership, individual membership, direct-mail campaigns, marketing, advertising, granting of licenses, sponsorships and events

1993 SCHOOL CAMPAIGN FOR NATURE

One of our greatest achievements was the interest we generated among the teachers More schools now wish to learn about conserving nature in Peru As a consequence we will undertake a 1993 School Campaign for Nature

The objectives of the 1993 campaign have evolved to give more emphasis to educational and motivational factors and to impart basic knowledge to the faculty regarding nature conservation We hope the result will be that the initial interest generates a genuine awareness about nature conservation, and raising funds becomes a consequence of this awareness

Because the budget is still small, FPCN will not send speakers for each presentation Therefore, the presentations will no longer be audiovisual or informative, but motivational in nature, much like an assembly In this way, we can stage two presentations per school as intended in the 1992 campaign This information will be enhanced by more detailed curriculum material for the faculty The quality of the videos to be used in the classrooms will be better as well

Our fundraising objectives have increased by a margin of 91% to US$40,000, which means we must sell a minimum of 70,000 tickets, depending on the rate of exchange Our current budget for the project is US$3,000

The work schedule this year includes

- Contact and confirm the participation of the schools during March and into mid-April
- Have an art contest sponsored by Continental Bank on June 5, "World Day for the Environment"
- Prepare the "Guide to Environmental Activities" (extracurricular activities that can be used by teachers of various courses)
- Conduct workshops for teachers, entitled "Introduction to Conservation" and "Guide to Environmental Activities," to take place the week of April 19, and distribute the videos to the professors during the workshops
- Give motivational presentations to students in the form of assemblies during May At the same time the tickets for the raffle will be distributed Raffle June 15

We are confident that the 1993 School Campaign for Nature will be a success, although we remain conscious of the fact that many surprises and learning experiences await us in the coming year

RECOMMENDATIONS

There is no single recipe for carrying out a successful school fundraising campaign There are, however, some guidelines to keep in mind

1 Ensure the compatibility of the campaign with the objectives of the organization If the organization needs to raise money and maintain a public image, above all in the minds of the young people, then this campaign is a good option

2 Analyze the target market by looking at the following factors
- The level of conservation awareness in the general public,
- The level of knowledge of the teachers with respect to the subject matter,
- The economic conditions of the various segments of society (Peru has been hard-hit, so we directed our fundraising campaign to the middle and upper-middle classes, in other countries the market may be wider),
- Identification of the schools' needs in order to design an educational packet that is appropriate for the schools (the more conservation awareness that exists, the less effort required to capture the interest and support of the schools)

3 Set realistic objectives for the campaign They must be clear not only for the organization but also for the school faculty and the students

4 Conduct a thorough search for sponsors to cover the costs of the raffle, printing jobs and, of course, for raffle prizes

5 And, please, never believe that you are defeated in the face of a crisis, because these kinds of circumstances create or, rather, compel us to identify, unforeseen opportunities for action

PUBLICITY CAMPAIGN: PARTNERS FOR THE ENVIRONMENT

BACKGROUND

In July 1992, Fundacion Natura launched a fundraising campaign called "Adopte Una Hectarea," modeled after The Nature Conservancy's "Adopt an Acre" program The campaign has two complimentary objectives first, to increase the number of Colombians supporting the conservation work of Fundacion Natura, and second, to cover Fundacion Natura's operational expenses The campaign was designed to encourage Colombians to support the immense task of conserving our country's natural resources The donors of the program "adopt" one or more hectares for Col$20,000 (approximately US$35) each For their contribution, the donors receive
- a diploma indicating the region they are helping to conserve,
- a letter of appreciation for the donation,
- a donation certificate allowing them a tax deduction of 50% the amount of the donation,
- the Foundation newsletter that comes out every four months,
- a letter from the Director of the Project, written twice a year, that describes the area that the donors are helping to conserve and informs them of the work that has been accomplished

After initial introduction of the Adopte Una Hectarea campaign among friends, a few mailing lists and a few of the country's business leaders, we recognized that success hinged upon the public's increased understanding of the need for conservation as well as elevated name recognition for Fundacion Natura The importance of Colombia's natural resources and Fundacion Natura's programs needed to be better understood before the public would invest in the Adopte Una Hectarea campaign With this in mind, the Fundacion embarked on a national publicity campaign, using all forms of mass media, to create an awareness among the general public about the need to conserve our natural resources

Working with a publicity agency, we developed a strategy to carry out this campaign without costs to the Fundacion This strategy is based on the concept of cause-related marketing or "ecological marketing", which provides opportunities for businesses to associate themselves with environmental conservation At the same time, Fundacion Natura tries to ensure that the corporations have a real commitment to environmental concerns and are not simply using our name to increase sales Rather, through the Fundacion's projects we invite businesses to become partners in the challenge of conservation, participating directly and having the satisfaction of knowing they are helping to resolve one of the central problems in our country and the world

This is the first time that a campaign in Colombia has relied on cooperation between a nonprofit entity dedicated to the protection of natural resources and the corporate sector This is a new experience, not only for the media but also for the public, who are not accustomed to seeing a positive relationship between groups that have traditionally been antagonistic It is therefore very important that the strategy used in this campaign promote not only the image of Fundacion Natura and the corporate sponsors, but also public understanding of the benefits of collaboration The publicity campaign will thus enhance the public perception of the credibility of partnerships between environmental and business interests This credibility can be achieved in the following ways

1 Promote consumer awareness of the corporate sponsor's genuine interest in conserving the environment

2 Demonstrate that in addition to the economic advantages of advertising for the corporate sponsor, there is a collective benefit to increasing the public's understanding of the environment and generating the resources needed to undertake more conservation projects

3 Introduce this campaign as the first in a series of initiatives directed toward ensuring that environmental issues receive the attention they deserve in the media It is critical that this not be seen as a fad or passing marketing opportunity, but that the environmental theme be taken increasingly seriously by more and more sectors of society

WHAT A PUBLICITY CAMPAIGN ENTAILS: A PROPOSAL PRESENTED TO BUSINESS LEADERS

Ecological marketing presents new opportunities for businesses that are trying to associate their image with the conservation of the environment Many corporations are convinced that product name recognition can be enhanced if linked to an environmental theme On an international level, major enterprises such as Coca Cola, Master Card, AT&T and Boeing have invested heavily in the association of their institutional image with the conservation of the planet In Colombia, as a consequence of a weak economy, businesses are reducing their direct donations to nonprofit organizations, preferring to invest in what they call "marketing programs related to the ecological cause " Within the Fundacion, there was an interest in using the credibility we had gained over the past eight years to promote linkages with the private sector It is hoped that one of the best ways to conserve the biodiversity of Colombia will be through a partnership with the private sector that can help finance the environmental education and the programs needed to protect our natural environment

Although a clear ecological awareness among the general public has not yet developed in Colombia, surveys indicate that the public does hold industry responsible for environmental degradation The Study of Ecological Attitudes, conducted by R S Associated Consultants, analyzed the extent of public knowledge and opinion about the environment The analysis of the report affirmed "Business is seen as a very influential social agent in Colombia, with a large responsibility, given that it is associated with the deterioration or well-being of the environment The business sector is perceived as having great potential to intervene and produce results, to the point that many participants consider business the only societal entity capable of undertaking major actions in the conservation of natural resources "

Based on this analysis, Fundacion Natura invites the private sector to become a partner in the challenge for conservation, participating directly in this work, communicating its involvement, and giving consumers the satisfaction of knowing that the purchase of its products will contribute to solutions of some of our country's most serious problems

THE PROJECT

Goals

1 To promote the institutional standing of Fundacion Natura, as well as that of its corporate sponsors while generating financial resources for ongoing conservation actions

2 To support the marketing strategies of corporate sponsors by increasing environmental association with their trademark and opening opportunities for promotional programs with an ecological theme

General Objective

Establish a publicity advertising campaign using all levels of the mass media with two equally important objectives to establish the conservation mission of Fundacion Natura in the minds of all Colombians and gain more support to cover the costs of our conservation programs, and to establish the corporate sponsors as pioneers in helping to conserve our natural heritage

Specific Objectives

1 To generate an awareness of the responsibility and challenge shared by all Colombians to conserve the environment and natural resources vital to the survival of the human species

2 To develop specific public support for the conservation projects of Fundacion Natura and thus preserve our greatest national treasure biodiversity

3 To generate the necessary funds for institutional strengthening and expansion of Fundacion projects

4 To foster the image of the corporate sponsors as pioneers in the conservation of Colombian biodiversity and as supporters of Fundacion Natura, a pioneer in on-the-ground conservation programs Through this link, to launch "Ecological Marketing" programs in Colombia

Procedures

Advertising campaigns will target national public opinion through television, press, radio and magazines Press releases, posters, spokespersons and merchandising will also foster conservation awareness Cooperative sponsorship is provided by the corporate sponsors and the media Air time is donated by these partners and the normal costs of the production are given as a donation to the Fundacion

Creative Tactics

1 Stage a grand campaign of high impact and versatility to be executed through the media

2 Run an extensive press and media campaign, looking for ways to benefit the program and the sponsors, utilizing free press to the extent possible and referring to sponsors in Fundacion Natura's public statements For this reason a full-time spokesperson must work in the Fundacion on this project

3 Develop a marketing plan for the sponsors

Coverage

Since the project seeks the participation of all types of media, the coverage will be national

Monitoring and Evaluation

Monitoring will take place in conjunction with the corporate sponsors to determine the impact on the public and the media and measure the benefits for the businesses The Foundacion will do an evaluation of the project's progress in relation to its objectives and make possible modifications in later stages

The Promotional Package

The promotional package consists of television commercials, radio announcements and shows, press announcements, magazine ads and marketing of merchandise and posters

Other Initiatives: Television Programs

In support of the publicity campaign, two television programs were aired The costs of production and air time was provided at no charge The first, entitled "Discover a New Country," relied on the participation of famous television personalities The show highlighted activities of Fundacion Natura in various regions of the country The second show presented videos from an international environmental contest, along with international music videos and street interviews

These two programs received corporate sponsorship at a rate higher than the established advertising rates, with proceeds benefiting Fundacion Natura After the costs of production were withdrawn, the Fundacion received substantial support from these programs

CONCLUSION

The publicity campaign worked well on many levels The work and programs of Fundacion Natura are better known within the country Conservation initiatives have the backing of corporate sponsors who benefit through public awareness And finally, the Adopte Una Hectarea campaign is gearing up again as a result of the increased public attention to environmental issues

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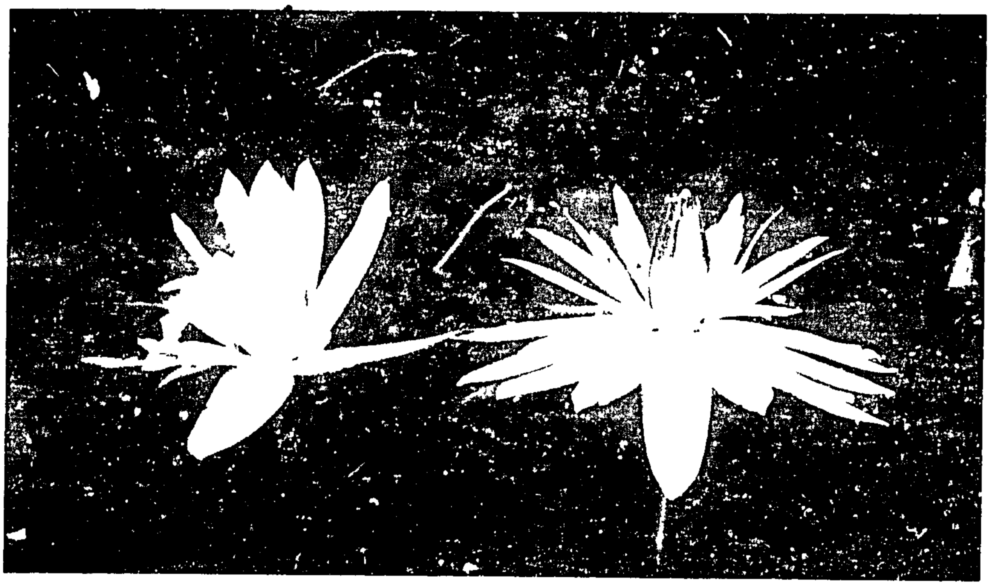
RESOURCES
FOR SUCCESS



Chapter X

Ecotourism: Goldmine or Threat?

Written by
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The Nature Conservancy
LATIN AMERICA
AND
CARIBBEAN PROGRAM

Chapter X

Ecotourism: Goldmine or Threat?

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INTRODUCTION

From 1988 to 1992, a number of ecotourism projects were sponsored under the Conservancy's Self Sufficiency Project Results were mixed While some parks experienced a financial boon, others incurred economic losses One of the biggest variables was clearly political The violence besetting Peru with the activities of Sendero Luminoso and subsequent militarization over the past five years brought an abrupt end to that country's lucrative tourist trade This and other examples confirm the need to be highly attuned to political realities and market opportunities prior to launching a major ecotourism program However, as the case studies of Amigos de Sian Ka'an in Mexico and Fundacion Amigos de la Naturaleza in Bolivia show, there is definitely promise in this concept and it is now up to the Conservancy and its partners to build more skills for up-front assessment to ensure greater success This chapter, written by an ecotourism consultant from Colorado, is the first of a number of steps to broaden our understanding of this potentially important means of generating funds for natural areas and conservation organizations

WHY ECOTOURISM?

Ecotourism is the catchall phrase for 1990s travel, promising all things to all people Ecotourism provides travel writers with something different and interesting to talk about, tour operators have new destinations and an "easy sell" advertising gimmick Travelers see ecotourism as a way to be socially responsible, to go somewhere a bit different from where their friends go, and yet still have fun

Destinations—those parks preserves, and still untouched pieces of land scattered around the world that tourists will pay to visit—see ecotourism as a financial boon Sometimes it is However, certain conditions, both financial and philosophical, have to be met to make ecotourism viable This chapter will explore the good and bad aspects of nature tourism, and will help you assess your own reserve's potential in the international marketplace "Ecotourism" was defined in 1987 as "traveling to relatively undisturbed or uncontaminated natural areas with the specific objective of studying, admiring, and enjoying the scenery and its wild plants and animals, as well as any exciting cultural manifestations (both past and present) found in these areas " (Ceballos-Lascurain, 1987 WWF, Vol 1, 1990) We must add to this definition a consideration of ecotourism's benefit to conservation and the local community Of the private land holdings in Latin America used for education and conservation, 34 5% depend to some degree on ecotourism-based funding to help support park maintenance and/or expansion, scientific research, and public education Privately held reserves also generate employment for locals—one study showed that 84% of the people employed by reserves originated from nearby communities (versus national park service jobs, that are typically open to all nationals) (CI, 1990) Locals also can benefit through the sale of concessions—lodging, food, retail goods, handicrafts, associated tourism services—both in and outside of the park A women's cooperative formed near Monteverde Cloud Forest Reserve grossed more than $50,000 in 1989

Monetary issues aside, ecotourism will attract national and international attention to a region, thus increasing the park's political impact and potentially saving threatened species, lands, rivers or watersheds

Conversely, the past few years have shown the "downside" to the ecotourism boom Heavily promoted and hugely popular destinations have had an influx of tourists that has affected park infrastructure and inhabitants as well as the local human populations In 1976, visitation to the Galapagos Islands, Ecuador, was 6,300, by 1987, it had soared to 32,600 In 1988, it was commented that the albatross at Punta Suarez had begun moving their traditional nesting sites farther away from tourist paths and that the sea lions on Isla Lobos were becoming increasingly nervous and aggressive toward tourists Reports were made of marine turtle fatalities from ingesting plastic bags, the turtles attempted to eat the bags, mistaking them for jellyfish The human population has been similarly affected—mainland Ecuadorians moving to the Galapagos to work have caused the population to grow by 12% each year, resulting in shortages of basic food supplies at island shops, and of housing, land and tourism jobs (WWF, Vol 2, 1990)

Ecotourism can contribute to the sustainable development of a park, classically defined by the 1987 Brundtland Commission as "development that meets the needs of the present without compromising the ability of future generations to meet theirs," (WRI, 1991) But questions regarding each park's ability to cope with visitors must be addressed What will be the impact on flora and fauna? What will the impact be on local residents and their traditional ways of life? What will be the "ceilings" or upper limits to visitation? Keep in mind that "ecological importance is not the same as economic viability Those reserves with the highest ecological value are not necessarily the ones which can do well financially" (CI, 1990) And the staff and financial resources necessary are significant **If ecotourism requires constant subsidies or does not lead to community develop-**

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ment, it is reasonable to reassess whether financial resources would not be better spent directly on conservation activities

With those caveats, let's look at how the tourism industry runs, and how your park might benefit ■

WHO IS INVOLVED, HOW AND WHY

Everyone in tourism is primarily motivated by one question "What sells?" Whether you are interested in attracting students and tourists from within your own country or the international visitor, you must be realistic about the sales potential (or, as one tour organizer said, the "sex appeal") of your park The travel writer is trying to get some magazine editor to consider his article, the editor is trying to figure out what readers want to buy Tour operators will most often sell already-popular destinations, or combine a really well-known park (such as the Galapagos) with some lesser-known stops that add a sense of "uniqueness" to his product Everyone wants new destinations, but no one will risk an entirely new itinerary because few travelers—even ecotourists—are truly that adventurous

Tour operators, in the broadest sense, are the professional organizers who preplan a given trip for paying participants They may be national or international, they may use in-country guides and staff or import almost everyone from their home base Some operators are huge, for-profit companies, other tour sponsors are non-profit organizations that sponsor tours to publicize and finance their own internal operations or special projects (such as The Nature Conservancy, the National Geographic, Smithsonian, Audubon, etc), or they may be smaller operators offering less expensive tours either nationally or internationally Most companies have a fairly specific market of traveller that they're trying to attract either the older, more sedentary, often quite wealthy tourist, or the younger, more active, not quite as wealthy (in US terms) but more physically adventuresome tourist In either case, the buyers of multi-day tour packages that concentrate on ecotour destinations are most often fairly serious nature tourists

In putting together a tour package, tour operators must consider all of the following points air connections to a given country, all lodging, all meals, all types of transportation within that country —bus, boat, plane, train or private vehicle, all guides and interpreters Operators must coordinate an entire, multi-day itinerary, weighing how interesting a given park might be to visit with how long it will take to get there, what else there is to do or see in the area, where they can stay, etc They must look at political and personal safety issues both for their clients and to protect the NGO from liability concerns, they even review available sanitation Operators must address every issue, great and small, for tourists who have chosen that specific company to ensure their safety and well-being (as well as entertainment) Even local operators offering one-day packages from beach resorts or nearby cities must look at these issues

Tour operators will then take their packaged itinerary and sell it to the next member of the tourism chain If they are local, in-country operators, they will try to sell to the international tour operator, who then "sells" to travel agents (retail outlets) or to their specific clientele via direct mail Others who may be involved with packaging or promoting a destination or itinerary could include the country's tourism agency or any international airlines looking to push a product that will help them fill seats Travel magazines and newspapers are the major publicity conduit for new destinations, a barrage of articles on a "new" place will make it more desirable to visit and, therefore, easier to sell

Tour operators (large or small, national or international) are going to buy whatever is "easiest" for them - those destinations that are not only interesting, but also physically accessible and able to work cooperatively with the operator Reliability is important, as is staying power—it will take at least a year from the time a trip is proposed until the first group arrives The organizer needs to know you will still be there, still be interested, still have the same tours/meals/rooms/rates available as when you were originally approached The easier you are to reach by mail, fax or telephone, the better The more responsive you are to their queries, the more they will rely on you The more you have considered operators' itinerary needs and have tried to help them—suggesting other nearby things to do, lodging possibilities, on-site interpretive guides—the more likely you are to get their business We are not suggesting you get into the tour business, merely that you look at it from your "clients' " point of view Everyone appreciates life being made a little easier

Independent, individual travelers look at many of these same issues, and still get their basic information from travel agents and magazines, as well as travel handbooks Many are traveling by private car or by public transportation, and are usually more flexible than pre-arranged groups Because they travel in small parties—one to five people—they're easier to accommodate But they often do not book in advance, the way tour groups do, and are therefore harder to plan on and provision for

The balance of this chapter will review issues your NGO must address, both within your park and local community, in deciding whether (and how) to pursue the ecotourist ■

ASSESS THE PARK'S POTENTIAL

What are the main "attractions?" (It might be better to ask layman instead of a scientist) What would the average person find most interesting in your park? Certain birds? Animals? Botanical rarities? The actual views or setting? What do you offer that is interesting to pull tourists off the usual routes they follow? The farther away you are from another established attraction, the more unusual and interesting your specialty will have to be

How accessible is the park? How are the roads into the park? Is air or water access a viable alternative? How close are you to another town, for potential lodging and/or food supplies? How much would it cost to build or maintain a road good enough to get supplies (and tourists) in to you? How many months of the year are the roads impassable because of the weather?

What other "nearby" (define this word) natural attractions are there? They do not have to be other pristine parks or reserves, they could, in fact, be the opposite Look at clear cutting or a valley being dammed up, or a stretch of land converted to agriculture or grazing that shows detrimental land management policies Properly interpreted (and you may even have to supply the guide), this contrast is good for your purposes, your cause becomes even more apparent An attraction might also be a nearby community of indigenous people, but only with their full consent and support, and their understanding of what tourism might do to their culture and traditions

Once inside the park, how is the access? Can certain special areas be reached by car? By bus? By foot? How far? (Do you want those areas accessed at all?) How difficult would the experience be for older tourists?

What is the realistic tourist season? This usually reads, "What is the dry season?" How many months are the roads passable, is the flora spectacular, are the birds on location, etc ? Does your logical tourism season interfere with the agricultural season of your nearby community and potential work force? Will the local community see tourism as a way to subsidize, rather than to disrupt, their livelihood? Will everyone be needed in the fields just as your tourists wander in?

What existing or potential interpretive staff is there? The most important aspect to ecotourists is information The number-one complaint from participants in all World Wildlife Fund (WWF) and Conservation International (CI) surveys was the lack of available information on most sites Again, this does not have to be fancy, just comprehensive Trail guides or pamphlets, booklets, signs, and tour guides are typically what the nature tourist craves Working as tour guides can provide excellent employment opportunities for locals, when they are properly trained On site researchers and scientists can be used to develop interpretive and educational materials, as long as such activities do not cut into their primary work goals Particularly devoted nature tourists (both nationals and foreigners) also can be invaluable here invite university students, retired people, or those seeking a working vacation to come to your park to lead tours, conduct surveys, etc

What existing infrastructure is there? What facilities already exist in the park for tourists? Visitor center, paths, lavatories, food service, gift shops, lodging, campsites, interpretive trails or personnel? What will adding these services cost you? Can they be developed without noticeably affecting conservation? What size group could you accommodate at one time?

One of the most important benefits offered by ecotourism to those parks and operators trying to break out of the "classic" travel mode of fine hotels and European-style foods is that the ecotourist fully envisions "roughing it" to some extent This is extraordinarily significant to you in planning park infrastructure Even wealthy nature tour clients travelling with the finest tour operators do not expect luxury accommodations, what would be inexcusable in a city is expected—even welcomed—in the "bush " Construction costs can be kept to a minimum, using local labor and materials and concentrating on energy self-sufficiency and self-sustainable resource use Small-scale, unobtrusive lodging facilities—whether bungalows or campsites—can be extremely simple, as long as they're clean Restrooms, whether for day visitors or overnight guests, must be immaculate, well aired, and well provisioned with toilet paper Meals can be simple - locally grown and produced foods should be used whenever possible, and meals should be based on local dishes Hygiene is much more important than "show " Nature tourists see local flavor as part of the experience This, in turn, means that "leakage"—the percentage of dollars that ends up flowing back out of the host country to pay for imported materials, foods, supplies and labor—is minimized

What facilities exist outside the park? How many rooms and how many beds can be counted on in local lodgings? Are they private rooms, with one or two beds, or dormitory-style accommodations? Different types of facilities will appeal to different classes of traveller—assess what is available, and who would be comfortable there Are the places clean, hygienic, and well kept enough to satisfy all visitors? What restaurants, handicraft shops, or other pay-for-hire activities (horseback rides, boat rentals, etc) are there or could there be?

It is important to calculate the total financial cost of attracting the nature tourist Ecotourism is meant to increase the economic viability of a park, not indebt it further If the tourism season is too short, the roads too impassable, the cost of bringing in building or daily supplies too high, then few visitors will come If you are operating at well below capacity for eight months of the year, how will you keep your qualified hospitality personnel? Given the necessary investment of time and money to attract tourists, what will be your return? What visitation numbers are needed to reach a financial break-even point, and how many years, realistically, will it take you to get there?

Most important, how will this benefit the local community? Local communities must participate in determining what level of tourism best blends their economic and philosophical needs At what level will locals feel exploited or resentful of outsiders? How do you balance the increase in land values that tourism will bring with keeping the region affordable for locals? How do you all work to ensure that the monetary benefits do not get concentrated in too few hands?

How supportive is the community of your conservation and tourism efforts? What is the local population base, and how do people earn a living? How will tourism affect that? Would enough people be willing to work with tourists as guides, maids, cooks, etc, to fill the necessary support roles?

Training staff can be expensive and time-consuming—not only must personnel be taught how to prepare and/or present large quantities of food, or how to look after guests' daily needs, but also many must be given at least rudimentary language training if you're seeking foreign visitors Tour guides need to be trained comprehensively to educate visitors fully about the park—often in at least two languages Hospitality and interactive skills also need to be taught being nice to visitors is not always as easy as it sounds Determine how this training will be accomplished—who will do it, how it will be paid for, and how much education is needed and in what areas Whether you undertake this project or expect the incoming tour operator(s) to do so must be contractually agreed on in advance

Infrastructure to house and feed tourists should be built outside parks, when possible, to limit damage to the natural areas and to minimize economic disparity between the reserves and the local community Do not assume answers to any of the above, consult your community leaders, hold public meetings Only their input and enthusiastic involvement can make this work

What is the biological carrying capacity of the park? "Carrying capacity" is defined as "the level of visitation that can be sustained without causing unacceptable change" (WRI, 1991) Is your park ecologically capable of sustaining tourism development? To what level? How much visitation will suddenly be too much? This, of course, is a tricky question, the answer is too often discovered once the carrying capacity has already been reached and the ecological damage done

Published detailed information on carrying capacity is hard to come by, but a good management plan should include this area in its assessment of a preserve As mentioned earlier, the Galapagos Islands have come under considerable scrutiny after the fact in the area of the environmental impact caused by a large increase in tourism over the past ten years Introduction of non-endemic species, change in nesting and feeding behaviors of endemic species, and path erosion have been observed Efforts are currently under way to limit visitation and reverse negative effects

Slow, small-scale ecotourism development is infinitely preferable in the long term to quick moves, large-scale projects, poor planning, and ecological disasters Don't move too fast

Carrying capacity can also refer to humans how many visitors can your park accommodate before they begin interfering with each others' experience? When a park becomes too popular, it often loses that sense of remoteness that ecotourists are seeking, and for which they are willing to pay Physical infrastructure—from paths to lodging—must be laid out in a low-key, low-impact way, so that the natural ambiance of the park is the dominant impression received

These are problems and concerns every park faces There are countless examples in the United States, for instance, of how a national park will draw visitors—millions of them—which will cause locals to move away because their traditional way of life has been changed Land prices and development skyrocket outside parks, longtime ranchers and farmers have to sell out Or, in the case of Yosemite National Park, all tourist facilities have been built within the park, causing tremendous degradation to the resource (air, water and noise pollution, changed animal habitats) and to the visitors' experience Traffic and congestion on the roads and trails in parks all over the United States are major issues today that are politically painful to solve Plan ahead

CHECKLIST OF PARK ATTRACTIONS

Characteristics of the site

Accessibility
- by independent travellers' private vehicles (hours from nearest city?)
- by four-wheel drive only
- only with escort (regularly marketed trips? special arrangements?)
- by public transportation (approximate cost?)
- by air only

Natural/cultural attractions
- scenery
- wildlife (presence, visibility)
- archaeological sites
- other cultural attractions
- nearby attractions
- realistic tourist season

Activities
- hiking (length of trails, degree of difficulty)
- bird-watching (number of species)
- other wildlife viewing
- canoes/boating
- camping
- guided tours

Facilities/convenience
(Designate whether on site, within two hours' travel, or within one day)
- maps
- guidebooks
- interpretive center
- restrooms
- food
- beverages/snacks
- souvenirs/shops
- shelters or campsites
- indoor lodging
- hotels (what level, number of beds)

DETERMINE WHAT TYPE(S) OF TOURISTS WOULD VISIT THIS PARK

In a 1991 study done by the World Resources Institute (WRI), nature tourists are broken into four separate groups, depending on their true interests The "hardcore" nature tourist is a scientific researcher, or a member of a tour specifically designed for education or to help the reserve in some way The "dedicated" nature tourist also takes a trip specifically to see protected areas and to understand local and natural history A "mainstream" nature tourist wishes primarily to take an unusual trip, and will participate in an itinerary that fulfills that desire A "casual" nature tourist is one who "partakes of nature incidentally" as part of a broader trip (WRI, 1991) Different parks or reserves will appeal to different types of ecotourists, the trick is to identify which will want to visit yours

A relatively short detour for a new experience is just what travellers are looking for.

In part, this refers back to the issue of access Basically, how committed must visitors be to get to your park? How long must they stay to benefit? If you are located near a city, beach resort or other touristed area, your chances of breaking into the ecotourism market are excellent A relatively short detour for a new experience is just what travellers are looking for Also, when appealing to the "casual" nature tourist, your attraction must usually be fairly obvious—what conservationists sometimes refer to as the 'charismatic megafauna and flora'

One NGO, near Cancun Mexico, has capitalized on this opportunity to take tourists from a beach resort area for day trips to their reserves as indicated in the Case Study "Sian Ka'an Reserve"

A **"Mainstream"** tourist is also typically interested in megafauna or flora but is more willing to go out of his or her way for a unique experience Still, your pristine ecosystem must be something the layperson can appreciate The further removed from other attractions and a main road, the more infrastructure you will need in place to attract and accommodate that visitor

A **"Dedicated"** nature tourist would be willing to stay at least one or two full days, perhaps more, depending on the interpretive programs available Could they stay in your park (or nearby town) and do different types of day trips? Again, what would other nearby attractions or activities be? What age bracket might be interested? More and more travellers with the time and money to be interested in nature tours are older, how difficult/hot/precarious might your park or additional activities be?

CASE STUDY

SIAN KA'AN RESERVE

Originally, tours to Sian Ka'an Reserve (organized by Amigos de Sian Ka'an) were directed towards members and benefactors of the association, as well as researchers and journalists so they could witness the scientific work being carried out there and realize the importance firsthand While these types of visits continue, in January 90 the ecotourism project was started with the following objectives

- Provide an opportunity to both tourists and locals to familiarize themselves with an almost unaltered protected ecosystem
- Raise funds to continue the research and conservation work we carry out
- Provide employment to the inhabitants of the Reserve
- Raise the environmental awareness of the general public by providing up-to-date information on the research and conservation projects
- Support the Secretariat of Social Development (SEDESOL) in inspecting and guarding the Reserve since there are visitors there almost constantly

In the Sian Ka'an "Wilderness Adventure" the visitor gets to know the coastal dune vegetation along the Tulum-Boca Paila road, visit the San Miguel, Boca Paila and Caapechen lagoons by boat in winter (nesting season for wading birds), or the canal connecting the coast to Chunyaxche lagoon in summer Boat tours are equipped with binoculars, life jackets, first-aid kits, rain gear, SOS equipment, VHF radio, snacks and soft drinks An abundant lunch is included

The trip is planned as a day trip because most mainstream tourists to Cancun are traveling on a "package" and would not want to pay for another hotel room Also, securing rooms in the Reserve could mean an added logistical problem since rooms are scarce and service variable A commission to the Cancun travel agencies selling the trip is built into the price, about 20% goes to Amigos de Sian Ka'an for operations and to the Reserve

The tour leaves Cancun at 7 a m and ends around 6 p m It's worth noting that only a maximum of nine people make up each excursion and that the taking of plants, animals, shells, corals or any other natural or cultural item is strictly prohibited All trash produced or found during the excursion is collected and deposited outside the Reserve At the the end of the day, participants are asked to fill out an evaluation form

From November 1990, when ecotours began on a regular basis, to February 1993, a total of 1,158 people have visited, of which 60% were U S citizens, 10% European, 18% Mexican and 12% other

About frequency of visits to natural areas, 80% answered "sometimes" and 23% "first time" Thirty-one percent found out about this tour through travel agencies, and 21% through articles in newspapers and magazines Seventy-four percent said the tour was "excellent", and 90% want to return

While we can't claim to know the business, we feel that we have the obligation to share with other conservation organizations the little experience we have gained so far Learning to run an ecotourism project can be an enterprise that can consume a considerable amount of funds, time and energy The most important factor to remember is that tourism is a very competitive business If you enter it, the organization needs to momentarily forget its non-profit status and abide by the market rules

—Juan Bezaury Creel,
Executive Director, Amigos de Sian Ka'an, Apartado Postal 770, Cancun, Q R 77500, Mexico

"Hardcore" nature travelers, while rarer in some ways, are more interested in the nitty gritty They will travel a long way, uncomfortably, to watch birds, do research, or help with a project Several well-known, non-profit tour operators—Earthwatch and the Sierra Club, among them—offer itineraries that are working vacations (and for which participants pay quite handsomely) Participants go to a specific park or area to help they build trails, construct lodging, do species inventories, survey other visitors, etc They can be invaluable, if given a few guidelines, some supervision and a few tools with which to work All they require, other than very minimal accommodations (some even bring their own tents), is a place to prepare their own food and a chance to help out and learn

CHECKLIST OF VISITATION DATA

- How is data gathered and maintained?
- Is visitation seasonal or steady?
- Approximate number of visitors per week (low season, high season) and per-year percentage of local, national and international visitors?
- Average number of days spent in the area (per visitor)?
- Average size of group?
- Number commercially guided, escorted?
- Tour operators working in the area?
- Approximate amount spent in park?
- Approximate amount spent in adjoining areas?
- Remarks about level of tourism in other protected areas, in the country in general?
- Willingness to pay entry fees, other fees?
- History of donations to park or local park management groups?

HARDCORE ECOTOURISTS

Travel operators that offer working vacations and sponsor research expeditions are listed below

Earthwatch
Tel 800-776-0188
PO Box 403
Mt Auburn Street
Watertown, MA 02272 U S A

Smithsonian Research Expeditions
Tel 202-287-3210
490 L'Enfant Plaza
Suite 4210
Washington, DC 20560 U S A
Volunteers assist Smithsonian scientists and curators on future exhibitions, documentation of historic events, etc

Foundation for Field Research
787 South Grade Road
PO Box 2010
Alpine, CA 92001 U S A
Non profit, volunteers assist scientists in their projects

International Research Expeditions
140 University Drive
Menlo Park, CA 94025 U S A
Non profit, public assists in field research of scientists

University Research Expeditions Program
Tel 510-642-6586
(UREP)
University of California
Berkeley, CA 94720 U S A
Expeditions where volunteers help University scientists in their research projects

Ocean Society Expeditions
Tel 800-326-7491
Ft Mason Center
Bldg E, Room 230
San Francisco, CA 94123 U S A
Each trip project has a principal investigator, most trips are marine oriented

PUBLICIZE THE PARK

If you choose to pursue ecotourists, then you must publicize your park enough to arouse their interest and curiosity Notice we say "publicize," not "advertise " Publicity means having a third party recommend an experience to travellers Publicity is free-word-of-mouth recommendations, travel articles about your park, inclusion in tour operator itineraries, in-country airline magazines Advertising, conversely, means paying for media space to promote your own agenda, and often is viewed with greater skepticism than publicity Publicity can be garnered on a variety of levels

If you are close enough to other tourism centers, work with a local car rental company or bus company (which should also be looking for new places to send guests) and transport guides and hotel or airline salespeople—anyone in the position to give advice to travelers—out to your park Encourage them to promote your efforts Call or write local and national tour companies and encourage their input—again, invite them to visit What do they perceive as their primary markets? What do they think of your tourism potential? What would they need from you to work with you?

On the next level, contact your state or national tourism officials Governments are beginning to allocate funds specifically to promote ecotourist destinations—see if you can become one of them See if a cooperative publicity program might be done to have your informational brochures at national airports or tourist centers, or distributed to tourist hotels in cities Remember, the government is also trying to get people to stay longer, spend more and return soon Or get the national airline to sponsor a series of photographic posters on the country's national parks —a great promotion for them in international markets

Try to put an itinerary together, and work with a local operator to promote it to travel writers and other travel industry people These are called "familiarization trips," and are basically free tours given to promote your area If you want to be included, think about what you can provide A free tour, a meal perhaps, even lodging If truly qualified industry people participate, this is the least expensive way to get better known

Work opportunistically Have enough media contacts in place—perhaps by working closely with the international NGOs—to immediately take advantage of any publicity for your region For instance, the U S movie "Gorillas in the Mist," which focused on Dian Fosse's work in Rwanda, was released in 1988 Park fees doubled the following year, visitation increased almost 30% and the gorilla project suddenly attracted worldwide attention and funding (Pew Charitable Trusts, 1992) The Amazon Basin has received tremendous international notice lately, it has become a cause celebre for conservation Tourism has boomed in numerous remote, endangered pockets of rainforest there

Publicize the positive Keep your name in the public's mind, both nationally and internationally Send media periodic updates of what new research programs you have begun, or how many local children you have toured through your park, or the dollar figure of conservation group contributions Let your elected representatives and tourism ministry officials know how much money you re pouring back into the local economy

GENERATE INCOME FROM A VARIETY OF SOURCES

Income generation is a primary focus of this chapter, and is one area that most non profit parks and reserves do in a very limited way, if at all

Park Entrance Fees This is one of the most obvious, yet most controversial, income-generating sources There are several issues here, particularly for parks that receive any type of government support How much should national taxpayers be charged for the utilization and enjoyment of their own country? If one of the primary goals of the park is to educate, then should educational tours and student groups and researchers be asked to contribute? At what fee level does the park become inaccessible to locals or nationals?

A multi-tiered fee system seems most appropriate, with a sliding scale based on the visitors' place of origin and/or trip purpose Most parks presently do not charge enough to begin paying for their own staffing and maintenance needs According to the McKinsey Analysis (1992), park fees presently average only 03% of a guided tour package's cost in Costa Rica, in Mexico and Jamaica, there are no park entrance costs incurred at all by tour operators

The US National Park System presently charges $5 00 per carload of people, or $2 00 per person on a bus tour, but is considering significantly altering that structure to raise more money Frankly, the parks are very underpriced Parks are seen as one of the great "freebies" of the world, yet engender such enthusiasm in visitors that most tourists would willingly pay more to support them

Another possibility is to institute a sliding fee scale to encourage visitation during off season times of year While this might not have a significant impact on international "mainstream" tourists, it might well appeal to different serious educational groups

One of the concerns with raising entrance fees enough to cover costs is the possibility that foreign travellers (paying $US5 00 to $US10 00 per person) would be given preference over domestic tourists (paying under $US1 00) in order to meet budgetary needs A quota system may have to be considered that would ensure balanced park visitation

A note if a park is considering a fee hike, give tour operators a one-year grace period to incorporate the additional costs in their prices

National Tourism Fees Work with your tourism ministry and treasury officials to allocate a percentage of airport taxes or state tourism taxes to the promotion, protection and development of national ecotourism destinations Again, try to have any tax increases publicized so that the public knows that it is paying for something considered worthwhile—the preservation of natural resources can lend legitimacy even to taxes

Guided Tours Use staff members to train locals and volunteers to give tours Charge for this service

Sale of Technical Materials Simple, easy-to-read brochures, trail guides and pamphlets could be sold to collect additional monies

Solicit Contributions The Nature Conservancy did a mailing of the guest list at the Darwin Station in the Galapagos Islands and raised $150,000 for projects there Donations to the Monteverde Conservation League expanded rainforest holdings from 2000 hectares to more than 10,000 hectares Ask for contributions in a variety of ways if visitors appreciate your work, they'll be remarkably willing to help fund it

Tour operators have expressed some concern about their clients being bombarded with financial assistance requests, and have made some suggestions about how to approach them (Pew Charitable Trusts, 1992) Do not do a "hard sell " Let ecotourists know about your national and international NGO partners, it gives you additional credibility Give guests examples of how donations have been used so far, and of ongoing projects, such as

"Through donations last year, we were able to hire three additional staff people for keying park flora Three completely new species were found " Or, "If you give

$US10 00, it will help buy a park guard's backpack $US40 00 will help us pay a park guard's salary for one week $US75 00 will buy and protect one additional hectare of watershed lands $US200 00 will buy you a lifetime membership and help us build and interpret a new trail through our park Etc '

Let your visitors know what you're doing and where their money will be spent every time you have contact with them reiterate your message on guided tours or evening lectures, on the back of any promotional or informational literature you hand out, on signage Encourage them to sign a guest book, including both comments and home addresses

Depending on the donation, you may wish to do something for nature tourists in return—give them a small handicraft, send a postcard in a few weeks thanking them and encouraging them to return, make them a park "member," etc

Contributions from tour operators, either voluntary or required, are also possible Both for-profit and non profit organizations will consider returning a portion of their trip earnings If the operator volunteers a part of his or her profits for your park, be sure to thank him publicly in front of his tour participants When working with an operator, make sure any written contract uses, to the fullest extent possible, all the local services your park or community can provide—for instance, require that a "step on guide" (local tour guide) join the regular tour escort Encourage any tour operator with whom you do business regularly to help train your community members

Sale of Local Handicrafts Handicrafts can be either bought from locals with the profit to be split by the park and community, or sales can be set up within a nearby town for additional employment opportunities

Lodging, Eating Facilities Again, we encourage you to work closely with your community to develop these facilities outside of park boundaries, perhaps in a buffer zone between the park and town It will affect the park's ecology less, while providing a healthier economic and political relationship between you and your community Try, however, to have some input on design of new facilities, keeping them small-scale, as self-sufficient as possible, and in tune with the environment Your park, after all, is the attraction that will make these facilities profitable, conversely, their reputation will either hinder or help your marketability

If you do choose to build inside the park, consider subcontracting to an outside concessioner for these facilities, one who can train staff, book rooms, do marketing, and keep supplies inventoried Few NGOs can afford to become involved with this business, other than as a controller of building plans and hospitality quality Again, ensure contractually that as many local people and products are used as is possible

The experience of one NGO in Bolivia is described on page 11

Role of the NGO

Chances are that your NGO has no expertise in ecotourism You may well be reading through this chapter thinking to yourself, "Now, how am I to do all this?" In fact, you may be put off by the entire idea of ecotourism, given its complexity

Frankly, that was one of our purposes People have come to see ecotourism as a "cure-all" for all economic woes, but that isn't necessarily true Sometimes ecotourism can help fill park coffers and contribute successfully to land management, research and additional land acquisition Sometimes it can fail, either through poor initial market research or planning Sometimes it can be too successful, harming the very resource it was meant to help protect However, with careful analysis and dedication to detail the right site and by working with outside experts, NGOs can do the following things

- ascertain your park's tourism potential,
- determine what infrastructure must be built (and how),
- work with architects, park designers and developers who know how to create a low-key, environmentally sensitive park layout,
- develop interpretive materials, curricula for guide training and solicitation proposals,
- encourage discussions with local communities, facilitating wide-ranging and open participation,
- obtain lists of local, national and international tour operators who might be interested in your park, seek advice on whom to contact and how,
- contact national and international media, ministries of tourism and other international conservation and funding organizations that could help publicize both your ecotourism efforts and other land management issues important to you, and
- identify major benefactors and donors who may help you start these projects

CASE STUDY

NOEL KEMPFF MERCADO NATIONAL PARK

The Fundacion Amigos de la Naturaleza (F.A.N.) is a private, non profit NGO established in 1989 with an overall mission of protecting Bolivia's biodiversity. Specifically F.A.N. is working in Noel Kempff and Amboro National Parks with funds received through the Parks in Peril Program. In December 1990, F.A.N., with funding provided by The Nature Conservancy, acquired Flor de Oro—the only privately owned property (10,000 acres) located in Noel Kempff National Park and strategically perched on the edge of the Itenez River bordering Brazil. Flor de Oro served as a camp for the northeastern section of the Park to deter Brazilian fisherman and loggers, who pose a major threat to the Park. F.A.N. transformed this cattle ranch (all but 50 head of cattle were sold) into a park guard station and a base from which to launch scientific research expeditions to other locations in the Park. Conservation International RAP Team expeditions obtained remarkable findings on bird species, mammal populations and plant life—all indicating a healthy park with high biological diversity. Moreover, the Park's remoteness, and its pristine and stunning landscapes have proved to be a strong plus for attracting visitors.

Ted Parker (ornithologist, RAP Team coordinator and also a free-lance guide for Victor Emanuel Nature Tours-VENT) strongly recommended that Flor de Oro (and the Park in general) be developed as an ecotourism site. He was responsible for bringing F.A.N.'s first group of VENT ecotourists in August 1992. F.A.N. concluded that ecotourism could provide not only revenue for the Park, but also publicity and names of ecotourists for a possible membership base. After an assessment and discussions with Dr. Parker, F.A.N. chose to develop ecotours itself because of the lack of a competent local travel agency and the presence of an interested and committed staff. This decision was a difficult one for F.A.N. and may not be wise for other NGOs. In this case there was no local travel agency capable of organizing a tour—the park and surrounding area are unknown and the logistics difficult and only familiar to F.A.N. Dr. Parker also argued that it was preferable that F.A.N., a non profit conservation organization working to protect the park, rather than a local for-profit travel agency, receive ecotourism profits. Because of the isolation of the park area, involvement of the local community was not a key issue.

F.A.N. organized all in country logistics for the VENT group. This included making hotel reservations, contracting air and land transportation, hiring drivers, cooks etc., calculating and purchasing fuel for land and air transportation, ensuring that accommodations had the necessary equipment and were clean and comfortable (in Los Fierros this meant making a preliminary trip to check facilities to see if there was a stove, refrigerator, sheets, towels, kitchen utensils, etc.), preparing menus and purchasing food, coordinating with F.A.N. personnel as to what their duties and responsibilities during the visit would be, and paying all expenses incurred during the visit (VENT deposited into F.A.N.'s US bank account the full amount of the in-country costs — and as the tour progressed, F.A.N. paid the bills and at the end provided VENT with a full financial report). In addition, F.A.N. gave a slide show on conservation problems and efforts in Bolivia and F.A.N.'s role in conservation. This prompted some participants to make contributions.

With substantial funding and technical assistance through the Parks in Peril Program, F.A.N. has developed and begun implementing management activities for the Noel Kempff Mercado National Park, integrating the budding ecotourism program. The Conservancy also provided, and assisted in securing funds for, ecotourism infrastructure at Flor de Oro, an airplane and airstrip and a small airport in Santa Cruz. As the infrastructure has improved, FAN has established twelve trips for 1993 (seven international and five national), with up to 150 people participating.

Priority areas for the near future include: obtaining funding to complete infrastructure at Flor de Oro, developing skills of local guides who could perhaps double as field coordinators for designated ecotourism sites, improving the coordination of logistics (ensuring that vehicles have radios, for regular communication between groups and/or with the Flor de Oro/F.A.N. office in Santa Cruz), increasing administrative personnel at Flor de Oro, determining ecotourism staffing needs and establishing an emergency evacuation plan.

F.A.N.'s purpose for developing an ecotourism program in Noel Kempff National Park is to: (1) increase or obtain funds for conservation of the park as well as obtain general funds for F.A.N., (2) stimulate visitation to the park by both foreigners and locals, and (3) initiate a membership program for visitors. At the same time, the issues of biological carrying capacity, recommendations on the use of designated ecotourism sites (Flor de Oro, bays, waterfalls, serrania and other campsites), itineraries, and an array of other topics must be addressed. This is essential considering that other countries have evaded these steps in developing their ecotourism programs only to later suffer the consequences of diminished presence of animal populations, overuse of trails and general degradation of sites.

Another side of F.A.N.'s ecotourism program addresses the issue

continued on next page

CASE STUDY

NOEL KEMPFF MERCADO NATIONAL PARK CONTINUED

of national ecotourism policy Presently, there are no regulations or legal policies directed at the use of protected areas for ecotourism The lack of infrastructure (lodging, roads, trails, scenic look-out points), qualified personnel (bi-lingual guides), and other factors have checked the development of ecotourism in Bolivia As F A N develops an ecotourism program in Noel Kempff National Park, it plans to work with an ecotourism consultant to set site-specific policies At the same time, this consultant will carry out preliminary discussions with the National Secretary for the Environment to help determine what policies should be considered at a national level

What is projected for the future? In 1993, F A N expects to complete infrastructure at Flor de Oro, to work with an ecotourism consultant, receive up to fifteen groups (both of a large and small nature and of local and international origin), hire an additional person to assist the ecotourism coordinator, produce a promotional brochure on Flor de Oro and other areas of the Park (including the trail system developed at Flor de Oro by Peace Corps Volunteer Alexandra Wood) The key to developing a successful ecotourism program for Noel Kempff has been careful planning and the willingness to seek help from those who have more extensive experience in ecotourism

— *Nicole Martinez, F A N , Casilla 2241, Santa Cruz, Bolivia*

EVALUATING "SUCCESS" AND "FAILURE"

As we have seen, sheer visitation numbers do not constitute success The study by World Resources Institute on maximizing nature tourism's ecological and economic benefits suggests determining "that point where the distance between benefits and costs is greatest (not where the number of tourists is greatest) After this point, the marginal benefit of each additional visit is less than the added cost of such a visit because of ecological, congestion and cultural impacts " (WRI, 1991)

Having 'too many" visitors leads to unacceptable degradation of the resource Determining that break-even point well in advance is the most difficult task you face Constant reevaluation must be made, measuring fee policies and visitation quotas against actual demand By using all of the income-generating mechanisms open to you, what is the highest dollar amount you can earn from the lowest number of visitors?

Poor park layout and planning also can easily contribute to resource harm Paths that do not give the visitor a sense of privacy or that disrupt animal behavior are worthless, sanitation that degrades water and soil quality is sinful, accommodations that are too obtrusive hurt your ecotourism potential as well as your main land management goals

The local community must benefit from your efforts, local involvement and education will encourage not only economic interest but also non monetary responses such as voluntary watershed or species protection The more committed community members become and the more financially rewarded they are, the more they will support your conservation efforts

Building ecotourism for your park will be a long, slow, painful process As Geoffrey Barnard has said, "Vision is important, but continuity of action is the key" (Pew, 1992) Plan carefully, expand slowly, keep growth sustainable Never depend entirely on the ecotourist dollar—if the weather goes bad or the world economy worsens, if your country's political situation receives too much negative international attention, if visiting remote parks simply 'goes out of fashion,' make sure you won't be caught with huge debt and expectations that can't be filled

But if you can successfully blend all the necessary ingredients, ecotourism will offer enormous returns on the time, money and effort expended to attract it The rewards are not just monetary, but also a heightened national and international appreciation of the resources you are so committed to protecting If "seeing is believing," then there is no better way to educate people everywhere about the needs and benefits of conservation

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The Ecotourism Boom Planning for Development and Management, WHN Technical Paper #2, Wildlands and Human Needs, World Wildlife Fund, 1992
An extremely comprehensive outline for assessing parks' natural resources, visitation, infrastructure and personnel, as well as for interacting on local, regional, national and international levels For those seeking a step-by-step guide, highly recommended

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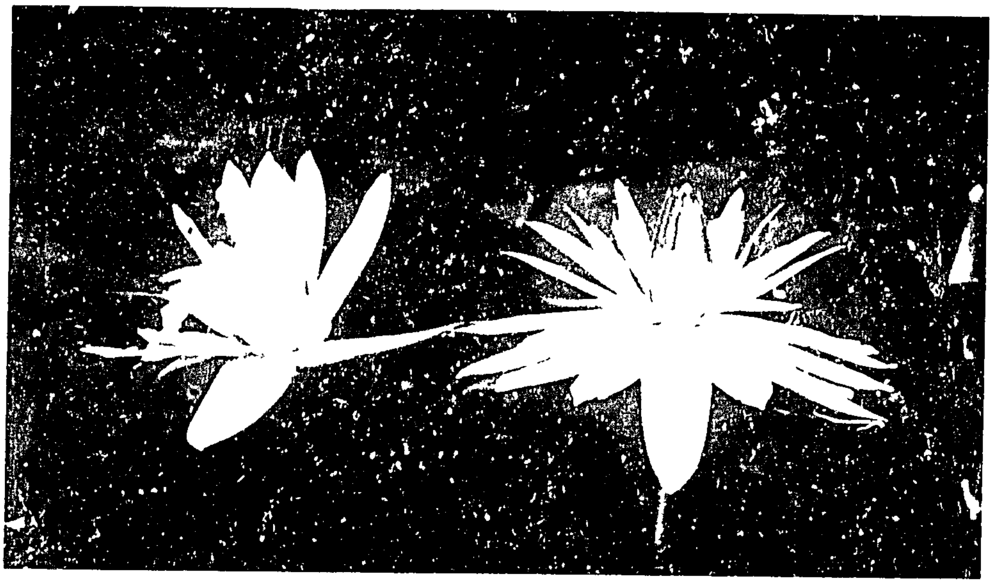
RESOURCES
FOR SUCCESS



Chapter XI

Establishing Successful Membership Programs

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LATIN AMERICA
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CARIBBEAN PROGRAM

Chapter XI

Establishing Successful Membership Programs

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INTRODUCTION

Membership may be a conservation organization's most important resource The fact that a large number of people, locally and internationally, have chosen to affiliate themselves with your organization and what it stands for is a valuable source of prestige and political clout Membership dues can be a significant source of income, but your members can contribute much more than their annual dues They can help spread the word about your good work by talking to their friends and associates Some of them may contribute volunteer work You can call on members to write letters to their elected representatives and to editors of newspapers, to buy tickets to benefit concerts and special events and to make additional contributions above and beyond their annual dues

Membership programs are a valuable tool for community outreach and participation, and for building your organization's role as a beneficial force for representing the public interest The type of membership program you select, and the strategies you use to recruit members, should be appropriate to your organization's mission and program goals Consider also the special characteristics of your donor and client groups, existing and potential This chapter will help you ask the right questions before you get started, or to evaluate and make adjustments in your present program

Not many organizations in the Latin American/Caribbean region have built dynamic memberships that they are able to mobilize as a powerful resource for conservation Several, however, have made interesting starts, and we believe that memberships will become increasingly important in the coming years We recommend that anyone contemplating launching a membership campaign consult with other successful membership-driven organizations and start on a small, experimental scale to determine which methods will be successful in your own country

Also be clear about the purpose of your membership campaign—educational, political, financial or all of the above In the Caribbean or countries with a relatively small population base, be sure that there is a sufficient number of potential members to meet your objective A small island may have a relatively small middle and upper class and only a certain percentage of people interested in environmental issues In this situation you probably will never be able to achieve a financially successful membership program unless you look at international memberships So be clear what your objective is, and where your target audience is, from the beginning!

WHO ARE MEMBERS?

Members are individuals or entities (businesses, clubs, etc) that join an organization (usually by paying a membership fee) to receive specific benefits The primary benefit, of course, is to be part of an organization supporting the conservation of natural resources However, formal membership programs usually offer additional benefits such as free admission to reserves, discounts on merchandise, invitations to meetings, field trips and other events and, quite often, a subscription to a bulletin or newsletter

Don't make the mistake of assuming that your donors are your members, and vice versa Fundraising and membership development are related activities, but they are not the same thing! Members are people who have made a commitment to provide regular, ongoing contributions for the general good of the organization Depending on your statutes, they may be entitled to vote in activities such as the election of the board of directors

WHAT ARE THE PROBLEMS ASSOCIATED WITH MEMBERSHIP?

By definition, members expect services, and you can run into problems if members' expectations exceed your organization's ability to deliver The most common problems are that benefits such as newsletters end up costing more to distribute than membership dues can cover, or that working with members consumes staff time that would be better invested in other projects Before starting your membership campaign consider carefully

- The total cost of providing whatever benefits you propose to offer to your members, including the cost of staff time Your membership fee should cover these costs, allow a margin for cost increases so you don't have to increase the membership fee every year and still provide some margin of profit to you Most organizations offer several categories of memberships, with special, "extra" benefits for those who donate more
- The demands or expectations your members may have above and beyond the promised benefits Most organizations experience at least a little difficulty in coping with members who pay minimal dues but demand lots of service—calling your office for information to help with their children's school papers, for example, or asking you to arrange for them to visit one of your preserves Some of these services, like use of your library or special tours, you may wish to offer for a fee, perhaps a reduced fee for members and a higher fee for the general public Be prepared for these requests and set policies on what services you will and will not provide When recruiting members, always be clear about exactly what the benefits will be

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Depending on your organization's bylaws and the laws of your country you may be required to have an annual membership meeting at which all members in good standing have a chance to elect officers, to review your finances or to offer resolutions on policy matters Be sure to get good legal advice on what is required

You will not have control of what your members may say or what positions they may take, speaking "on behalf of" your organization Institutions with whom you have important relationships (government agencies, the media, your donors) should know who is authorized to speak for your group, and whom to call should a question arise

What Is a Membership Program?

A membership program is a set of benefits that you offer in return for payment of annual dues A membership campaign is the work you do to "sell" the idea of joining your organization It involves identification of your potential members, knowing what will attract them to your organization and contacting them to offer the opportunity to become a member In the United States, this is usually done with letters sent through the mail But as you will see, in Latin America, a wider range of techniques have been tried, with varying levels of success

The Audience

Taking out a membership in order to feel part of a group is a strong motivation for most "joiners" in the United States, but this personality trait may not be applicable in other countries, if you seek international/U S members for your own organization, this is a valuable characteristic to bear in mind

Investigate your own situation by seeking out voluntary organizations with membership programs in your own country Who are their members, and what made them join? Ask family, friends and associates what they think of the idea of joining a conservation group, and what might motivate them to do so (One U S group that surveyed its members about what benefits they liked most found, surprisingly, that the third most popular benefit, after the "sense of belonging" and receiving a magazine, was receiving invitations to special events—even though fewer than 2% ever responded to the invitations or attended any event!)

Keep in mind that different benefits may appeal to different portions of your audience—rural and urban populations, for example, or middle and upper income people

What does your audience already know about environmental conservation? Most campaigns designed in the United States draw on a relatively high degree of knowledge and concern among the general population But even if conservation is not a frequently discussed topic in local neighborhoods, you can link the need for conservation to problems that most people have probably observed already—water shortages, for example, or crowding and difficulty of access to parks and beaches, declines in fisheries or firewood A sense of contributing to improving the quality of one's own life or the lives of one's children is a powerful motivator for most potential members

Many Americans are motivated to give by the incentive of being able to take a tax deduction for doing so But this will be a powerful motivator only in countries where such deductions are allowed (This, of course, works only where scrupulous maintenance of records and tax payments are the norm!)

Successful Membership Campaigns in Latin America Indicate

- Members are motivated by the prestige of belonging to a well-known, respected organization
- People respond when you present a problem and invite them to contact you for more information
- People who are interested in conservation will join an organization to meet others who share their interests
- Conservation membership has been nearly 100% urban
- Most of the members who join are personally acquainted with someone on the staff, or have had personal contact with the organization in some way
- The most successful method for recruiting corporate members has been personal solicitation of business associates by members of the board of directors of the organization
- When membership campaigns use television advertisements, those who contact the organization for information about the situation presented on television are excellent prospects for membership
- The most successful conversion of inquiries to membership takes place when the person comes to the organization's office or is visited by a member of the staff, and is asked to make a membership contribution at the same time he/she receives the information

MEMBERSHIP DEVELOPMENT TECHNIQUES

This section is based on recommendations from Carol Blanton, Director of Membership in the Conservancy's California Chapter. In 1990, she spent four months working in Costa Rica, Panama and Mexico as an advisor to NGOs developing membership programs.

Membership development is the process of building, renewing, upgrading and maintaining membership to provide a nonprofit organization with ongoing income, as well as a source of volunteers and community support.

Before an NGO launches a membership program, it is essential to evaluate how the membership will support the organization, and how the organization will manage the responsibilities of a membership program. Membership development is not simply the act of attracting new members. It is an ongoing process: identifying potential members, recruiting new members, thanking them, providing benefits and renewing and upgrading existing members to increase their support for years to come.

ATTRACTING NEW MEMBERS

WHERE TO FIND POTENTIAL MEMBERS

1. People who can afford to join include members of country clubs and civic clubs, credit card holders, professionals, visitors to expensive resorts, friends and colleagues of your board members, people who own homes in "high rent" districts and possibly European and US citizens who are resident in your country.

2. People who understand the importance of the mission of your organization, i.e. scientists, members of other similar organizations, members of professional and scientific societies, university graduates, colleagues of staff and board members, visitors to zoos, parks, botanical gardens and natural history museums and people who participate in activities of your organization like field trips, volunteer activities and events that inform them about your mission.

3. People who enjoy the out-of-doors, including zoo and park visitors, conservation club members, bird watchers, orchid and other botanical enthusiasts, cyclists, sport fishermen, field trip participants and ecotourists.

HOW TO GET PEOPLE TO JOIN

1. Personal contact is the most successful recruitment technique. One-on-one meetings between staff or board members and the potential member or members are most likely to be successful. These are also the most time-consuming. This technique should only be used when the individual has the potential to be a major supporter. A more efficient way of making personal contact is through speeches to groups of potential members (i.e. university groups, professional societies, civic groups). Don't make your speech just informational. It is essential to actually ask people to become members.

2. Events and field trips held by your organization give you a chance to tell people about your organization's work, and then solicit them for membership. Sporting events, long distance runs and cycling meets might also attract potential members. Again, the key is to ask people to join.

3. Set up a table or booth with a staff member at places where potential members gather: zoos, parks, botanical gardens. Explain to visitors how your organization's work relates to what they're seeing and enjoying, and ask them to become members.

4. Mail letters of solicitation. Mailings can vary from sophisticated mass mailings to simple mailings to small groups. With mail solicitations, more than any other technique, it is essential to track responses and evaluate the effectiveness of each effort. The following examples are listed in descending order of cost and effectiveness. An appeal from the Conservancy is included in this chapter as an example.
   - Mass mailings. To send several thousand pieces to lists of organizations, clubs or groups, you need computer support and volunteers or staff to process large volumes of mail. Mass mailings are most successful when you have some confidence in your postal system, you can obtain lists of potential members and you have adequate start-up funding. NGOs with an interest in attempting a mass mailing should contact ANCON (Panama) to understand how the organization overcame problems with an unreliable postal system, its computer system, where it obtains lists and the costs.
   - Mailings to individuals. Personalized letters to colleagues and associates of your staff and board members are most effective if signed by the staff or board member and written on personal stationery. The effect is of a personal request from one friend or colleague to another.

- Mailings to targeted groups Park and zoo visitors and event and field trip participants can be sent letters describing your organization and asking them to join You'll need to set up a system for getting the names within a few days of their visit so the letters can be sent promptly First try a simple sign-in sheet at the entrance to the zoo or park, or try offering a prize or lottery drawing as an enticement

5 To attract people who spend money on conservation and out-of-door merchandise

- Display brochures (with reply coupons and return envelopes (see item 2, "Reply Coupons," under "Guidelines for Preparing Membership Development Materials," below) in outdoor equipment stores, shops that sell ecotheme products and ecotourist and artisan shops
- Insert a membership brochure in ecomerchandise The brochure can be attached like a label to the merchandise or inserted in the bag when the merchandise is sold
- Automatically make anyone who buys your merchandise a member of your organization This will require getting the name and address of everyone who makes a purchase so that the bulletin and renewal can be mailed to them It will be important to follow up with these members because they will not have actually made a decision to join and so will be less likely to renew You will have to be aggressive in educating them through your bulletin and other means so they renew

6 Display membership brochures with response envelopes at stores, museums, zoos, park entrances, airports, hotels—anywhere your potential members go

7 In addition to cash contributions, some organizations accept services and volunteer time in payment of membership, and find this system very effective These are services that otherwise would have to be paid for in cash (advertising, accounting, copies) Staff can ask, for example, that the member contribute twice the value in services as the cash cost of membership This type of membership is often easier to solicit than a cash contribution and allows you to attract people without a high level of disposable income

Renewing Members

The real value of a membership campaign is not in attracting new members to your organization but in renewing existing members All too often NGOs put substantial effort into signing up new members and pay almost no attention to renewing their existing members It is a simple matter of mathematics No more than about 10% of the people you solicit will become members, and the ones that do will probably give at the lowest level So the cost of each of those members is quite high Conversely, you can expect that 50% to 80% of your current members will renew, and that their support will increase each year

Renewing existing members is easier than finding new members.

Renewing existing members is easier than finding new members Your existing members already understand your mission and believe in the importance of the work your organization does They don't have to be educated or persuaded to join You also know who and where they are

All you have to do is remind your members to renew Asking members to renew is reminding them of the commitment they made to your organization when they joined It is your responsibility to notify your members that it is time to renew and their responsibility to continue supporting you by renewing their memberships You should not be reluctant or embarrassed to send renewal notices A renewal notice is like the bill you receive from the electric company You don't expect to pay for electricity until you receive a bill Members won't renew until you remind them that it's time to do so

How to Renew Your Members

1 Set up a system to keep track of your members, their addresses, how much and what they gave and, most important, their renewal date Although this can be a manual file system, it is highly preferable to use a computerized system ANCON has developed their own software and manual for managing their membership program

2 Renew your members annually or, in some special situations, monthly, and renew them on time Make renewals a priority It is best to send out renewal notices on the anniversary of the month they joined,

rather than lumping the renewals together and mailing once or twice a year Most important, mail the renewal on time Not only will you receive the income sooner, but a well-run renewal program sends an important message to your members It says that your organization relies on member support and that the organization is run in an efficient, businesslike manner

3 Don't be afraid to ask more than one time The first notice should go out one or two months before the renewal month (the month the member originally joined) and be followed up by one, two or three more monthly notices until the member renews The following flow diagram is the approach ANCON uses for soliciting and renewing memberships

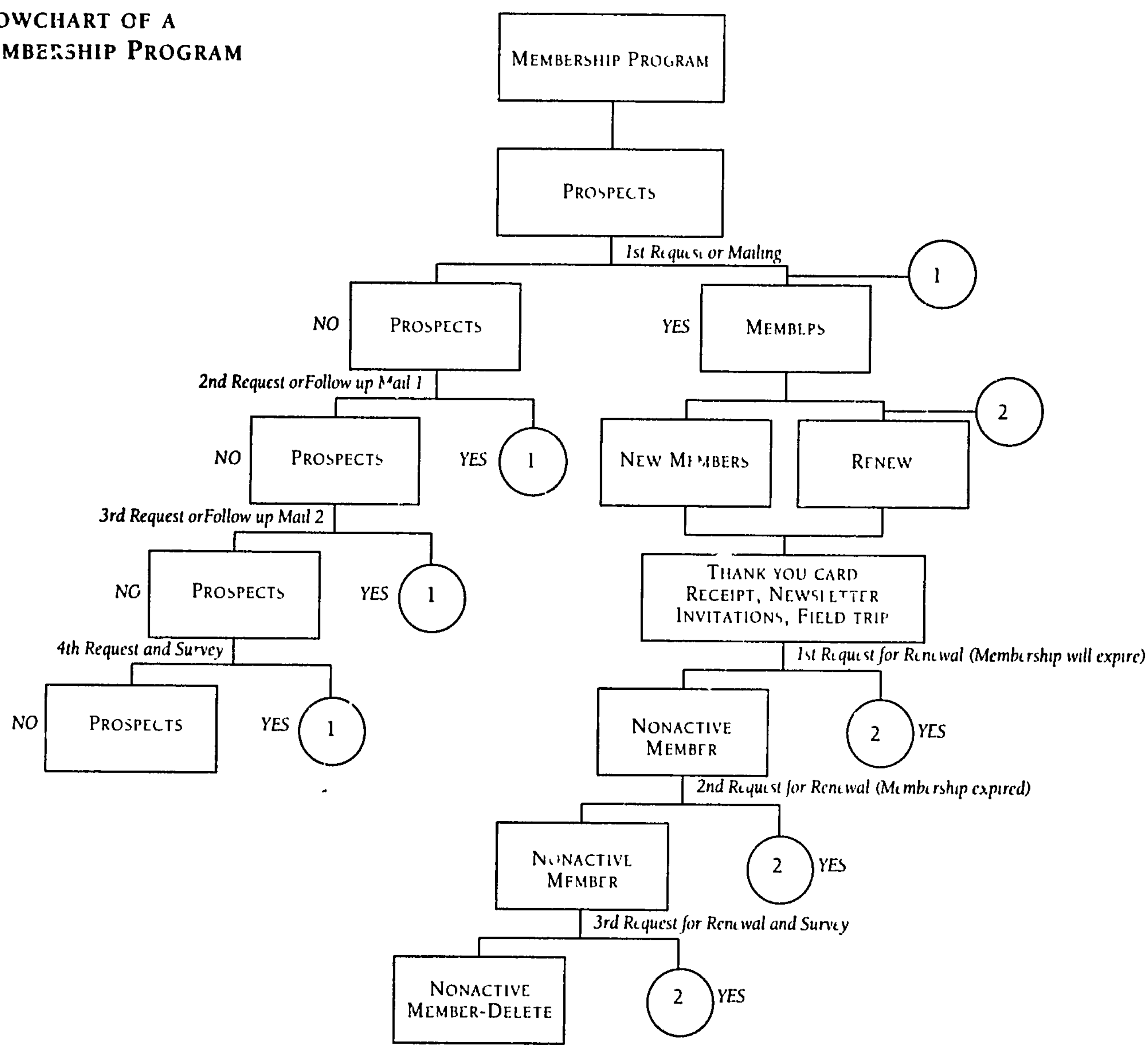
RENEWAL METHODS

The following methods are listed in order of effectiveness

1 Should you mail a letter or something that looks more like a bill? The advantage of a letter is that you can give the members information about the organization, what you've been doing in the past year and why their continued support is so important A "bill" reinforces the obligation to renew In either case, it is important to be clear about the purpose of the mailing, and to communicate the importance of the member's support and the obligation to renew

2 Telephone members to remind them that their renewal is due, and have a messenger pick up the check This is costly but may be necessary where postal systems are unreliable

FLOWCHART OF A MEMBERSHIP PROGRAM



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3 Send a messenger to the home or office automatically each month in cases where members have joined a monthly payment program

4 Send letters followed up by telephone calls, or vice versa

5 Publish a renewal notice in your bulletin Though an inexpensive method because it takes advantage of printing and postage costs already being spent, there are several disadvantages First, there is no way to personalize or focus the renewal request to attempt to upgrade the member's support (see "Getting More and Larger Gifts from Your Members," below) It's also often not clear to members that they're being asked to renew The renewal gets lost in the bulletin Finally, it is difficult to provide a reply envelope If you must use this method, make the renewal form visually prominent or, better still, make it a separate enclosure and provide an envelope

6 Look into the ways people pay their utility bills in your area In places where the postal system is not reliable, utility bills are often paid at markets, banks, post offices, etc This option offers the advantage of a safe, reliable system that people are accustomed to using, and it might reinforce the sense of obligation to renew

GETTING MORE AND LARGER GIFTS FROM YOUR MEMBERS

If you treat your members well, send them bulletins and other information they expect, thank them for their gifts in a timely manner and provide them with the other benefits you've promised, and if your organization is doing a good job, you can expect member support to grow With this increased loyalty and understanding will come increased generosity Again, all you have to do is ask

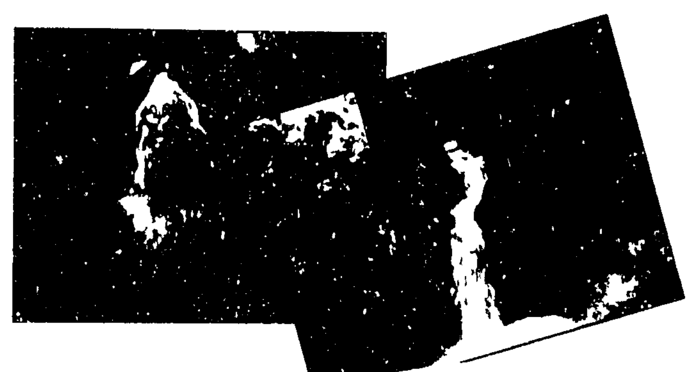
Techniques for Increasing Member Support

1 Through the renewal process, ask all members, or members in the higher giving ranges, to increase their gift by 25% to 50% when they renew This will require that the renewal letter and reply coupon be individually typed or computer generated, not pre-printed This is easily accomplished on a standard word processor system such as "WordPerfect," and the use of an Upgrade Table At renewal time, you look at what the member gave the year before and then refer to the Upgrade Table to determine what the renewal request will be To ensure that you don't push the member too hard, you can list several gift amounts on the reply coupon

UPGRADE TABLE

IF HIGHEST GIFT IS	LETTER SHOULD ASK FOR	COUPON AMOUNTS
$7,500-$10,000	$10,000	10,000, 8,000, 7,500 other
5,000-$7,499	7,500	7,500 6 000, 5 000 other
2,500-4,999	5 000	5,000, 3 500, 2,500 other
1,500-2,499	2 500	2,500, 2,000, 1,500 other
1,000-1 499	1,500	1,500, 1,200 1 000 other
500-999	1 000	1,000, 750, 500 other
250-499	500	500, 350, 250 other
150-249	250	250 200 150, other
100 149	150	150, 125, 100, other
50-99	100	100, 75, 50 other

2 Offer premiums for increased gifts such as a book, note cards, post cards, tote bags or a T-shirt The cost of the premium, including mailing and staff time, should be no more than 10% of the donation Be sure that if you offer a premium you are prepared ahead of time This may require funding for the premium, packaging, mail and delivery Look for something that is easy and cheap to mail Does it require hand delivery, is it fragile, is it easy and cheap to package and does it require complicated communications with the member regarding size, color, etc ? You will do more harm than good if you cannot get the premium to people intact, in a timely manner An example of a gift as thanks for a contribution is included below



When You Join The Nature Conservancy.

With your membership gift we'll send you our exclusive first edition 1994, 16 month wall calendar as a special thanks

It's filled with beautiful full–color photographs of wildlife species and landscapes—all protected by The Nature Conservancy Not only will you be amused and amazed as you turn the pages of this handsome calendar, you'll also have the added satisfaction that you are doing your part to help preserve the world for all its creatures

Please allow 4–6 weeks for delivery Your contribution is tax deductible except for the $7 55 retail value of the calendar

(over please)

3 Establish membership levels and ask the members to move up to the next level at renewal time This is a way of formalizing the first technique By establishing membership levels with names ("Patron," "Benefactor," "Family Membership," etc) you can have preprinted reply coupons with these levels highlighted and then ask the member to move up to the next level in the renewal letter You can circle in a bright color the level on the reply coupon that you have asked the member to move up to and add a note of encouragement

4 Invite all or selected high-level members to an event At this event you can raise money in several ways, but it is important to decide ahead of time the objective of the event

- To solicit people for gifts at the event, you may want to keep the price of admission low or free to ensure a large attendance Or you may want to have a high entrance fee to ensure that all attenders have a high giving potential Thought must also be given to how you make the solicitation Rarely will people make gifts spontaneously—you must ask people to give You may even want to arrange with a few key donors ahead of time to make the first gifts or even do the asking in order to get the process rolling
- To sell, auction or raffle items at the event, have a few key members lined up ahead to make donations or bid in order to get the process rolling
- To educate your members, build enthusiasm and/or thank them for past gifts you may not want to charge admission, but you must follow up with all attendees after the event, to ask for support
- To make money on the event itself it is essential that you keep costs at a minimum and work hard to sell tickets Arrange for donations of food, beverages, entertainment and labor to ensure the greatest return on your investment in the event

5 Establish a "giving club," which is a variation on membership categories, discussed above The club is a "special" membership for those who give in a higher category It should have an identity—a name like the "Flamingo Club," "Chairman's Council" or "Founders Circle", a logo that appears on all printed materials, special events and benefits for the members, like an annual dinner or field trip, free admission to parks, zoos, etc , and perhaps a premium such as a book or calendar for joining or for increased donations A good premium is a certificate of membership that the members can frame and put on their walls, or a membership card If the card or certificate has a space reserved for new inscriptions with the renewal each year, when you ask the members to renew they will have to send you the certificate to get their current inscription, which may encourage renewal And the certificate will be a daily reminder of your organization and a source of pride when friends and colleagues see it It is essential that you build a sense of pride and exclusivity with the members of this club and maintain contact with them This might come through regular informational mailings, newspaper/magazine reprints, a special newsletter, invitations and general information that promotes the organization and gives the members the impression that they are special and valued friends with a personal relationship to the organization

6 Use your board to identify high-giving donor prospects Sometimes the best prospects for large gifts will come not from the membership, but from individuals your board can introduce you to Asking your board members (and other members who have high-level contacts) to give you a list of their friends and associates Then ask each board member to write a personal letter that you draft to ensure accuracy The board member may also make contact personally or by telephone A request for support from a board member to a friend adds credibility to your organization because people are more likely to have a positive reaction to a request from a friend or colleague than an organization they know little about

TESTING AND MONITORING MEMBERSHIP DEVELOPMENT TECHNIQUES

No one technique for soliciting, renewing or upgrading members is right for all organizations However, techniques can be evaluated and compared based on cost and effectiveness so you can determine which ones are best for your organization To test, track and monitor your membership efforts

1 Code all solicitation materials so you can identify them The code is a special marking—usually a combination of letters and numbers—that indicates which particular publication or material resulted in the membership contribution The code therefore must be put on the part of the solicitation that comes back to you the reply coupon When you prepare coupons—for bulletins, renewals, brochures, mailings to different list or groups—anything you use to ask people to join—code it! Codes should be simple, but unique for each solicitation effort, and should identify the group the solicitation targets, the time it was use, where it was used—whatever you need to identify it in the

future For instance, the coupon in your spring 1993 bulletin might be coded "S93B " The reply coupon in letters sent to board member friends, in spring 1994, might be "bml-s94 " The reply coupon in the brochures you put in the Grand Hotel might be "ghb," as opposed to local T-shirt shop "tsb " You might test a coupon in your brochure that has an envelope attached against one without an envelope The two coupons might be coded "bcne" (bulletin coupon, no envelope) and "bcwe" (bulletin coupon with envelope) Don't forget to keep a record of all your codes!

TABLE 1
COST OF ONE MAIL SOLICITATION

MATERIALS	COST PER UNIT NATIONAL	COST PER UNIT INTERNATIONAL
Letterhead paper	US$0 07	US$0 07
White paper	US$0 06	US$0 06
Mailing envelope	US$0 08	US$0 08
Return envelope	US$0 06	US$0 06
Registration form	US$0 04	US$0 04
Decals/Stickers	US$0 14	US$0 15
Photocopy	US$0 10	US$0 10
Postage	US$0 20	US$0 3[illegible]
Labor	US$0 05	US$0 05
Miscellaneous	US$0 20	US$0 20
TOTAL	US$1 00	US$1 16

TABLE 2
COST OF MAILINGS PER DONOR IN ONE YEAR

	NATIONAL DONORS	INTERNATIONAL DONORS
1st solicitation	US$1 00	US$1 16
Thank you	US$1 00	US$1 25
Newsletters (4)	US$2 08	US$2 36
Outreach activity	US$2 00	US$2 00
TOTAL	US$6 08	US$6 77

2 Keep track of how many prospective members are in each solicitation For instance, the number of brochures left at a location, number of letters mailed or number of people invited to an event This is referred to as the "population" of individuals solicited

3 Keep track of the costs of each solicitation effort printing costs, staff time, postage, event costs, premiums and benefits, etc as indicated in Table 1 and 2 based on ANCON's membership program

4 Keep track of how many people you solicit and how much money you receive from each response to the invitation, letter, brochure, etc

5 Prepare a spreadsheet or chart (following the formula outlined at this chapter's end) to make a relative comparison between very different solicitation efforts Compare, for instance, the response to brochures left at the zoo with the response to letters mailed out to people who visited the zoo Compare response rates (percentage of the total population that joined from one group of solicitations), net income and cost per unit raised from one effort to another Table 3 was developed as an evaluation tool by Dimas Botello in ANCON

GUIDELINES FOR PREPARING MEMBERSHIP DEVELOPMENT MATERIALS

When you prepare written materials for membership solicitation such as brochures, letters or reply coupons, follow these rules

1 The brochure or letter must be clear and to the point It must describe the mission of your organization, and its goals and activities Also give examples of projects you have accomplished and are working on Explain

TABLE 3
EFFECTIVENESS OF THE MEMBERSHIP CAMPAIGN ANALYSIS OF SOLICITATION ACTIVITIES

	A REQUESTS MAILED	B UNIT COST	C TOTAL COST	D NUMBER RESPONSES	E % RESPONSE	F INCOME	G NET INCOME	H AVERAGE DONATION	I COST/ BENEFIT
Formula			AxB		D/A		F-C		C/F
1 Solicitation Activities									
a Mailing	15,300	$1 00	$15,300	455	2 97	$37,195	$21,895	$48 12	0 41
b Speeches/Presentations	3 000	$0 50	$1 500	80	2 67	$3 050	$1,550	$19 38	0 49
c Office Visits	2,500	$0 50	$1 250	35	1 40	$2,075	$825	$23 57	0 60
d Earth Day Flyer	40,000	$0 13	$5,200	10	0 03	$3,580	($1 620)	$162	1 45
e Total	60,800	NA	$23,250	580	0 95	$45,900	$22,650	$39 05	0 51

why you need the support. Potential members will want to know why major local or out-of-country funders, or the government, can't do the job or give you the money to do it. Explain that major grants are often rewarded to organizations that have a broad base of local membership support, that you need to develop annual support you can depend on from members and that major grants are often ephemeral. Ask them to become members. Don't assume that writing a letter with information about your organization and an explanation of your funding needs will make them join. Say something like "You can help us accomplish these important goals by becoming a member. Please send your check for $15 today." Tell them what benefits they'll get as members: quarterly bulletins, field trips, free admission to parks/zoos/museums, merchandise discounts, gifts/premiums, tax deductions. Tell them how much money to send. If possible, vary the amount for different groups. When you are writing a personal letter to someone you know can make a large gift, don't ask him/her for a minimum membership amount. Higher-level giving groups or giving clubs are an excellent source for larger gifts. Tell them who to make the check out to and where to send it. See the attached letter from the Conservancy to gain support for our international efforts.

2. The reply coupon is the most important piece of written material you can provide to a prospective member. It is the form members complete and send back to you with a check. Sometimes it will not be possible to provide one, but try. It will greatly increase the likelihood that you'll get a response.
   The reply coupon should stand alone. Look at any coupon you're using in your bulletin, your membership brochure or with solicitation letters. Now imagine that you know nothing about the organization and have found the coupon without any material. Would you be able to identify the organization, understand its mission, goals, activities and needs, know that the organization wants you to become a member and know how much money to send where, i.e. the exact address of your organization?

3. A reply envelope should, as often as possible, be included. In some situations you may also want to put a stamp on the envelope or suggest that they telephone you to have a messenger pick it up. Giving prospective members an envelope makes it easy for them to reply. It eliminates one important hurdle—finding and addressing an envelope. If you question the cost-effectiveness of providing a reply envelope or of stamping it, do a test. Send half of your solicitations out with an envelope and half without (or half stamped and half without a stamp). Keep track of the costs and responses (as described in "Testing and Monitoring Membership Development Techniques," above) and you'll know which works better. Don't just assume it won't work. Test it!

The Nature Conservancy
1815 North Lynn Street
Arlington, Virginia 22209

HELP THE NATURE CONSERVANCY SAVE RAINFORESTS!

Dear Mr. Sawhill,

I admire the efforts The Nature Conservancy has made to sustain life-giving rainforests in Hawaii and Latin America and I understand the urgency of saving still more rainforests – the richest, oldest, and most complete ecosystems on our planet. Yes, I'll help save the threatened rainforests. I have enclosed my membership contribution of:

( ) $100 ( ) $50 ( ) $25 ( ) $20 ( ) $15 ( ) Other $_____

In thanks for your gift of $15 or more, you'll receive Nature Conservancy's 16 month calendar and our bi-monthly, full color magazine, Nature Conservancy.

Please make your tax deductible check payable to: The Nature Conservancy

TNC occasionally makes its membership list available to reputable organizations whose promotions we think you will find of interest. If you prefer that your name not be included, please check this box.☐

Please detach and keep the bookmark above as our way of saying thank you for your support.

The Nature Conservancy

1815 North Lynn Street
Arlington, Virginia 22209

Right now today species are becoming extinct at a rate faster than any time in the Earth s history -- one species each day

If the present trends continue by the year 2000 the world will lose one plant or animal species every hour of every day The primary reason?

Rain forest destruction Human beings are rapidly eliminating the most productive habitats -- life-giving rain forests

The Nature Conservancy urgently needs your help to carry out its efforts in the U S Latin America and the Pacific to stem this shameful tide of destruction

Dear Friend

What's a rain forest worth?

Sometimes more than we realize

Fully half of today s medicines can be traced to little-known organisms, many of which come from tropical rain forests

Foods we eat every day such as tomatoes and chocolate were discovered in the tropics

And that s not all

If we have learned anything from our increased knowledge about the environment it is that the Earth s living components are interconnected and interdependant The demise of a rain forest is not only felt by the plants and animals in the forest but thousands of miles away -- perhaps even in your backyard

Take the wood thrush you may watch from your kitchen window It winters in Latin American rain forests And studies show that if the bird s tropical forest habitat is cut or burned, or otherwise destroyed these

Recycled Paper

Page 2

birds will no longer survive They ll no longer grace the North American forests They'll no longer grace your yard

And that s still not all

While it may be possible to reverse the pollution of water or air, the loss of a plant or animal species is irreversible

"This is the folly our descendants are least likely to forgive us " asserts noted Harvard biologist Edward O Wilson

I'm writing to you today because The Nature Conservancy urgently needs your support to advance our efforts to save the most important natural systems on our planet -- its life giving rain forests which harbor fully one-third of all species

And right now today we have our hands full with several vital rain forest projects in the U S the Pacific and Latin America Let me share the details of just a few of them with you now

Saving Rain Forests at Home

Not all rain forests are outside the U S Indeed some of the most beautiful and biologically unique rain forests are in Hawaii They are a natural treasure

Birds plants and insects -- species that cannot be found anywhere else in the world -- dwell in Hawaii s rain forests

I'm talking about truly extraordinary creatures like the akohekohe or crested honeycreeper the Happy Face spider and the world s only known carnivorous caterpillar that "ambushes" insects

Unfortunately the Hawaiian rain forest is under siege In just 200 years over half of Hawaii s rain forest has been lost

Hawaii s rain forests evolved without the presence of large mammals Thus, its plants do not have many of the defense mechanisms - thorns deep roots etc - developed by plants in other environments They are helpless against the wild pigs and other non-native species introduced by man These alien pests are destroying Hawaii s remaining fragile rain forests

The Nature Conservancy is rushing to save Hawaii's last rain forests As a first step our work involves buying Hawaiian rain forests and placing them under protection On the island of Maui we have protected more than 5 000 acres of high-elevation rain forest and alpine shrubland And we have just acquired through a permanent conservation easement more than 1,200

Page 3

acres of forested land the Kapunakea Preserve, on West Maui

But there are thousands of acres on Maui that still need protection With your help we can see to it that these lands and the wildlife and plants they shelter are preserved

It would be an incalculable tragedy to permit the destruction of our nation s last tropical rain forests -- both from an ecological standpoint and a political one how can we possibly convince Third World nations to fend off development that will destroy their forests when we allow the destruction of our own!

Protecting the Maya Biosphere Reserve

Guatemala s northernmost region known as the Peten contains the most extensive lowland tropical-forest ecosystem in Central America

Its forests and wetlands are globally significant They serve as wintering and feeding grounds for scores of birds that brighten our North American springs and summers

That s why The Nature Conservancy is helping to safeguard an enormous reserve in the Peten -- spanning 3.5 million acres -- called the Maya Biosphere Reserve

In the past months the Conservancy has based a local advisor in the area, worked closely with Guatemala s official National Council of Protected Areas and local conservationists and developed preserve designs and management plans to protect targeted sites

Now the Council has asked the Conservancy to draw on our expertise and lead the efforts to train local Guatemalans in park management techniques

We want to proceed But high-quality training programs take money That s where you come in Your immediate financial help can make this vitally needed training initiative a reality

Preserving Panama s Parks

Panama is the S-shaped isthmus connecting Central and South America And while it may be small (about the size of South Carolina) Panama provides the world a truly astonishing array of life over 12 000 species of plants and trees and some 900 bird species -- more than are found in the U S and Canada combined

But what nature has generously bestowed upon Panama, we humans are quickly taking away

Page 4

Over 60% of Panama's tropical forest habitat has already been lost to logging, mining, cattle ranching and slash-and-burn agriculture The nation is losing forests at the shocking rate of 100,000 acres per year

Unless current trends are reversed -- and fast -- Panama will lose most of its remaining, unprotected tropical forest in the next 10 years

That's why the Conservancy has joined forces with Panama s leading conservation organization ANCON to identify, protect and manage a system of reserves that will preserve Panama s irreplaceable biological diversity

With a membership contribution of $15, $20 or $50 the Conservancy will see to it that the Panamanians have the data and expertise required to make wise decisions about conserving their country's most crucial natural lands

The importance of saving the world s remaining tropical rain forests cannot be overstated

They are the richest oldest and most complex ecosystems on Earth They provide medicines and foods They help stabilize global climate And they preserve our planet s biological diversity

The Conservancy's goal is to do whatever it takes to save all the rain forests that can be saved both here in the U S and abroad, before it s too late to act

I m asking you to play a direct role in this vital mission by making an immediate urgently needed contribution to the Conservancy

Please With so much at stake rush your contribution -- as generous as you can make it -- back to us right away Today if at all possible

Make no mistake Individuals like you are the Conservancy's lifeblood Our work cannot go forward without your help

Sincerely,

John C Sawhill
President and Chief
Executive Officer

P S With your gift of $15 or more, you ll receive Nature Conservancy our bi-monthly magazine for members and our exclusive wall calendar

Your first class stamp will save us much needed funds.

NO POSTAGE NECESSARY IF MAILED IN THE UNITED STATES

BUSINESS REPLY MAIL

FIRST CLASS PERMIT NO. 1585 ARLINGTON, VA

POSTAGE WILL BE PAID BY ADDRESSEE

The Nature Conservancy -DA
Membership Department
P.O.Box 17056
Baltimore, MD 21298-9704

Recycled Paper

MEMBERSHIP SOLICITATION EVALUATION REPORT

1 Campaign initial date ______

2 Period of the report ______

3 Total number of solicitations ______
(Type of solicitation Mailings Phone calls Contacts Events, Others (specify))

4 Unit Cost of solicitation ______
(Take into account personnel salaries, equipment, mailing expenses, printing newsletter expenses copying etc)

5 Total Cost of solicitation ______
(Total # of requests x unit cost)

6 Number of responses ______

7 Percentage of responses ______
(Number of responses/Number of solicitations)

8 Total income ______

9 Net income ______
(Total income - Total cost of solicitations)

10 Average donation ______
(Total income/Number of responses)

11 Average cost per member ______
(Total cost/Number responses)

12 Cost/Benefit ______
(Total cost/Total income)

THE IMPORTANCE OF EVALUATION

Obviously, with membership campaigns in Latin America and the Caribbean at such an early, experimental stage, it is very important to evaluate carefully the results of each type of solicitation Good records, and diligent tracking, will make it easier to share information with other organizations now and to make more solid decisions in the future A sample form for evaluating the effectiveness of a given membership solicitation project is included below

1 9 9 3

RESOURCES
FOR SUCCESS

Chapter XII

How to Manage Your Organization's Finances

SECTION I
FISCAL MANAGEMENT FOR NONGOVERNMENTAL ORGANISATIONS
A PRACTICAL, "HOW TO" MANUAL TO ASSIST ENVIRONMENTAL
NGOS IN THE EASTERN CARIBBEAN

Written by
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SECTION II
RECEIVING U S GOVERNMENT FUNDING

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The Nature Conservancy

The Nature Conservancy.
LATIN AMERICA
AND
CARIBBEAN PROGRAM

Chapter XII

How to Manage Your Organization's Finances

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INTRODUCTION

An organization's ability to manage its finances in an efficient and accountable manner is a critical element for long-term success. Many organizations with creative ideas and outstanding projects fail because of a lack of financial planning and sound management.

The Nature Conservancy offers training and technical assistance to nongovernmental organizations in financial management through a variety of mechanisms. These include regional workshops, South/South exchanges, on-site visits and a variety of courses offered at Conservation Training Week.

In this chapter, we are presenting two documents that will provide guidance in establishing and managing a good financial accounting system. The first deals with the general principles in setting up a system and the second offers advice on working with U.S. government funding.

In the first section, we have included the Island Resources Foundation's "*Fiscal Management for Nongovernmental Organizations: A Practical, How to Manual to Assist Environmental NGOs In the Eastern Caribbean*." With few materials available for nonprofit organizations in this field, the foundation's manual is a great contribution. We thank Ms. Judith Towle and the Foundation for their permission to reprint the manual which covers planning (budgets), accounting procedures and reporting needs, useful for NGOs throughout the Caribbean and Latin America.

An additional section presents general guidelines for working with U.S. Government funds. It is not an exhaustive listing of all U.S. government regulations and/or practices. Rather, it is an introduction for those organizations currently using U.S. funds, or planning to, that will highlight some of the key requirements and will help provide our partners with an understanding of government requirements and the audit process in general. It is important to remind all recipients of U.S. government funding to read their grant award materials carefully and to work with auditors who are familiar with these special requirements. ■

FISCAL MANAGEMENT FOR NONGOVERNMENTAL ORGANISATIONS

A PRACTICAL, "HOW TO" MANUAL TO ASSIST ENVIRONMENTAL NGOS IN THE EASTERN CARIBBEAN

Prepared by
Judith A. Towle
Island Resources Foundation
NGO Institutional Development Programme

June 1992

This manual is published as a public service by Island Resources Foundation (IRF) as a part of its NGO Institutional Development Programme for the Eastern Caribbean. The Programme was established in 1986 with support from the World Wildlife Fund-U.S. and the Rockefeller Brothers Fund. Since 1989, the programme has been supported by the U.S. Agency for International Development through a Cooperative Agreement with Island Resources Foundation (No. OFR-0158-A-00-9161-00).

The manual is supplied without charge to nongovernmental organisations participating in IRF's NGO Programme. A limited number of additional copies are available for distribution. Send requests to:

Island Resources Foundation
Red Hook Center Box 33
St. Thomas, U.S. Virgin Islands 00802

Section I

Fiscal Management for Nongovernmental Organisations

A Practical, "How To" Manual to Assist Environmental NGOs in the Eastern Caribbean

Foreword

In 1986 Island Resources Foundation [IRF] launched a programme to provide institutional development assistance for those nongovernmental organisations (NGOs) in the Eastern Caribbean whose objectives focus exclusively or in part on the environment and resource development Since the establishment of its programme, IRF has worked closely with its NGO partners to identify and target priority institutional development concerns and technical assistance needs within an overall framework of NGO support One area has consistently stood out as being critical—namely, the necessity for smaller nonprofit, nongovernmental organisations to develop more coherent and understandable fiscal management policy and procedures

This manual has been prepared as a direct response to that articulated need and to the related issues and concerns raised by the NGO leaders in discussions and meetings with the IRF staff In providing this guidebook for NGOs, our aim has been to be write a document which is practical in approach, easy to understand in format, and specific in addressing the financial management requirements of our target audience—i e the mostly smaller, heavily volunteer-oriented, environmental NGOs of the Eastern Caribbean

The manual's author hastens to point out a bias which almost predetermined the direction this manual eventually took Specifically, she is not a bookkeeper or accountant by training or profession Therefore, the manual is not particularly written for persons with a formal background in a financial field What the author is and has been for two decades is a financial manager of funds for a nonprofit NGO based in the Caribbean As such, her interests, and therefore the emphasis of this document, have not been on bookkeeping or accounting per se, but on oversight and monitoring, on fiscal control, on forecasting and on the careful stewardship of NGO funds

The person within the NGO staff or leadership structure who has financial management responsibilities does not necessarily need a formal accounting background or training—required accounting services can periodically be contracted for by the NGO when necessary, provided that the basic internal system provides for the careful and timely recording and reporting of financial transactions What is critical to the NGO is that the organisation's "fiscal manager" be a responsible person who understands that diligent financial oversight and control are critical to making informed institutional decisions and to the rational allocation of the NGO resources In other words, you do not have to be a bookkeeper or even an accountant to be a good financial manager

Island Resources Foundation welcomes feedback and comment on the information and recommendations presented in this document Our NGO Institutional Development Programme is an ongoing one, and a continuing dialogue with our NGO partners is important to us Also, there is an updated version of this manual that has been reviewed and amended by an accountant with the Caribbean Conservation Association Copies of this version are available The following persons may be contacted as indicated

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Part 1 The Importance of Financial Planning

The Budget as an NGO Plan of Action

A budget is the tool used by nongovernmental organisations (NGOs) to translate their programme objectives and organisational goals into financial terms It is a key management tool and represents the group's blueprint for a given time period, expressed in monetary terms

To design an effective budget, the NGO must first know what its goal and objectives are The budget—**the organisation's financial plan of action**—is merely the logical extension of policy decisions already made, for example, in the NGO's long-term institutional development plan or its annual programme planning document The process of budgeting forces the NGO to analyse the cost feasibility of actually doing what it has proposed

Since most NGOs do not have endowments or significant accumulated funds, they depend upon the ongoing generation of future income to meet financial commitments Working within such constraints, the institution's budget can be a helpful monitoring tool, for it provides benchmarks or comparison points that indicate whether financial goals and requirements are being met Furthermore, the proper and timely accounting of revenues through the budgeting process is an important criterion by which NGOs will be evaluated by donor agencies

The majority of NGOs are usually very uncertain about the amount of revenue they can expect to receive during the next fiscal year One alternative is to informally generate four working budgets for use by the NGO decision-makers *

> *FOUR TYPES OF NGO BUDGETS*
>
> **SURVIVAL BUDGET**
>
> **GUARANTEED BUDGET**
>
> **COMPLEMENTARY BUDGET**
>
> **OPTIMAL BUDGET**

The Survival Budget

The survival budget calls for a calculation of those fixed institutional costs which absolutely must be covered if the organisation is to keep its doors open for business These costs need to be expressed as exact figures and placed in the budget in order of importance Income to cover these costs needs to be identified and allocated to cover each expenditure item Such income will normally come from the NGO's own financial resources (e g membership fees) rather than from an external donor

The Guaranteed Budget

This budget covers the expenditures for which funding is guaranteed, i e for which the NGO has reasonable assurance the money will be available, whether from the NGO, donor groups or other sources (see Figure 1)

This is the budget that should be presented to the governing board for formal approval It will also be the basic working tool for the financial management of the organisation during the fiscal year

The Complementary Budget

This budget is larger than the guaranteed budget because it incorporates a number of expenditures for which funding has not yet been guaranteed but which have a high probability of being financed during the course of the year

It can be presented to the governing board for approval provided the budget is separated into specific activities or sub-budgets, indicating those which are additional to the guaranteed budget The board can then give its authorization to proceed with any—or all—activities once the funds have been secured

The Optimal Budget

This is the largest budget and reflects the broader development aims of the organisation for the fiscal year It may include a number of activities for which funding has not yet been identified This budget is primarily used for fundraising purposes, and it is therefore helpful to break it into sub-categories according to programme or project categories

Too often the budget process in NGOs is a routine task handled by the organisation's treasurer, primarily to satisfy the governing board that the group has a fiscal plan Approval is almost automatic, and the budget may not be looked at again—until it's time to prepare a new budget for the next fiscal year This type of budgeting serves little purpose To be effective the budget

1 *must be a joint effort of many people, and*
2 *must be a working document which forms a basis for action*

Before we turn to the specifics of budget preparation, we will digress a little to consider another important financial planning issue for NGO's—the funding of the organisation's "core" budget

FINANCING THE CORE BUDGET

One of the most challenging problems facing smaller NGOs is how to finance administrative costs—which are also called operational or management costs, fixed costs, or the expenses associated with the operation of the organisation's secretariat These are the basic expenses which must be financed if the NGO is to continue to function For example

- salaries of the headquarters staff,
- rent and related office costs,
- equipment used for headquarter functions;
- insurance,
- depreciation,
- membership services,
- maintenance of library

These costs are generally not funded by outside donors and so it is imperative that the NGO develop effective strategies for

1 *controlling core costs* and
2 *identifying recurring funds to finance administrative costs*

*Vincent F and Campbell P 1989 *Towards Greater Financial Autonomy* IRED Geneva Switzerland

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FIGURE 1

EXAMPLE OF AN EXPENSE BUDGET

ST. GEORGE'S CONSERVATION SOCIETY
FISCAL YEAR 1991

BUDGET ITEMS	EXPENDITURES FY 1990 (PRIOR YEAR)	GUARANTEED (OPERATIONAL) BUDGET	COMPLEMENTARY BUDGET	OPTIMAL BUDGET
Secretariat				
Salaries	4,000	5,000		10,000
Benefits	1,000	1,250		2,500
Rent	3,000	3,000		5,000
Insurance	1,000	1,250		1,250
Travel	500	1,000		3,000
Equipment	1,000	0	2,000	5,000
Office supplies	300	500		1,000
Postage and Telephone	750	1,000		2,000
Printing	500	750		1,000
	12,050	13,750	2,000	30 750
Publications				
Quarterly newsletter	1,500	2,000		3,000
Other publications	0	0	1,000	3,000
	1,500	2,000	1,000	6,000
Environmental Education				
Workshops	300	500		1,000
Fieldtrips	300	500		1,000
Vehicle	0	0	5,000	5,000
	600	1,000	5,000	7,000
Environmental Monitoring	1,500	6,000		
Agro-Forestry Project	10,000	10,000	15,000	15,000
Park Planning Project	0	0		10,000
Museum Operations				
Salaries	6,000	7,000		10,000
Benefits	1,500	1,750		2,500
Materials & supplies	1,000	1,000		2,000
Exhibits	500	750	2,000	5,000
	9,000	10,500	2,000	19,500
TOTALS	34,650	43,250	25,000	88,250

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STRATEGIES FOR FINANCING CORE COSTS

- Curb administrative expenditures
- Reduce the administrative budget by financing "support" services for programme activities under programme budgets
- Request "indirect cost" rate or "overhead administrative allowance" from donors on all programme-related grants
- If the donor will not allow indirect costs or overhead, be sure to include all direct services provided by the NGO in project budgets
- Identify donors who will provide institution-strengthening grants
- Increase income sources and use this money to cover administrative expenses

Fernand Vincent and Piers Campbell in their 1989 publication *"Towards Greater Financial Autonomy"* identified a sixfold strategy for helping to finance administrative expenses

All of these are di ussed in more detail elsewhere in this manual

General Advice

The NGO board should periodically analyse the organisation's core costs and always be on the alert to reduce administrative expenses without reducing efficiency Ideally, the core budget should be funded from the NGO's own resources, in order to reduce dependency on external donors It is also important to remember that a substantial increase in an NGO's administrative budget may be the first sign that a "bureaucratic mentality" has begun to set in, usually with a complementary loss of enthusiasm and idealism that first motivated the organisation

Accounting for and Reducing Administrative Costs

Many NGOs have higher-than-necessary administrative costs simply because they have not initiated basic record-keeping practices

Many so-called core costs—overseas telephone calls and fax transmissions photocopying, vehicle use, even personnel time -are not totally administrative expenses but should be financed in part by programme-specific budgets With the establishment of simple logging systems to account for the use of telephones, fax machines, photocopying machines and vehicles—to name the most obvious—the NGO will find that many of the costs associated with these expenses are actually programme-related The use of daily time sheets for paid staff is also essential to track personnel time in order to charge appropriate accounts

When negotiating grants or contracts with funding agencies, NGOs need to make certain that the basic support costs necessary to the successful execution of a programme are funded as direct costs within the project budget—including secretarial time, photocopying, communications, etc The recent case of one Eastern Caribbean NGO, asked by a North American donor agency to assist with an environmental conference, is not atypical The NGO, caught up in the enthusiasm of co-sponsoring an important regional meeting, did not request sufficient funding from the donor to cover its direct support costs and in the end had to subsume these expenses within its own limited administrative budget

Financing Indirect Costs *(see also Part 3 of this manual)*

Most donors recognize that there are indirect or administrative costs associated with the execution of any funded project These are costs over and above the direct project costs which represent that project's proportional share of the NGO's core or administrative costs In effect, each funded project must share in the NGO's costs for keeping its doors open If the NGO did not pay its rent for example, there would be no project!

Donors generally will reimburse organisations for the administrative expenses incurred in running projects Rather than trying to calculate the precise proportional amount which each project should contribute to administrative expenses, an indirect cost rate is usually negotiated It is a specific percentage of the direct programme costs over and above the project budget This rate is then used to cover all administrative expenses associated with the project—in effect, to reimburse the NGO for managing the project

Other techniques

Here are a few additional suggestions for financing the costs of the NGO secretariat

- Persuade local business groups to cofund activities such as workshops or special publications
- Identify donors willing to support institution-building grants
- Invest reserve income (i e , any liquid funds that will not be needed immediately) in interest-bearing accounts
- Market NGO services—for example, place a fee on services available from the secretariat such as photocopying, use of the fax machine, etc , rent meeting space to other organisations, offer for sale (at a profit) publications not produced by the NGO

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STEPS FOR PREPARING AN ANNUAL BUDGET

Forecasting the future requires knowledge of the past and the present

The preparation of a budget involves policy decisions As stated above, an institutional budget is the outcome—expressed in monetary values—of the periodic review of the organisation's goals and objectives by the NGO board and/or membership Therefore, while the NGO treasurer may be the best qualified person to deal with basic bookkeeping and required accounting, he or she should not unilaterally make the policy decisions that lead to finalization of an annual budget If the NGO is large enough, a budget committee should be assembled for this purpose, otherwise, the budgetary process should be the responsibility of the board or its executive committee

The following are the key steps that should generally be observed by the NGO to ensure preparation of an effective annual budget

1 **Establish a list of the organisation's institutional goals and programmatic objectives for the next fiscal year.** These should be completed as part of a continuing process which requires the board to develop an annual workplan, including review and evaluation of ongoing programmes and presentation of recommendations and projections for new activities
2 **Estimate the costs for each approved programme or activity plus administrative expenses** (see Figure 2) For continuing programmes and the costs of the secretariat, the prior fiscal year's actual costs will be the starting point The estimation process should be done in detail (in more detail than in the sample budget provided in Figure 2), since a single expenditure category (e g , salaries and benefits) may cut across several programme objectives
3 **Estimate expected income** (Figure 2) Since, for many groups, the principal source of recurring income will be contributions from members and the general public, the overall economic climate of the country and how this will affect expected income from gifts, donations and membership fees need to be carefully evaluated

   For many NGOs, another substantial source of income will be externally funded grants or contracts, with these funds dependent on how successfully the organisation is able to "sell" its programme The uncertainty associated with this revenue source is one reason for the NGO to prepare a second, complementary budget to support the operational budget (Figure 1)

   NGOs must be realistic in estimating income, for if they are overly optimistic or allow too little room for error, the budget will have little meaning and will lose its effectiveness as a management tool The smaller the amount of cash reserves on hand, the more careful the NGO will have to be in building into the budget a realistic safety margin for the coming year's operations
4 **Compare total projected income to total projected expenses.** At this point in budget preparation, it is to be expected that expenses will exceed revenues—and that policy decisions, based on value judgments, will have to be made by the NGO's governing board For example What programmes are most important to the NGO for the next 12-month period? Where can expenditures be reduced with the least amount of negative impact? The time spent reconciling projected income and expenditures is critical to the NGO, for the tangible output of this process--i e the budget document—will be the financial blueprint to guide the organisation through the next year

   To enhance this process, the NGO needs to be very clear about its mission or goals before budget reconciliation begins Planning should start with setting annu-

FIGURE 2

EXAMPLE OF A RECONCILED BUDGET

(i e Where the projected revenue equals the projected expenses)

ST GEORGE'S CONSERVATION SOCIETY
OPERATIONAL BUDGET FOR FY 1991

REVENUE *(by source)*		
Membership Dues	6,000	
Gifts and Donations	7,000	
Grants	16,000	
Publication Sales	1,000	
Museum Entrance Fees	8,500	
Museum Shop	2,000	
Secretariat Services	750	
Educational Tours	1,000	
Investment Income	1,000	
		43,250
EXPENDITURES *(by broad programme category)*		
Secretariat	13,750	
Publications	2,000	
Environmental Education	1,000	
Monitoring Project	6,000	
Agro-Forestry Project	10 000	
Museum Operations	10,500	
		43,250
SURPLUS/DEFICIT		0

N B The above budget is an example only An effective budget would need to be prepared in greater detail for the expenditure categories more along the lines of detail found in the sample expense budget provided in Figure 1

FIGURE 3

QUARTERLY CASH-FLOW PLAN

ST. GEORGE'S CONSERVATION SOCIETY

PROJECTED EXPENDITURES	JANUARY	FEBRUARY	MARCH
Secretariat Costs	875	875	1,475
Publications	0	500	0
Environmental Education	100	100	100
Monitoring Project	625	625	625
Agro-Forestry Project	1,000	850	850
Museum Operations	1,060	1,060	1,060
Total Expenditures	3,660	4,010	4,110
PROJECTED INCOME			
Cash in Bank 01/01/91	5,000		
Anticipated Income	2,675	6,200 *	5,200 **
Balance	4,015	6,205	7,295

* Assumes receipt of a $5 000 grant payment for the Environmental Monitoring Project

** Assumes projected receipt of $4,000 in membership fees following March fund-raising campaign

al programme objectives and devising strategies to achieve them. Available resources need to be allocated in light of desired objectives, but to do this will require that objectives are balanced against one another -and against available resources- until a realistic combination is achieved.

5 The proposed budget should be presented to the appropriate body for approval. In accordance with the organisation's by-laws, this might be the governing board or the full membership. Approval should only be given if the projected income and expenditures balance.

The budgetary process, if fully implemented more or less along the lines of the steps outlined above, can be a relatively lengthy one—particularly if the NGO has traditionally left this responsibility in the hands of staff or the treasurer working alone. Therefore, the process should be started well before the new fiscal year commences.

CASH-FLOW MANAGEMENT AND BUDGET CONTROL

Minimising Cash-Flow Crises

The budget process and cash-flow planning are closely linked financial management activities. Most NGOs are vulnerable to cash-flow crises that seriously affect the operation of the organisation. Some of these crises are beyond the control of the NGO (for example, delay in the receipt of funds from a donor), but many are due to poor fiscal management within the organisation.

To minimise such problems it is important for NGOs to maintain monthly cash-flow plans and to keep these up-to-date. Figure 3 provides a simple 3 month cash-flow plan for our hypothetical St George's Conservation Society.

While this cash-flow plan shows comfortable cash balances at the end of each month, note that these balances are contingent on the timely receipt of a scheduled grant payment in February and the successful completion of a membership campaign in March. Furthermore, the Society would be in a more vulnerable cash-flow situation if it had not begun the year with a reasonably healthy $5,000 cash balance. Therefore, fiscal planners in this NGO need to monitor actual expenditures and income based on this cash-flow plan and be prepared to make adjustments based on earlier contingency planning, i e before the donor's check is late or the fundraising campaign has not met expectations—in other words, the NGO should confront the potential "what if" crisis before it happens.

For NGOs dependent on external grants to fund a portion of their programmes, it is important to draw up a projected schedule of grant payments (at least quarterly) and link that schedule to monthly cash-flow plans. Most donors will provide timely grant payments. However, a second payment is usually contingent on receipt of a progress report and/or fiscal report on the first payment. Therefore, it is important for the NGO to be totally responsive to the donor's reporting requirements so as not to jeopardise future grant payments and thereby increase the potential for cash-flow crises.

NGOs are less vulnerable to cash-flow problems if they have built up sufficient monetary reserves. However, a balance between the need for reserves to maintain cash-flow and the potential for added income from the investment of reserve funds is also necessary. In other words, NGOs need to be fiscally prudent, but they also need to be fiscally creative!

Budget Control

The most carefully prepared budget will be of little value if it is not compared throughout the year with actual operations. This means that interim financial statements must be prepared on a regularly scheduled basis—certainly every three months is appropriate for most NGOs.

Financial statements also need to be timely. How timely largely depends on the organisation and how much "slippage" or deviation from the budget the NGO

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can afford before serious consequences take place If the cash-flow balance is relatively low, then the organisation cannot afford the luxury of not knowing where it stands on a timely basis A good rule of thumb is to have this information in the hands of decision-makers not more than three weeks following the end of the report period (the reporting period to be defined by the NGO as either quarterly, bimonthly, or monthly, but certainly no less than quarterly) If financial statements are not available within three weeks after the end of the reporting period, then it is very likely the information will be "stale" and of minimal value as a management and budget control tool Fiscal status reports need to be prepared and available for every regularly scheduled board meeting

Financial statements should compare budget figures with actual expenditures Since interim figures for a three-month period, for example, cannot easily be compared to budget figures for a twelve month period, the annual budget should be displayed in quarterly increments for comparison purposes Last year's actual figures for the same period may also be useful

For externally funded grants or contracts, it is important that the NGO monitor these activities with separate financial statements for each funded activity This information is also important for the periodic financial reports usually required by donors

Figure 4 provides an example of a budget-control statement for the St George's Conservation Society Figure 5 is a sample fiscal status report for the Society's donor-supported environmental monitoring project The quarterly financial statements in Figures 4 and 5 provide the governing board of the St George's Conservation Society with a great deal of information about its operations during the quarter of the fiscal year

Figure 4 summarises fiscal activity for the Society's own funds, that is for that portion of total revenues generated and controlled by the organisation as opposed to project-specific funds provided by an external donor (in the Expense Budget provided in Figure 1, two donor supported projects are shown for the Society for FY 1991—the environmental monitoring project and the agro-forestry project)

The financial report provided in Figure 4 shows a small over-expenditure (i e $480) in the total amount of internally budgeted funds Secretariat costs are only slightly over budget, but the group may want to monitor overseas calls during the next quarter to see if the current upward trend continues The cancelled OAS workshop saved the organisation the amount budgeted for that activity ($250), but this was partially displaced by the increased insurance premium Of more concern is the fact that postage costs for mailing the quarterly newsletter have increased substantially over the amount budgeted, and since this increase will be reflected in the remaining three quarters of the fiscal year, the Society will have to make an internal budget adjustment to account for this increase The higher-than-anticipated costs for the new museum exhibit should presumably provide the board with a few "lessons learned" for budgeting these costs in the future

Most importantly, this NGO's board should be troubled by the lower-than-anticipated revenues for the first quarter In the first place, the fundraising campaign fell short of its target by $1,000, which means that even more effort will be required later in the year if the group is to reach its budgeted revenue goal of $6,000 for membership dues (see revenue side of the FY 1991 budget in Figure 2,) Additionally, the board will have to follow up on the failure of the corporate sponsor to meet its pledged quarterly payment, for this setback has generated a significant $1,000 shortfall in the budgeted "gifts and donations" revenue line Interest rates are also dropping, and the Society may want to adjust income projections in its cash-flow plan for the next quarter if this appears to be a continuing trend

The good news is that tourism is up in the country of St George's, and this has brought more visitors to the Society's museum, increasing revenues generated from both entrance fees and the museum shop As for the falloff in income from fees charged for educational tours, presumably the Society can make this up by promoting more tours in the months ahead

Figure 5 provides a slightly different financial statement—a quarterly status report for the environmental monitoring project supported by the World Wildlife Fund (WWF) This is a 12-month project which began during the last quarter of the prior fiscal year At the end of March 1991, with the project at its midpoint, a little less than one-half of the approved funds had been expended (i e $3,375 had been spent out of a total grant of $7,500) The project is, therefore, in sound fiscal condition, and the board should be pleased The $5,000 payment from WWF received during the current quarter is the second of two payments, and the Society now has in its bank account all funds to be paid by WWF under this grant With a cash balance of $4,125 at the end of the quarter, this NGO may want to consider placing a portion of that total in a short-term (probably no longer than three months) interest-bearing account, keeping on hand in its checking account only those funds it will require to meet project expenses during the next quarter Before taking this action, however, the Society will want to carefully review its cash-flow projections for the next three months

One other word of caution—NGO boards should not necessarily be pleased by a significant under-expenditure of project funds Substantial under-spending may point to project planning errors, poor budget forecasting, or

FIGURE 4

SAMPLE BUDGET CONTROL STATEMENT

ST. GEORGE'S CONSERVATION SOCIETY

FINANCIAL REPORT (EXCLUSIVE OF EXTERNALLY-FUNDED PROJECTS)
REPORT PERIOD 1 JANUARY - 31 MARCH, 1991

ITEM	ESTIMATED QUARTERLY BUDGET	EXPENSES/RECEIPTS AT 31 MARCH	DIFFERENCE	EXPLANATION
Expenditures				
Secretariat				
Salaries	1,250	1,250		
Benefits	312	312		
Rent	250	250		
Insurance	600	750	-150	*Unexpected increase in premium*
Travel	250	0	+250	*Anticipated OAS Workshop cancelled*
Office Supplies	125	120	+5	
Postage and Telephone	250	400	-150	*Unusually heavy volume of overseas calls*
Printing	188	188		
Sub-Totals	3,225	3,270		
Publications	500	650	-150	*Increased postage rates for newsletter*
Environmental	300	150	+150	*Fewer fieldtrips than planned*
Museums Operations				
Salaries	1,750	1,750		
Benefits	438	438		
Materials and supplies	250	185	+65	
Exhibits	750	1,250	-500	*New exhibit costs seriously under-budgeted*
Sub-Totals	3,188	3,623		
Totals	7,213	7,693	-480	

RECEIPTS

ITEM	ESTIMATED QUARTERLY BUDGET	EXPENSES/RECEIPTS AT 31 MARCH	DIFFERENCE	EXPLANATION
Membership dues	4,000	3,000	-1,000	*Fund-raising campaign did not meet target*
Gifts and donations	1,500	500	-1,000	*Corporate sponsor only partially met quarterly payment*
Publication sales	250	235	-15	
Museum entrance fees	2,150	2,750	+600	*Tourism up, more off-island visitors*
Museum shop	500	650	+150	*Greater volume of off-island visitors*
Secretarial services	175	170	-5	
Educational tours	250	0	-250	*No tours completed this quarter*
Investment income	250	125	-125	*Drop in interest rates*
Indirect cost transfers	875	875		
Totals	9,950	8,305	-1,645	

FIGURE 5

SAMPLE FISCAL STATUS REPORT FOR EXTERNALLY-FUNDED PROJECT

ST. GEORGE'S CONSERVATION SOCIETY

Fiscal Status Report, 1 Jan - 31 March, 1991

ENVIRONMENTAL MONITORING PROJECT (WORLD WILDLIFE FUND)

EXPENSE ITEM	BUDGET	TOTAL EXPENSES PRIOR REPORT PERIOD	EXPENSES THIS REPORT PERIOD	TOTAL EXPENSES TO DATE	BALANCE *(Unexpended Funds)*
Salaries	2,000	500	500	1,000	1,000
Benefits	500	125	125	250	250
Interns	1,500	0	500	500	1,000
Field Eq and Supplies	1,000	300	150	450	550
Office Expenses	500	150	100	250	250
Vehicle Rental	500	125	125	250	250
Indirect Costs (25% of Direct Costs)	1,500	300	375	675	825
TOTALS	7,500	1,500	1,875	3,375	4,125

CASH STATUS—ENVIRONMENTAL MONITORING PROJECT

Grant payment received prior quarter	+2,500
Expenditures prior quarter	-1,500
Cash balance forward beginning of current quarter (01/01/91)	1,000
Grant payments received this quarter	+5,000
Expenditures this quarter	-1,875
Cash Balance Forward 31 March, 1991	4,125

problems with project management All of these can have an adverse effect on the NGO's relationship with the external donor—particularly if the organisation plans to return to the same funder for support in the future

Remember. .The most carefully prepared budget will be of little value if it is not compared throughout the year with actual operations Frequent and timely budget control statements and periodic cash-flow plans are valuable tools for keeping the NGO on track

THE PROJECT BUDGET

Before Part 1 on financial planning, the budget process and fiscal control is brought to an end, a few words need to be added on preparing project budgets for external funding sources

Donors will require varying degrees of detail in the budget portion of proposal applications, and it is important that the NGO check with a prospective donor prior to submission to determine if there is a required budget format Most governmental funding sources require more detail Foundations and other private-sector donors may be less structured in their requirements but certainly will be favorably impressed with a budget that is well thought-out and complete

However, whatever the source, it is important to remember that if the potential funder requires a particular format, that is what the NGO must provide Also, some costs may be disallowed by a particular funding source (for example, most donors will not fund construction costs, and many will not allow the applicant to have a contingency line item), the NGO needs to know this prior to planning a project and writing the budget

The Budget as an Estimate

The budget that the NGO prepares to accompany its project proposal is an *estimate* of what the actual costs will be Almost all funding sources will provide a degree of latitude in spending grant or contract funds, as long as the total amount of the budget is not exceeded

A donor may also ask the NGO to maintain expenditures within a certain percentage (usually 5% to 15%) for major budget categories, but will then allow flexibility within each major category For example, if all personnel costs are budgeted at $25,000, the donor may ask that the NGO not underspend or overspend the total personnel line item by more than 15% (i e , actual expenditures should fall in the range of $21,250 to $28,750) However, within the personnel budget category, the NGO may make changes in the amounts budgeted for the various personnel lines that make up the total personnel costs

The donor may also have requirements which must be followed in making major changes after the project budget has been approved The NGO must be aware of what these budget-modification procedures are and should keep them in mind as it prepares the budget For example, if the budget modification-procedures are particularly lengthy or complex, the NGO needs to take special care in budgeting for project expenditures so as to avoid future requests for changes Also, project administrators at donor agencies are not eager to add to their workload by having to process budget changes The paperwork involved for the donor is usually more than that required of the NGO, and therefore the enthusiasm of a project office for the NGO's project will certainly be diminished proportional to the amount of extra paper work he or she has to handle because of requests for changes

Be Specific

As with the words in a proposal, the numbers in the proposal budget should be as specific as possible Rounding out a budget line item to the nearest thousand dollars does not inspire confidence, nor does it suggest that the NGO has done as much work in budget preparation as the reviewer is expected to do in budget analysis

In a similar vein, the NGO should try to avoid nonspecific budget categories such as "miscellaneous" or "contingency"

What to Include in the Project Budget

A project budget should include only those projected costs related specifically to the implementation of the project A project budget must not be designed to provide funds for general organisational expenses For example, the monthly charge to maintain a telephone in the NGO's office is generally considered a management expense and would not be billed against a project budget However, overseas telephone calls specifically related to the project are legitimate project expenses and should be estimated and budgeted in the NGO's proposal

Generally, funders prefer a budget that classifies a series of related costs under a single major category, with about four to six such major categories per proposal Sub-costs or sub-lines within each major category are then itemised in more detail For larger projects with more detailed budgets, a summary page should be provided at the end of the budget which presents a one-page review of all major expenditure categories and the amount budgeted in each

It is often a good idea to provide "budget notes" which clarify information found in line items For example, when using a fringe benefit line item, a budget note could be included to describe the specific fringe benefits paid by the organisation

Figure 6 displays the project budget prepared by the St George's Conservation Society for its agro-forestry project

> **KEEP IN MIND THAT.**
>
> It is important to provide sufficient detail so that the funding source will feel the organisation has planned its costs carefully and has allowed for unexpected contingencies The donor will be asking whether the budget gives evidence that it is adequate for the tasks to be accomplished but is not so generous as to be wasteful

PART 2 FUND ACCOUNTING

ACCOUNTING FOR NONPROFIT ORGANISATIONS

The concept of fund accounting is one way to differentiate between a for-profit and a not-for-profit institution Simply stated, fund accounting is a system of fiscal management that requires separation and maintenance of records for those assets donated or granted to or otherwise used by the organisation for *restricted*—i e specific—purposes or functions Since the NGO has a stewardship responsibility for the way in which these funds are administered, the need for fund accountability will arise whenever a nonprofit receives or utilises any kind of restricted contribution

In preparing its financial records, statements and accounting system, the NGO should always separate funds which are *restricted* from those which are *unrestricted*

The Unrestricted or General Fund

All unrestricted contributions, gifts and income should be recorded in an Unrestricted Fund (or General Fund) If the NGO never receives restricted gifts or contributions, then this fund could show all fiscal activity, and the organisation would not use fund accounting

Membership fees are usually recorded as unrestricted income as these monies are given for the general support of the organisation Special fundraising events, on the other hand, may be designed to raise funds for a particular programme and would be recorded as restricted income

The NGO's "in house" or core expenses are incurred in the unrestricted fund These costs are often referred to as administrative, management, overhead or secretariat expenses, and since they tend to remain relatively unchanged from year to year, they are sometimes called fixed expenses

Such expenses include rent and general office costs (telephone, postage, etc) salaries and benefits for administrative staff, insurance, depreciation, maintenance of library and so forth In the documents presented thus far for the St George's Conservation Society, these expenses have been grouped and displayed as "secretariat costs "

The Restricted or Programme Fund

The Restricted Fund (or Programme Fund) should include all monies given to the organisation for specified purposes, as such, the NGO is restricted in how it expends these monies The Restricted Fund should also include the NGO's own funds that have been designated for discrete programme activities In the aggregate, the restricted fund represents the monetary support the organisation has provided to implement it programmatic objectives

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FIGURE 6

SAMPLE PROJECT BUDGET

(N B The calculation of the Indirect Cost line item included in the budget below will be discussed in Part 3 of this manual)

ST. GEORGE'S CONSERVATION SOCIETY
BUDGET FOR AGRO-FORESTRY PROJECT

FISCAL YEAR 1991

Personnel Costs		
Project Director (1/6 time @ $18,000/annum)	3,000	
Field Assistant (1/2 time @ $6,000/annum)	3,000	
Secretarial Support (10 days @ $30/day)	300	
Benefits (at 10% of salary costs)	630 (1)	
Total Personnel Costs		***6,930.***
Field Costs		
Supplies	345	
Vehicle Rental (15 days @ $25)	375	
Total Field Costs		***720.***
Office Support Costs		
Postage, Overseas Telephone and Fax Photocopying	150	
Report Production	200. (2)	
Total Office Support Costs		***350.***
Total Direct Costs		***8,000.***
Indirect Costs		
25% of Total Direct Costs		2,000
Total Project Costs		***$10,000.***

Budget Notes
1 National social security
2 Printing and dissemination of 25 copies of the final project report

- B2 -

Expenses related to restricted or programmatic funds are referred to as direct costs (as opposed to the indirect costs associated with management funds) They normally vary with the level of programme activity and are therefore often called variable expenses

If the NGO is small or has a single, well-defined purpose, it may be able to include all of its programmes or activities under one collective "restricted" head, in which case the Restricted Fund would not carry any subcategories

However, if the NGO supports a variety of programmes, it will want to establish separate account categories (within the restricted fund) to identify discrete activities or projects carried out by the organisation For example, at present, the St George's Conservation Society has five subcategories within its Restricted Fund

1 Publications
2 Environmental Education
3 Environmental Monitoring
4 Agro-Forestry
5 Museum

All of the Society's restricted fiscal activity is currently recorded within one of these five accounts, each of which, in turn, reflects a primary programmatic purpose or objective of the organisation

As an NGO grows and expands its activities, the list of programme accounts within the restricted fund may become so long as to be cumbersome for reporting purposes—particularly in the organisation's annual financial statement To report on each separately identified or separately funded project would make the annual report lengthy and unwieldy, moreover, the reader would find it difficult to extract the kind of information useful in understanding the NGO's programme priorities—there would simply be too much data to absorb

At this point, the organisation should begin to group like or similar projects and activities under a few major programme categories—no more than perhaps half a dozen These broad programme categories should relate to the overall objectives or purposes of the NGO, and the annual financial statement should provide aggregate information within the selected priority areas

If the NGO so chooses, a separate schedule can be prepared and attached to the annual financial statement showing the details of separately identified or separately funded project This information should also be available to the governing board if members wish more detailed financial data

To make this clearer, let us look at the specifics of the Island Resources Foundation (IRF), a real-life NGO During fiscal year 1991, the foundation supported 15 separately funded projects These projects were, for fiscal accounting purposes, classified within one of four primary programme accounts or categories which reflect the foundation's major areas of interest (1) Resource Management, (2) Research, (3) Publications and Technical Assistance, and (4) Land Stewardship Throughout the fiscal year, IRF maintained separate financial accounts on each of the 15 funded projects (similar to the Fiscal Status Report provided in Figure 5 for the hypothetical St George's Conservation Society) However, in IRF's Annual Financial Statement, this information was consolidated within the Restricted Fund and reported only as part of one of the four primary programme accounts This made the annual report easier to read and understand At the same time, IRF's in-house fiscal records could track any one of the 15 funded projects, and the information was also readily available to board members, to staff, or to donor agencies that might require more detail

The Importance of Fund Accounting

By separating its fiscal records into an unrestricted/management fund and a restricted/programme fund, an NGO is able to present a more accurate and informative picture of how it allocates it funds—i e between the operation of its programmes (its "good works") and the core costs associated with keeping its doors open for business This is the kind of information which is useful (and in many cases required) by external funding sources An example of an annual Statement of Income and Expenditures for the St George's Conservation Society, using fund accounting principles, is provided in Figure 7

By allocating all income and expenses either to the Unrestricted Fund or to one of the five Restricted Funds, the Society has presented its board, membership and donors with a clear, easy-to-understand financial statement Too often, in the nonprofit world, annual financial statements are prepared by outside auditors who have little understanding of the principles of fund accounting, resulting financial reports usually follow formats used for profit-making organisations, with some slight modifications However, the end-product is not nearly as useful and easy to interpret as a statement prepared along the lines of fund accounting

The statement displayed in Figure 7 gives the reader immediate access to the following kinds of information

1 the allocation of revenue and expenditures not only by line item category but also by programme area,
2 an overview of the priority interests and concerns of the NGO based on revenues earned and funds allocated within given primary programme areas,

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FIGURE 7

SAMPLE INCOME AND EXPENDITURE STATEMENT, USING FUND ACCOUNTING PRINCIPLES

ST. GEORGE'S CONSERVATION SOCIETY
STATEMENT OF INCOME AND EXPENSES
FOR THE FISCAL YEAR ENDED 31 DECEMBER, 1991

	UNRESTRICTED	RESTRICTED FUNDS					ALL FUNDS
	MANAGEMENT AND GENERAL	PUBLICATIONS	ENVIRONMENTAL EDUCATION	ENVIRONMENTAL MONITORING	AGRO FORESTRY	MUSEUM	
Income and Support							
Membership Dues	5,000	500					5,500
Gifts and Donations	5,000	500	1,000				6,500
Grants				6,000	10,000		16,000
Publication Sales		800					800
Museum Entrance fees						10,000	10,000
Museum Shop						2,500	2,500
Secretariat services	500						500
Educational Tours			1,000				1,000
Investment income	700						700
Total Income and Support	11,200	1,800	2,000	6,000	10,000	12,500	43,500
Expenses							
Salaries	4,500	500	500	1,500	6,000	7,000	20,000
Benefits	500	100	100	375	600	700	2,375
Professional fees	1,000						1,000
Travel	1,200					1,000	2,200
Materials/supplies	450	100	200	850	500	2,000	4,100
Rent	3,000						3,000
Insurance	750		200				950
Vehicle Costs			550	375	400		1,325
Tel /fax/postage	1,000	700	100	100	150	500	2,550
Printing	700	700	200	100	200	300	2,200
Total Expenses Before Depreciation	13,100	2,100	1,850	3,300	7,850	11,500	39,700

3 an ndication of what it cost this NGO during fiscal year 1991 to "stay in business," that is, to keep a management structure in place to support its five primary programme areas

Two items do not appear in the financial statement presented in Figure 7 which are unique to nonprofit organisations and which should be included for a complete picture of the NGO's income and expenses These are (1) contributed or in-kind services and (2) indirect costs Both of these will be discussed in Part 3 of this manual

The Fixed Asset or Plant Fund

An NGO might consider adding another fund account to its financial statement if it has acquired fixed assets (land, buildings, furniture and fixtures, equipment, etc) The Fixed Asset Fund (or Plant Fund) is used to remove these assets from the general fund In this way, the general fund represents principally the current activity of the NGO, while the Fixed Assets Fund represents those assets not readily available in the sense that they cannot be converted easily to cash and expended

INTERFUND TRANSFERS

There are times wh~ it will be necessary for the unrestricted fund to transfer monies to the restricted fund, or vice versa Two examples are typical of such transactions in nonprofit organisations

The first occurs when an indirect cost fee is levied against an externally funded programme (see also Part 3 of this manual) The monies represented by the indirect cost fee are then transferred from the Restricted Programme Fund to the Unrestricted General Fund where they are available for expenditure as core or management costs

Secondly, there may be times when the organisation's governing board elects to transfer unrestricted funds, not needed for general core operations, to a specific restricted account in support of a programme activity

PART 3. UNIQUE FEATURES OF NONPROFIT ACCOUNTING

In designing its financial management system, the NGO should not overlook two areas which are unique to not-for-profit organisations (1) Placement of a value on contributed or in-kind services, and (2) Calculation of an indirect cost rate

CONTRIBUTED SERVICES

Many NGOs depend heavily or almost entirely on volunteers to carry out their programme functions Yet nongovernmental organisations often forget to cost the real value of such "in-kind" contributions as labour or to include these contributions in financial statements From a management perspective, it is important to calculate the value of all contributions, including the contributed services of volunteers Otherwise, it is difficult to determine the real costs of a given activity or to evaluate cost-effectiveness

It is also important to demonstrate to potential donors the precise value of local contributions to a proposed project In fact, many donors will require a "matching contribution" from the NGO When this is a requirement, the donor will often accept an "in-kind" rather than a cash contribution

The question often asked by NGOs is whether they should place a value on contributed services and record them as "contributions" in their financial statements The answer is "yes" if the following conditions exist

1 There is reasonably good control over the employment of such services
2 There is an objective basis on which to value such services
3 The services are an essential part of the NGO's normal activities

There are two categories of contributed service generally not recorded as revenue First, volunteer fundraising efforts are usually not recorded because fundraising as such is not directly fulfilling the objectives of the NGO Second, supplementary services that would not normally have been provided by the organisation are not recorded These would be services the NGO would not normally have paid someone to perform

If the NGO is using contributed services as a match for securing grant funds or is recording these services on its financial statements, the organisation must maintain good backup records to document both the extent and value of the services Time sheets, therefore, are just as important for volunteer labour as for paid staff

In placing a value on contributed labour, the NGO must provide a rational explanation for how the value was calculated For example

CONTRIBUTED SERVICES-MUSEUM	
Total Number of volunteers*	17
Total number of volunteer days*	100
Value of Labor = 100 days x $20/day =	$2,000

*Documented with time sheets

Figure 8 is a revision of the Income and Expenditure Statement first presented as Figure 7 In the revised statement, provision has been made to include "contributed services" as a revenue category, with the value of the volunteer labour allocated to three programme categories in the Restricted Fund Note that this income entry must be offset by a corresponding expenditure entry, thus, both the revenue side and the expenditure side of the statement have been increased by $5,000

ESTABLISHING AN INDIRECT COST RATE

Many NGOs are unable to cover all core or administrative expenses from unrestricted donations, membership dues, sale of publications, entrance fees or from other sources of unrestricted income It therefore becomes important for the NGO to know how to establish an indirect cost rate (also known as "overhead" or an "administrative fee") This is a charge which is made on all externally funded projects and is a cost over and above the project's direct costs In effect, each separately funded project or programme has an add-on expense or cost representing that project's proportional share of the NGO's core costs Remember that the core expenses are those costs the NGO incurs simply by "staying in business," so that it can operate and manage programmes

Indirect costs are for activities that benefit more than one project (like rent for the office from which the NGO manages its programmes) It is difficult to determine exactly how much each project should pay, and therefore all indirect costs are usually pooled and then represented as a fixed percentage of the direct programme costs This percentage is called an indirect cost rate

The concept of indirect costs or overhead was essentially conceived by donors looking for a simplified way to reimburse organisations for administrative expenses incurred in running projects Rather than attempting to calculate the precise value of, for example, the time of the executive director or office space—on a project-by-project basis—it was recognised that it would be more convenient to allow a specific percentage over and above the project's direct costs budget to cover administrative costs

While most donors accept the concept of indirect costs, many NGOs have not established accounting practices which permit the organisation to recover these costs This is a mistake, for NGOs which do use an indirect cost rate are often able to cover a substantial portion of their administrative budget from these funds

Most donors will generally accept an "administrative fee" of 10% without expecting backup documentation on how the rate was calculated If the organisation asks for a more substantial indirect cost rate, it probably will be asked to provide a solid justification Since misunderstandings can occur about indirect cost policies, it is important for the NGO to establish early on in its development a policy for defining, distributing and displaying indirect costs in proposals so that this information can be conveyed in a logical and understandable manner to potential funders

The critical thing for NGOs to remember is

Don't forget to add on an administrative fee or indirect cost line to all budgets submitted to donors for project funding!

To determine its indirect cost rate, the NGO must first take steps to allocate all of its expenses as either direct or indirect costs Such steps may result in the establishment of accounting procedures which initially seem so detailed and time-consuming that the NGO grows discouraged Remember, however, that the objective is to find a rational way for each project and funding source to pay its fair share of administrative costs, and the NGO's efforts will be rewarded in due time

Step One
Defining the NGO's Direct and Indirect Costs

The most convenient way to define the indirect costs is to distinguish them from direct costs—that is, from those expenses related to the expenditure of restricted or programme funds Direct costs are for activities or services which benefit a particular project, because these activities or services are easily traced to projects, their costs are charged directly to specific projects on an item-by-item basis

Indirect costs are those expenses for activities or services that benefit more than one project Their benefits to a specific project are difficult to trace For example, it may be difficult to determine how the executive director of an NGO benefits a specific project, although everyone would agree that a benefit does accrue Table 1 illustrates some examples of direct versus indirect costs

FIGURE 8

SAMPLE INCOME AND EXPENDITURES STATEMENT

INCLUDING "CONTRIBUTED SERVICES" LINE ITEM AND INDIRECT COST TRANSFER

ST. GEORGE'S CONSERVATION SOCIETY
STATEMENT OF INCOME AND EXPENSES
FOR THE FISCAL YEAR ENDED 31 DECEMBER, 1991

	UNRESTRICTED	RESTRICTED FUNDS					ALL FUNDS
	MANAGEMENT AND GENERAL	PUBLICATIONS	ENVIRONMENTAL EDUCATION	ENVIRONMENTAL MONITORING	AGRO FORESTRY	MUSEUM	
Income and Support							
Membership Dues	5,000	500					5,500
Gifts and Donations	5,000	500	1,000				6,500
▶ Contributed services				1,000	2,000	2,000	5,000
Grants				6,000	10,000		16,000
Publication Sales		800					800
Museum Entrance fees						10,000	10,000
Museum Shop						2,500	2,500
Secretariat services	500						500
Educational Tours			1,000				1,000
Investment income	700						700
Total Income and Support	11,200	1,800	2,000	7,000	12,000	14,500	48,500
Expenses							
Salaries	4,500	500	500	1,500	6,000	7,000	20,000
Benefits	500	100	100	375	600	700	2,375
▶ Other services				1,000	2,000	2,000	5,000
Professional fees	1,000						1,000
Travel	1,200					1,000	2,200
Materials/supplies	450	100	200	850	500	2,000	4,100
Rent	3,000						3,000
Insurance	750		200				950
Vehicle Costs			550	375	400		1,325
Tel /fax/postage	1,000	700	100	100	150	500	2,550
Printing	700	700	200	100	200	300	2,200
Total Expenses Before Depreciation	13,100	2,100	1,850	4,300	9,850	13,500	44,700
▶ Inter-fund Transfers							
Indirect costs	2,788			(825)	(1,963)		

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EXAMPLES OF DIRECT AND INDIRECT COSTS

INDIRECT COSTS	DIRECT COSTS
Rent - administrative headquarters of the NGO	**Rent** - facility leased specifically for a project
Salaries - administrative staff	**Salaries** - project staff or consultants
Travel - not usually an indirect cost unless travel will benefit the institution rather than a specific programme	**Travel** - related to project implementation
Supplies - general office supplies, library materials, stationery	**Supplies** - specialised materials purchased for the benefit of one programme
Equipment - office machines such as typewriters and computers	**Equipment** - used for implementation of specific projects
Telephone - basic use charge	**Telephone** - overseas calls related to projects
Photocopying - basic use charge for equipment	**Photocopying** - copies made for a project report

Step Two
Accounting for the NGO's Direct and Indirect Costs

The NGO must find ways to account for direct versus indirect costs on a daily basis, i e as the cost is being incurred

For example, since the staff of most small NGOs will often spend part of their time on administrative activities and part on programme activities, the use of time sheets (which require staff to record their time according to activity) will help the NGO allocate salary (and benefit) costs appropriately

The use of a telephone log or a photocopying machine log, in which staff record overseas calls or the number of copies made for specific projects, will permit the NGO to allocate costs between direct and indirect expenses when the telephone bill or copying machine lease payment is due

Furthermore, the NGO's expense ledger or checkbook will have to be organised to allow for the recording of expenses as either direct or indirect costs (see Part 4 of this manual)

Step Three
Calculating the Indirect Cost Rate

An indirect cost rate is a ratio of indirect costs to direct costs That is, at the end of a fiscal year, the NGO adds up all its indirect costs and all its direct costs and then calculates its indirect cost rate by dividing its total annual indirect costs by its total annual direct costs The resulting percentage is the NGO's new indirect cost rate For example, if the NGO's total indirect costs are \$25,000 and its total direct costs are \$75 000, its indirect cost rate would be 33%

$$\frac{\text{Total indirect costs}}{\text{Total direct costs}} = \frac{\$25{,}000}{\$75{,}000} = 33\%$$

Step Four
Applying Indirect Cost Rates in Proposal Budgets

In preparing a proposal budget to request funding for a specific project, the NGO may—after calculating its indirect cost rate—use that rate as a line item in its proposal budget The percentage rate is applied as a charge against all direct costs For example, in Figure 6, the St George's Conservation Society has used its computed indirect cost rate of 25% in the proposal budget it submitted to the World Wildlife Fund The \$2,000 indirect cost figure in this budget is available at the end of the project for expenditure by the Society in meeting its secretariat or management costs

The monies represented by the indirect cost charge should be transferred by the NGO from the restricted programme fund to the Unrestricted General Fund at the end of a funded project (see also "Inter-Fund Transfers") The revised financial statement provided in Figure 8 includes an interfund transfer line In this case, an indirect cost transfer of \$2,788 has been made from the Restricted Fund to the Unrestricted Fund The amount transferred is now available to meet expenses incurred by the management and general account

The steps outlined in this section, represent one commonly used method for calculating and applying an indirect cost rate However, some funding sources may have specific requirements regarding indirect cost rates which the NGO will have to consider in applying to that source for programme funds

PART 4
THE NGO'S ACCOUNTING SYSTEM

The overall effectiveness of the NGO's financial management system is closely linked to the adequacy of its accounting methods and practices It is not, however, the intention of this manual to provide a basic course in NGO bookkeeping or accounting Not only is this subject outside the scope of expertise of the manual's author, but there is a great deal of diversity in the accounting methods and practices available to nongovernmental organisations Each NGO must adopt an accounting system best suited for its purposes while, at the same time, conforming to generally accepted accounting principles

This chapter is designed to highlight a few basic concepts and techniques associated with nonprofit accounting—and to discuss them in a relatively simple format As such, the chapter is not directed specifically at NGO bookkeepers or accountant but rather at NGO fiscal managers As the adjacent box points out, these are not necessarily the same persons!

SELECTING AN ACCOUNTING SYSTEM

In today's expanding market of accounting systems, methods, manuals and even computerised software programmes, the small NGO can be overwhelmed with options A few general tips might be helpful

- In designing, choosing or upgrading its accounting practices, the NGO should get some expert advice—usually an accountant can be found among its membership or a member can identify one to assist
- Don't be tempted to employ an overly complicated system—even if the NGO plans to grow rapidly
- Make sure that the accounting system is designed so that someone within the organisation, other than the bookkeeper/accountant/fiscal officer, has access to the financial books Internal "controls," employed at random, are critical to ensure the fiscal integrity of the system and the NGO
- Avoid using expensive external auditors for routine accounting tasks Generally, auditors should only be brought in at the end of the fiscal year for (1) an official, independent verification of the account, (2) perhaps to prepare the General Ledger if the NGO does not have the in-house expertise to complete this task and (3) to prepare the annual financial statements
- At the very least, the NGO's accounting system must ensure that the fiscal records are kept in a professional manner, that all transactions are recorded immediately and that financial reports are produced on a timely basis

SOME BASIC DEFINITIONS*

Accounting has been called the art of recording, classifying and summarising transactions and events which are of a financial character and then interpreting the results The recording phase translates financial transactions and events into written accounting data Classifying pertains to sorting these data in a systematic manner Summarising brings the accounting data together in a form that further enhances the data's usefulness Interpreting the results involves analysis, comparisons and explanations of the summarised accounting data

Bookkeeping is the process of recording in a systematic manner, with a preconceived plan, financial transactions that have taken place Bookkeeping is concerned primarily with the mechanical and the routine Its main function is to record transactions and maintain records that are later summarised in the form of financial statements

Accounting, on the other hand, is broader in scope It includes bookkeeping plus the analysis and interpretation of recorded data In performing these functions, the "accountant" exercises skill and judgment and applies logic and reason Accounting draws (from the information furnished by the bookkeeping process) inferences as to the condition and conduct of an organisation, the two fundamental objectives of accounting

Financial management has a far wider scope, although it includes accounting It involves a series of resource utilisation decisions that are designed to achieve a desired goal over a period of time In a for-profit organisation, the objective is to create revenues in order to obtain a profit In nonprofit organisations, the objective is to create benefits that are greater than the costs involved in their generation These benefits are more difficult to measure than those of for-profit businesses since they may include value concepts such as increased skills or improved awareness

*Source "Financial Management Towards Greater Autonomy" In *NGO Management*, No 22 (July-Sept ,1991) NGO Management Network c/o ICVA, Geneva Switzerland

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COMPUTERS AND ACCOUNTING

More and more NGOs now have access to in-house computers, and thus the option of computerising accounting systems appears to be an increasingly attractive option According to one source, ** the most critical question a nonprofit group considering a computerised system can ask is will the change result in

- better control?
- lower costs?
- more timely reports?
- increased efficiency?

Additionally, the NGO should evaluate its existing system, asking specifically

1 Does the current accounting system provide all the information needed by fiscal managers?
2 Is the information up-to-date?
3 Does the NGO have access to adequate in-house expertise as well as sufficient staff and/or volunteer time to implement a computerised system?

One of the biggest mistakes an organisation can make is to believe that an accounting system already in trouble can be improved by putting it on the computer In fact, a poor system on the computer is worse than one on paper Rather than rushing to purchase an expensive accounting software package, the NGO should consider interim steps The change, for example, to fund accounting (see Part 2 of this manual) can first be implemented on paper, then gradually computerised If financial reports are not current or complete, computerisation is not necessarily going to change that situation It is more likely that the staff and/or volunteers handling bookkeeping/accounting tasks do not have the time to be up-to-date or are inexperienced Additional training, more staff, or help from a consultant may be a better first step in improving the system, then later moving on to computerisation

Another viable option for many NGOs is to computerise certain accounting functions, but not the entire system For example, many computerised spreadsheet programmes (like Lotus 1-2-3) can be used for budgeting, cash-flow control, and fiscal status reports (for example, the fiscal information displayed in Figures 1,3,4,5 and 6 of this manual could easily be prepared using a computerised spreadsheet programme)

** Masaoka J, n d "Computers and Accounting," Reprint No O1 Support Centers of America, Washington, D C

ESTABLISHING ACCOUNTING PROCEDURES

Cash Versus Accrual Accounting

In for-profit organisations, financial records are almost always kept on an accrual basis Accrual means simply that records are kept so that in addition to recording transactions resulting from the receipt and disbursement of cash, the organisation also records the amounts owed to it by others and the amounts it owes to others

However, in not-for-profit organisations, a cash basis of accounting is often used instead Cash accounting means that only transactions where cash has been involved are recorded Most small nonprofit organisations use cash accounting

Accrual basis usually provides a more accurate picture of an organisation's financial condition than cash basis Then why do nonprofits use cash accounting? One reason is that cash basis is adequate when the nature of the organisation's activities is such that there are no significant amounts of money owed to others, or vice versa, and so there is little meaningful difference between the cash and accrual basis This is certainly the case with most small NGOs

Primarily, however, cash accounting is used because it is simpler Persons not formally trained as bookkeepers or accountants can maintain the NGO's fiscal records using a cash accounting system Non-accountants would have a more difficult time understanding the kind of double-entry bookkeeping required for an accrual system

Many medium-size NGOs follow a modified form of cash basis accounting, wherein certain items are recorded on an accrual basis, and certain items on a cash basis Still others keep their financial records on a cash basis, but at the end of the year convert them to the accrual basis by recording obligations and receivables for annual financial statements—this task is often performed by an external accountant or auditor NGOs receiving project-specific support from external donors should keep their fiscal records for these projects on an accrual basis in order to ensure that project expenditures stay within the approved budget

The important point is that the NGO's financial accounts should be maintained on a basis that is appropriate to the size, nature and needs of the organisation

Standard Accounting Practices

There are basically only three steps which need to be included in any accounting system, whether a simple cash system or a more complex accrual system These are*

1 **Recording each transaction in a systematic manner as it occurs.** For NGOs using a cash basis system,

* Gross, J, 1974 *Financial and Accounting Guide for Nonprofit Organisations* Ronald Press Company, New York

recording can be done in the checkbook Since many banks now use so-called "one-write" check systems (checks have a one-line carbon strip on the back), information is transferred directly to attached journal sheets as the check is written Figures can be extended at the same time to appropriate ledger columns for an immediate recording of financial information It is therefore possible to by-pass the more traditional "cash disbursements" and "cash receipts" journals which require duplication of information recorded in the checkbook

2 **Summarising transactions so that all "like transactions" are grouped together** Typically, and most easily, this summarising is done informally in a simple columnar format on a worksheet (either manually or using a computerised spreadsheet programme) It can be more formally handled in a system in which so-called "double entry" transactions of debits and credits are posted to a formal financial record called the "general ledger " What is important is for the NGO to identify a system that brings "like" transactions together in a way which is meaningful and which addresses its own fiscal management requirements

3 **Preparing financial statements from the summary information prepared in step 2.** Financial statements provide a picture of the organisation's financial condition as of a specific date and covering a given period of time They can be prepared by a staff accountant, by the organisation's treasurer if he or she has the proper training, or by an external accounting/audit firm brought in at the end of the fiscal year (perhaps in connection with an independent audit)

Simplified Accounting Methods for Recording and Reporting

Many NGOs are simplifying their accounting practices by moving toward what one publication has called "one book" accounting* (For more detail on the "one book" accounting system, the reader is referred to the publication shown in the footnote on this page) The objective is to record financial transactions within a simplified system which (1) reduces the number of account books necessary, (2) eliminates more time-consuming bookkeeping procedures and (3) facilitates the process of summarising, analysing, and reporting on fiscal data

Figure 9 is an example of a simplified worksheet used to record cash receipts and cash disbursements for the St George's Conservation Society for a one-month period In order to make the data easier to read, the number of restricted fund accounts has been reduced from five to two

Using this cash receipts/disbursements worksheet, the NGO can now summarise fiscal transactions in a variety of ways, depending on the management requirements of its fiscal officer, the reporting conditions set by external donors, and the oversight demands of the governing board For example, using worksheet data, separate or integrated summary reports on income and expenditure could be prepared for the Unrestricted Fund, the restricted fund and/or each sub-account (programme category) within the restricted fund These are the kinds of financial summaries that should be presented to the board for periodic review of the organisation's finances They also serve as the basis for fiscal status reports for externally funded projects (see Figure 5) or for organisational cash-flow management plans (see Figure 3), and provide the necessary information to monitor actual income/expenses against the approved budget (see Figure 4)

Such recording and reporting methods fulfill basic requirements for a relatively simple and direct, cash basis accounting system (with the added proviso that the NGO should use simplified accrual accounting for donor-funded projects to provide better control of these expenditures) In short, these accounting practices enable the St George's Conservation Society to (1) record fiscal transactions in a systematic manner and (2) summarise and report on such transactions with a reasonable level of fiscal control

Financial Statements

The third step in executing standard accounting practices involves the preparation of financial statements Smaller NGOs may only require formal financial statements annually at the end of the fiscal year and could at this point turn to a professional accountant or external auditor for assistance

Financial statements for nonprofit organisations (whether monthly, quarterly or yearly) should include

- A Balance Sheet that presents the financial status (i e assets and liabilities) of the NGO at the end of a designated accounting period,
- A Revenue and Expense Statement that is usually prepared in some detail and presents total revenue and expenses for the designated accounting period,
- Special Purpose Statements that relate to particular operations of the NGO

The financial statement must disclose the basis for reporting income and expenditures, i e accrual or cash basis It must also indicate the accounting treatment for fixed assets and investments, including donated assets

* Kanada J and Husack G 1966 *Financial Management for Development Agencies* Environment Liaison Centre, Nairobi Kenya and Manitoba Institute of Management Inc Winnipeg Canada

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Financial statements are prepared from accounting data recorded in a general ledger in which all categories of financial transactions affecting the NGO are summarised by specific accounts The general ledger includes all cash and non-cash transactions, including assets and liabilities, as well as income and expense accounts It also includes a "fund balance' account which is comparable to the NGO's "net worth" at the date shown on the financial statement If the NGO does not have the in-house capability to prepare the general ledger, this task could periodically be undertaken by an external accountant contracted for this particular service

Final Thoughts on Fiscal Management Procedures

A few additional procedures the NGO needs to keep in mind in developing its accounting system

1 Always file a supporting voucher for every transaction, giving full details on disbursements and receipts Internal vouchers are also essential to document inter-fund transfers
2 Always keep your financial records up-to-date
3 Bank reconciliations must be prepared promptly upon receipt of the monthly bank statement
4 Maintain consistency in the use of accounting methods from period to period

Finally, the NGO needs to remember that its accounting system must reinforce and strengthen a larger institutional goal—namely, to provide sound fiscal management policy and procedures for the organisation The information generated by the accounting system must inform and enhance the decision-making process within the organisation Otherwise, the NGO has only created a routine and mechanical bookkeeping system—not a financial management system ∎

FIGURE 9

EXAMPLE OF A SIMPLIFIED WORKSHEET TO RECORD CASH TRANSACTIONS

ST. GEORGE'S CONSERVATION SOCIETY MONTH OF JANUARY 1991

	Date	Item	Cheque/ Deposit No	Cash in Bank: Received (Income)	Cash in Bank: Paid (Expenses)	Cash in Bank: Balance	Revenue Category	Expense Category
1	01/01/91	Balance Forward				5,000		
2	02/01/92	World Wildlife Fund	34	5,000			Grant	
3	02/01/91	John Creque	34	25			Membership	
4	02/01/91	Paul Charles	34	25			Membership	
5	02/01/91	Pat Edwards	34	25			Membership	
6	03/01/91	ABC Rentals	2345		250			Office/Rent
7	03/01/91	XYZ Insurance Co	2346		750			Insurance
8	04/01/91	St George's Electrical Co	2347		25			Office/Electricity
9	04/01/91	St George's Telephone Co	2348		450			Telephone
10	05/01/91	Museum Gate	35	500			Entrance Fees	
11	05/01/91	Museum Shop	35	100			Shop Sales	
12	07/01/91	Price Waterhouse	2349		1,000			Professional Fee
13	07/01/91	Design Graphics	2350		350			Museum Exhibit
14	09/01/91	Island Printing	2351		200			Printing
15	10/01/91	Windward Handicrafts	2352		250			Materials
16	10/01/91	Business Machines, Ltd	2353		200			Printing
17	11/01/91	Julian Francis	36	25			Membership	
18	11/01/91	Ruth Hughes	36	25			Membership	
19	11/01/91	Museum Gate	36	400			Entrance Fees	
20	11/01/91	Museum Shop	36	150			Shop Sales	
21	11/01/91	Larry Adams	36	25			Membership	
22	14/01/91	1st Office Supply	2354		75			Supplies
23	14/01/91	LIAT	2355		185			Travel
24	16/01/91	Caribbean Industries	37	500			Donation	
25	16/01/91	Leeward Auto	2355		85			Vehicle
26	17/01/91	St George's Post Office	2356		335			Postage
27	17/01/91	Federal Express	2357		125			Postage
28	18/01/91	Ministry of Education	38	500			Grant	
29	22/01/91	Island Lumber	2358		195			Museum Exhibit
30	25/01/91	Cable and Wireless	2359		62			Tel /Fax
31	28/01/91	4-H Clubs	39	45			Secretariat Services	
32	28/01/91	Museum Gate	39	450			Entrance Fees	
33	28/01/91	Museum Shop	39	150			Shop Sales	
34	29/01/91	Jacqueline Brown	2360		1,500			Salary
35	29/01/91	David Williams	2361		1,200			Salary
36	29/01/91	Felix Herbert	2362		1,000			Salary
37	29/01/91	Eustace Lawrence	2362		500			Salary
38	29/01/91	Winston Murray	2363		500			Salary
39	29/01/91	Paulette Mills	2364		750			Salary
40		Totals/Month		7,945	9,987	2,958		
41	29/01/91	Inter-Fund Transfer/Indirect Costs						

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FIGURE 9 CONTINUED

EXAMPLE OF A SIMPLIFIED WORKSHEET TO RECORD CASH TRANSACTIONS

	Unrestricted Funds			Restricted Funds					
	Secretariat			Environmental Monitoring			Museum Operations		
	Received (Income)	Paid (Expenses)	Balance	Received (Income)	Paid (Expenses)	Balance	Received (Income)	Paid (Expenses)	Balance
1			3,000			1,000			1,000
2				5,000					
3	25								
4	25								
5	25								
6		250							
7		750							
8		25							
9		225			135			90	
10							500		
11							100		
12		1,000							
13								350	
14		100			100				
15								250	
16		55			100			45	
17	25								
18	25								
19							400		
20							150		
21	25								
22		25			15			35	
23								185	
24	500								
25					85				
26		245			53			35	
27		100			25				
28							500		
29								195	
30		50						12	
31	45								
32							450		
33							150		
34		750			750				
35								1,200	
36		250			750				
37					500				
38								500	
39		250			250			250	
40	695	4,075	(380)	5,000	2,765	3,235	2,250	3,147	103
41			690			(690)			
			310			2,545			

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SECTION II

RECEIVING U.S. GOVERNMENT FUNDING

INTRODUCTION

Judith Towle's excellent manual covers many critical aspects of NGO work in Latin America and the Caribbean, and we repeat our thanks for allowing it to be republished in *Resources for Success*. After numerous discussions with our partners we noted that one critical aspect of financial management still needed to be covered—how to manage U.S. government funding. The Conservancy and many Latin American and Caribbean NGOs receive support from the Agency for International Development and specific financial guidelines must be followed.

If an organization receives funding from the U.S. government, it must follow various guidelines and restrictions in its use of those funds. In addition, it must adhere to certain accounting and auditing standards dictated by U.S. government regulations. In signing the grant letter, the organization agrees to abide by these terms and conditions. If it is subsequently found to be in violation, future funding may be withdrawn and funds already received may have to be returned to the funding agency.

While most of the organizations working with The Nature Conservancy receive funding through the Agency for International Development (AID) grants, these guidelines and restrictions are generally in effect when receiving funding from any U.S. Government agency. They also apply equally whether the organization receives the funds as a "grantee" (funds directly coming from the U.S. government funding agency to the organization) or as a "subrecipient" (funds received directly from another organization that, in turn, received the funds directly from the U.S. government funding agency).

Most of the guidelines focus on three areas:
(1) accounting practices used by the organization,
(2) general procedures in conducting project activities, and
(3) specific restrictions to a project.

ACCOUNTING PRACTICES

U.S. government funding requires that the organization receiving the funds adhere to certain accounting standards and practices. These standards and practices are not generally detailed in grant or contract letters. Rather, they are usually referenced in the various attachments as "GAAP" ("Generally accepted accounting principles"), "GAGAS" ("Generally accepted government accounting standards") or the name of individual U.S. government circulars that detail specific requirements (such as A-122, A-110, etc.).

These standards and practices generally include such topics as the accounting system itself, the rules for applying match funding, types of costs not allowable for reimbursement by the U.S. government, recording of time worked, recordkeeping and audit requirements.

It is helpful for an organization to obtain copies of the various circular for its reference. However, if an organization receives a substantial amount of U.S. government funding ($50,000+) it is recommended that it select an external audit firm that is experienced in auditing U.S. government-funded projects and thus is familiar with the accounting standards and practices mandated by such funding. Thus, the audit firm can advise the organization ensuring that its systems conform to the requirements.

GENERAL PROJECT MANAGEMENT

A grant or contract award packet will include the "award letter," several attachments and a set of standard provisions. General guidelines to be followed in conducting the project are usually found in some of the attachments and in the standard provisions sections. These sections should be read closely to ensure that all guidelines are noted and followed. The following is a list of those guidelines most often included.

1. Segregation of U.S. funds. U.S. government funds must be kept in a separate, interest-bearing bank account. All interest earned beyond $100.00 is to be returned to the U.S. government on an annual basis.
2. International air travel. All international travel is to be done on U.S. carriers. Exceptions can be made if they meet with the criteria set by the U.S. government. However, lower air fare on a non-U.S. carrier is not acceptable criteria for an exception.
3. Procurement of goods and services. In general, an organization is required to ensure that several bids are provided for goods and services beyond a certain limit (the limit may be specific to the grant/contract). All bids must be kept with the project documentation on file as well as an explanation on why a particular vendor/contractor was selected. Waivers for sole source contracting may be obtained in some cases with prior approval from the funding agency if a case can be made for such need.

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4 Property management An inventory list must be maintained of all equipment purchased for the project over a certain dollar limit The list should include the following information type of equipment, date purchased, serial number, cost, vendor name, funding source (AID or match) and physical location This inventory must be kept current

5 Financial recordkeeping All files must be available for review/audit by U S government officials

SPECIFIC GRANT/CONTRACT REQUIREMENTS

A grant/contract will have some requirements that are unique to that grant These are usually included in the award letter and/or Attachment #1 Specific requirements generally will include

1 Source/origin code This code indicates the geographic locations from which project goods and services, over a particular U S dollar limit, may be purchased or originate For example, Code 000 means that goods and services must be of U S origin and purchased in the United States Other codes may indicate U S and local country origin/purchase or, at its least restrictive, origin/purchase anywhere in the Free World
2 Matching requirements If the organization is required to provide private funds to match the government funds the amount will be stated
3 Property ownership The grant will specify in whom title will be vested for equipment purchased (over a certain U S dollar limit) It is important to note that in many grants, items purchased with grant funds revert to the U S government at the completion of the grant project The U S government will determine how to dispose of the property
4 Reports required Narrative and financial reports will be required on a periodic basis This section details how often they are required, to whom the reports are to be sent, and specific information to be included
5 Staff/consultant approval It is sometimes required that the project officer review and approve staff and/or consultants on the project prior to hiring
6 Travel authorization Often mission clearance, in writing, is needed prior to traveling under the project grant This requires that traveling staff/consultants file their proposed itineraries with the in-country mission in advance of their trip If clearance is denied, the trip may not be paid from the project grant funds
7 Adjustment to budgets A percentage will be specified within which individual budget line items may be adjusted as long as the overall budget total is not increased

AUDIT REQUIREMENTS

Specific requirements regarding types of project-specific audits and when they will need to be done may be included in the award letter or attachments It is important to always include an Audit line item in the project proposal budget and to ensure that it remains in the final award project budget

Recent U S government audit regulation changes now require a specific type of audit, known as A-133, whenever an organization receives more than $100,000 total in U S government funding in one year This funding may come from one or several U S government agencies It may be received directly from the government agency or as a subgrant from another organization Where an organization receives funding from several U S government agencies, the A-133 audit satisfies the audit requirements of all

The audit reviews the organization's overall accounting system and internal control structures, as well as sampling individual awards for compliance with general and specific requirements (as listed above)

For organizations receiving a significant amount of U S government funding ($100,000+ per year), it is recommended that an external audit firm be selected that is experienced in conducting A-133 audits A list of audit firms approved by AID for A-133 work may be obtained from the local AID mission

The cost of conducting an annual A-133 audit may be billed under the "Audit" line item of project grant budgets (if these grants have been sampled as part of the A-133 audit) The amount to be billed is determined by the number of U S government grants sampled