



# **USAID** HIV/AIDS Service Capacity Project in Ukraine

## **Fundraising and community resource mobilization**

Training for HIV servicing NGO

**Trainer's Manual**

**June 2009**

**Kyiv**

This manual is based on “School of fundraising and internal resource mobilization of local communities”, by V. Kucherenosov.- K., Institute for Sustainable Communities, 2007.

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## FOREWORD

### Situation Description

NGO and charities play a significant role in the development of a democracy. It concerns not only civil society or political NGO. First and foremost, NGO in developed countries contribute a lot into social and economic development of the society.

Many experts believe that NGO and charities execute two interconnected functions:

- 1) they promote reforms and development of civil society institutes, represent interests, affect policy and enhance other critical changes in the country (social and political function);
- 2) they reallocate funds and services for their target groups (social and economic function).

NGO and charities are an important factor boosting the economy. NGO contribution into the economic development of the society is quite significant. For instance, according to the *John Hopkins Institute (USA) research in 35 world countries*, the share of the “third sector” in the total employment volume in different services is as follows:

Education	29.3%
Social services	19.1%
Healthcare	17.9%
Culture	15.2%

Economic activities of CSO are an important factor of the financial stability of NGO and charities.

Ukrainian NGOs have three main sources of income:

- 1 Budgets of all levels (assigned allocations, tender allocations, technical assistance).
- 2 Philanthropy (donations, corporate charity, international donors, volunteer movement, community foundations).
- 3 Self-funding through economic activities (commercial services, new jobs under Articles of Association, social entrepreneurship).

According to the *John Hopkins Institute (USA) research in 35 world countries*, the ratio of revenues in the NGO budget is as follows:

Social services:	
budget allocations	44%
economic activities	37%
philanthropy	19%
Environment:	
budget allocations	42%
economic activities	30%
philanthropy	28%

HIV servicing NGO and charities have the list of target groups and social services they provide to MARPs.

To make an NGO sustainable, it is necessary to provide it with funds. It concerns provision of social services to target groups, relevant institutional and financial management. Soliciting funds from various sources to keep the organization sustainable is called FUNDRAISING.

MARPs, served by NGO, are often stigmatized in the society, so, raising funds for the activities addressing their problems is even more complicated, than the fundraising for, say, street children. Note that often NGO depend on one sponsor, which really impedes the organizational development and affects its mission. Only regular and ongoing fundraising from various sources can make the organizational development sustainable.

## **Training Goal**

improve awareness about and develop skills of HIV servicing NGOs in fundraising (mostly from local sources) to implement socially important programs and projects.

### **Objectives:**

- Present a comprehensive picture of fundraising activities;
- Systematize participants' knowledge about types of resources, potential funding sources and fundraising mechanisms;
- Develop skills in dealing professionally with various types of donors;
- Develop skills in using different fundraising tools;
- Help participants develop their own fundraising strategies.

### **Content**

Training covers the following issues:

- NGO role in the field of social services provision;
- NGO budget structure;
- Description of potential sources of income to secure requisite social services for MARPs;
- Fundraising campaign development;
- Ensuring ongoing fundraising in the organization;
- Diversified sources of income;
- Training for staff to take part in fundraising campaigns.

### **Trainers**

This training is conducted by a team of two trainers, who are experts in the field of NGO institutional development and fundraising as regards social services in the field of HIV/AIDS.

### **Participants**

This training is conducted for NGO managers and officers. The group is not recommended to exceed 25 individuals.

### **Duration**

This is a three-day training, which lasts 18 hours.

**Pre-training evaluation form**

Pre-training evaluation is being done with the help of a below form. Each participant completes this form individually before the training.

1. Full name \_\_\_\_\_
2. Organization represented \_\_\_\_\_
3. Contacts: Address \_\_\_\_\_  
 Phones: office \_\_\_\_\_ cell \_\_\_\_\_  
 E-mail: \_\_\_\_\_
4. Name three main target groups you are working with, and three key social services provided by your organization for each target group

Target groups	Services		
1.			
2.			
3.			

5. Does your organization have any fundraising experience?  

**Yes**
**No**
6. If yes, please, name sources:  
 donors \_\_\_\_\_ public authorities \_\_\_\_\_ business \_\_\_\_\_ individuals \_\_\_\_\_  
 other (specify) \_\_\_\_\_
7. Please, assess your knowledge in specific areas, by ticking relevant cell:

Area	Used to have no interest and have no knowledge	Some knowledge, but I need more	I would like to make my knowledge more profound	My knowledge is profound to share it with others
Fundraising definitions and principles				
Fundraising mechanisms				
Project design				
Raising business funds				
Raising budget funds				
Raising private funds				
Fundraising events				
Fundraising campaign development and implementation				

8. Which areas from the list above seem to be of a particular interest to you so that you would like to gain more knowledge about them? \_\_\_\_\_

10. Are there any barriers that might prevent you from working efficiently at the training? If yes, how can trainers help you to remove them? \_\_\_\_\_

## **Introduction. Meeting participants, expectations, agenda overview, working rules**

- **Objectives:**

1. Identify training participants' expectations.
2. Overview training objectives.
3. Overview training agenda.
4. List social services, which should be provided with funds through fundraising campaigns.

- **Time**

30 minutes

- **Materials**

Flipchart paper; markers; tape; pens and paper for participants.

- **Steps**

1. Welcoming participants.
2. Ask participants to introduce themselves using the following scheme:
  - Full name;
  - Name of organization they represent;
  - Three main target groups, they are working with, and three main social services provided by their organization to each target group;
  - Voice at least one training expectation.

List of target groups and social services in the field of HIV are written down on a flipchart; expectations are written down on separate flipchart paper.

3. Group is making a poster with the list of social services provided by NGO for each target group.

**NB!** Participants will have to realize that:

- they work in organizations, which provide social services for MARPs;
- they are supposed to have their own funds to support activities in the field of HIV response.

Please, note that this poster will be used later during the training.

4. Overview training objectives; underline those of them, which echo the participants' expectations.
5. Overview training agenda.

- **Handouts**

1. Agenda of training on fundraising and community resource mobilization (Annex 1).

## Training on fundraising and community resource mobilization for HIV servicing NGO

### AGENDA

**Goal:** improve knowledge and develop skills of HIV servicing NGO in fundraising (mostly from local sources) to implement socially important programs and projects

#### Objectives:

- Present a comprehensive picture of fundraising activities;
- Systematize participants' knowledge about types of resources, potential funding sources and fundraising mechanisms;
- Develop skills in dealing professionally with various types of donors;
- Develop skills in using different fundraising tools;
- Help participants develop their own fundraising strategies.

#### DAY 1

Time	Content
10:30- 11:00	Registration of participants. Pre-training evaluation.
11:00- 11:15	<b>Greetings and introduction</b>
11:15-11:45	<b>Introduction of participants, expectations, agenda overview, working rules</b>
11:45-13:00	<b>Session 1. Charity and fundraising: definitions</b>
13.00-14.00	<b>Lunch</b>
14.00-15.00	<b>Session 2. General scheme: charity and fundraising</b>
15.00-15.30	<b>Session 3. NGO resources and income</b>
15:30-15:45	<b>Coffee break</b>
15.45-16.15	<b>Session 4. Funding sources</b>
16.15-17.30	<b>Session 4. Funding sources (continued). Specifics of work with different funding sources</b>
17.30-18.00	<b>DAY I wrap-up</b>

#### DAY 2

Time	Content
9:30-10:00	<b>Warming-up, Day I overview</b>
10:00-10.30	<b>Session 5. Fundraising tools</b>
10:30 -11:30	<b>Session 6. Written applications</b>
11:30-11:45	<b>Coffee break</b>



11.45-13.00	<b>Session 7. Business negotiations</b>
13.00-14.00	<b>Lunch</b>
14.00-15.15	<b>Session 8. Developing a project (proposal)</b>
15.15-15.45	<b>Session 9. Charities: auction</b>
15.45-16.30	<b>Session 10. Charities: street fundraising</b>
16:30-17:00	<b>DAY II wrap-up</b>

### DAY 3

<b>Time</b>	<b>Content</b>
9:30-10:00	<b>Warming-up, Day II overview</b>
10:00-10.30	<b>Session 11. Charities: lottery</b>
10:30 -11:00	<b>Session 12. Other charities</b>
11:00-11:30	<b>Session 13. Fundraising matrix. Fundraising motivation and incentives</b>
11.30-11.45	<b>Coffee break</b>
11.45-13.30	<b>Session 14. Guidelines on how to develop a fundraising strategy and campaign</b>
13.30-14.00	<b>Training closure. Post-training evaluation</b>

## Session 1. Charity and fundraising: definitions

- **Objectives:**

1. Make sure the participants understand the definitions of fundraising and charity.
2. Identify the available experience of fundraising to sustain the operations of NGO.
3. Identify the place of fundraising in the system of NGO performance, including social services provision.

- **Time**

1 hour 15 minutes

- **Materials**

Flipchart paper; markers; tape.

- **Steps**

1. Explain that, first and foremost, NGO must follow its mission, which is why it is necessary to support the operations of the organization. Draw attention to the list of social services and target groups on the flipchart.
2. Divide participants into 4 groups and give them the following task: in 15 minutes they are expected to give definitions of fundraising and charity. Each definition should be fixed on a separate sheet of paper.
3. Discuss in a large group definitions of fundraising and charity. Disseminate “Fundraising ABC” (Annex 2). Facilitator is neutral, he/she is not commenting on presentation not to affect the reaction of the audience. However, he or she may provide some clarifications, if applicable. After the presentations, give the participants the chance to comment on each presentation. The difference between fundraising and charity should be marked.

- **Questions for discussion:**

- What is your fundraising experience? For what social services and for which target groups have you ever raised funds?
  - For which MARP is it easier to raise funds from local sources?
  - Fundraising: what role does it play for the organization?
4. Present the interrelation between the type of resources and level of organization’s development. Demonstrate the need in ongoing provision of social services “NGO development stages” (Annex 3).

### **Tips for Facilitator**

- During the exercise, it is important to emphasize that there are no “false” or “true” answers. The only criteria of effective fundraising can be the raised amount of funds.
- In addition, the facilitator must stay neutral during the exercise and provide balance between different opinions.

**Summarize** the session, having reviewed with the participants key challenges, mentioned during the discussion. Write down common definitions of fundraising and charity.

- **Handouts**

1. Fundraising ABC (Annex 2)
2. NGO development stages (Annex 3)

## Fundraising ABC

**Fundraising** – the act of soliciting money by an NGO to implement charity activities, including non-profit programs and projects. Here non-profit project means the set of planned events united by common objectives aimed to reach a socially important effect rather than gain profit.

### **NB!!!!**

The practice shows that “fundraising for fundraising” ruins the mission and objectives of the organization and finally the organization ceases to exist. While raising funds, NGO should also be able to explain how they are going to spend the raised money.

Thus, each organization, which raises funds, should clearly understand that the efficiency of this process depends on target groups, types of services, provided to these target groups by an NGO, level of public awareness and potential sponsors and other important factors.

**Charity** – voluntary and disinterested contribution/donation made by individuals and companies in order to provide beneficiaries with material, financial, organizational and other support.

**Benefaction** – act of voluntary and disinterested material, financial, organizational and other support, provided by individuals to beneficiaries.

**Sponsorship** – voluntary material, financial, organizational and other support provided by individuals and companies to beneficiaries to advertise names (titles), or trademarks for goods and services of the former.

**Patronage** – a company or individual providing regular charity (usually, many-sided) support to same beneficiaries.

**Benefactor** – an individual providing voluntary and disinterested material, financial, organizational and other support.

**Sponsor** – an individual or company providing voluntary material, financial, organizational and other support to advertise their names (titles) or trademarks.

**Donor** - an individual or company providing voluntary and disinterested material, financial, organizational and other support to non-profit organizations.

**Grant** – charity contribution or donation provided by individuals or companies for a special purpose in a monetary shape or in kind.

**Non-profit (non-commercial) project** - set of planned events united by common objectives aimed to reach a socially important effect rather than gain profit.

### **Abbreviations:**

**NGO** – non-government organization

**GO** – government organization

**CF** – charity foundation

**CSO** – civil society organization

**IDU** – injecting drug user

**PLHIV** – people living with HIV

**HIV+** - HIV-positive people

**CSW** – commercial sex worker

**MSM** – men having sex with men

## NGO development stages and fundraising

**1. Information stage.** At this stage a new NGO specifies target groups and services it provides. Key objective of the organization is to provide information to potential sponsors, potential clients, partners and authorities about its mission and plans. At this stage it is particularly important to gain donor funds, which can be invested in the development of social services and social infrastructure. At this stage, organizations can change target groups and services depending on the priorities of donors, however, it should not last too long.

**2. Marketing stage.** If the organization professionally provides services to specific target groups, it attracts many permanent clients, who need particular services every day. It means that the organization should have full time staff, premises, should pay for utilities, communication and stationery.

The organization needs permanent income, which can't be provided by donors. Therefore, at this stage the resources should be diversified and uninterrupted income provided. At this stage the social effectiveness of the organization, the availability of real clients and social background of NGO (clients and their social networks, volunteers, etc.) are particularly important.

NB!!!! If at this stage the organization fails to raise enough funds, clients flow out, experts leave and the organization returns to the information stage.

**3. Advocacy stage.** If the organization has steady inflow of clients, analyzes their needs, problems they face, it can draft policies and bills, which could help target groups solve their problems and raise budget funds to meet their needs and protect their rights.

With every stage the organization develops its fundraising capacity.

**NB!!!**

If the organization fails to sustain its next stage, it has to start again from the lower stage in a while.

## Session 2. General scheme: charity and fundraising

- **Objectives:**

1. Provide information on social objectives of NGO in the field of HIV/AIDS response.
2. Highlight the structure of NGO budgets and role of charity.
3. Discuss interrelation between fundraising and social services provided by NGO.
4. Discuss HIV/AIDS-related fears, which could affect the efficiency of fundraising campaigns and local fundraising.

- **Time**

1 hour

- **Materials**

Flipchart paper; markers; tape; overhead projector.

- **Steps**

1. **Start PP “Role of NGO in providing social services and fundraising”** (Annex 4).

Provide participants with information on two key NGO functions.

2. **Under the PP, provide figures on the NGO contribution in the economic development of the society.**

NGO and charities are an important factor, which boosts the economy. The NGO contribution in the economic development of the society is really essential. Total contribution of NGO is larger than the contribution of such powerful countries as Canada or Russia.

When we say that NGO and charities are an important element of the economy, we mean the market of social services, the operation in the field of culture and education.

What is the contribution of the Ukrainian NGO in the economy of Ukraine? According to different estimates, early in 2008 Ukraine had more than 45 000 non-commercial organizations of different types – from rural and rayon to national and international. However, it is impossible to measure their contribution in the economy, because there is no statistics on the economic operations of NGO, particularly in the field of social services.

The economic operation of NGO is an important factor of the financial stability of NGO and charities. What is the percentage of public funds and funds of local authorities in the structure of NGO revenues?

3. **Show the structure of NGO budgets.**

**Ukrainian NGO has three main sources of income:**

- Budgets of different levels (assigned funding, tender funding, technical support).
- Philanthropy (donations, corporate charity, international donors, volunteers, community foundations, etc.).
- Self-funding through economic activities (commercial services, new jobs under Articles of Association of the organization, social entrepreneurship).

**!!! Ask participants, what kind of structure they think an NGO budget has?** Write down answers on a flipchart. Then give the findings of studies from the PP “Role of NGO in social services and fundraising” (Annex 4).

**NB!!!!** You should clearly state that charity in the system of fundraising is not ranked first given the international experience.

**4. Provide information on three types of social services:**

- Prevention
- Support
- Rehabilitation

Explain that different services require different resources.

**5. Do the brainstorming on stigmas, which can complicate the fundraising for specific target groups.**

Write down the participants' proposals. Draw their attention to the fact that these stigmas will have to be kept in mind during the development of fundraising campaigns.

**Questions for discussions:**

1. Have you ever tried to raise funds from local sources, but were denied because you were working with target groups?
2. What reasons do you think potential donor might have when denying you funds to be spent for target groups?
3. What do you think is the community attitude toward services provided to IDU, MSM, CSW, ex-prisoners, etc.?

**6. Recap** on the key issues discussed during the session.

**Handouts:**

1. PP "Role of NGO in social services and fundraising" (Annex 4).

PowerPoint Presentation “Role of NGO in social services and fundraising”



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## **Role of NGO in Social Services and Fundraising**

**Training for representatives of HIV servicing NGO on fundraising and resource mobilization**

July 29-31, 2009

*Kaminyk Ihor, Consultant,  
All-Ukrainian Charitable Foundation “Coalition of HIV servicing organizations”*

*Mykytyn Andrii, Consultant,  
All-Ukrainian Charitable Foundation “Coalition of HIV servicing organizations”,  
Manager of Charitable Foundation “Solidarity”*

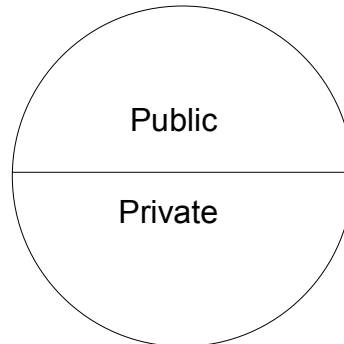
### **Plan**

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- NGO role and contribution into national economy: international experience and research data
- Aspects of NGO economic activities
- Fundraising definition and principles

## Social and Political Function of NGO

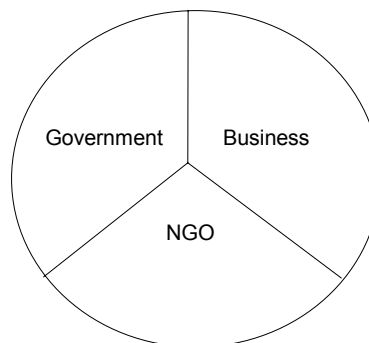
Reforms and development of civil society institutes, representation, affecting policy and enhancing other global transitions in the country



3

## Social and Economic Function of NGO

Reallocate funds and services for target groups, reached by one or another NGO



4



## Economic Role of NGO

### NGO contribution into economic development of society

- 34 932 000 jobs
- \$ 15,660,9 billion revenue

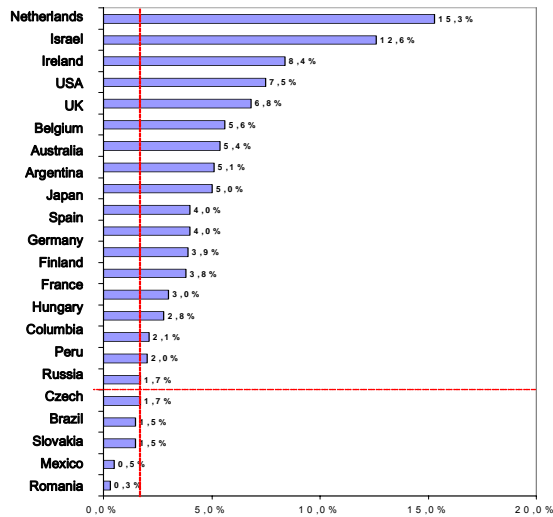
### NGO contribution into global GDP

- 5.7% GDP including volunteers (4.6% without volunteers)
- 8.5% GDP including FBO

Source: John Hopkins Institute (USA) research in 35 world countries

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## Economic Contribution of NGO into Gross Domestic Product (GDP)



Source: Dimensions of the Nonprofit Sector. - The Johns Hopkins Comparative Nonprofit Sector Project

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## Economic Role of NGO: contribution into employment market (1)

### Percentage of the “third sector” employees in overall employment market in different service sectors:

- Education 29,3%
- Social services 19,1%
- Health 17,9%
- Culture 15,2%

*Source: John Hopkins Institute (USA) research in 35 world countries*

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## Economic Role of NGO: contribution into employment market (2)

### Percentage of the “third sector” employees in overall employment market:

- Central Europe 1.1% of employment
- Latin America 2.2% of employment
- Western Europe 10.3% of employment

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## Key Sources of NGO Income

- **Budget allocations**  
national and local level budgets
- **Economic activities**  
commercial services, premises leasing, investment profit, social entrepreneurship
- **Philanthropy**  
corporate and individual donations, volunteering

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## Structure of NGO Revenues by Types of Activity

- **Social services**

budget allocations	44%
economic activities	37%
charity	19%
- **Environment**

budget allocations	42%
economic activities	30%
charity	28%

Source: John Hopkins Institute (USA) research in 35 world countries

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## Interrelation between Types of Activity and Sources of Income of NGOs

Budget Allocations	Economic activities	Philanthropy
Health	Advocacy	Religion
Social services	Environment	International development
	Education	
	Regional development	
	Culture	

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## Sources of Income of Ukrainian NGO

- **Budget** (assigned allocations, tender allocations, technical assistance)
- **Philanthropy** (donations, corporate charity, international donors, volunteering, community foundations, etc.)
- **Self-funding through economic activities** (commercial services, new jobs under Articles of Association, social entrepreneurship)

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## “Fundraising” Definition

**Fundraising** is a voluntary mobilization of internal and attraction of external resources for the implementation of socially important non-profit activities.

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## NGO TYPES BY NONPROFIT CODES (1)

Ukrainian government agencies, local self-governance authorities and institutions or organizations established by them:

- (code 0001) – Ukrainian government agencies;
- (code 0002) – institutions or organizations established by the Ukrainian government agencies;
- (code 0003) – local self-governance authorities;
- (code 0004) – institutions or organizations established by local self-governance authorities;

Charitable foundations or charitable organizations:

- (code 0005) – charitable foundations (organizations)
- (code 0006) – civil society organizations
- (code 0007) – art associations

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## NGO TYPES BY NONPROFIT CODES (2)

- (code 0011) – other legal entities, the operations of which do not imply profit under relevant laws
- (code 0012) – unions, associations and other alliances of legal entities, established to represent founders' interests, supported only by membership fees from these founders, running no businesses but generating passive income
- (code 0013) – properly registered religious organizations
- (code 0014) – science and research institutions and higher education facilities of III-IV levels of accreditation, incorporated into the Register of science institutions receiving government support, reserves, museum-reserves
- (code 0015) – properly registered residential and construction cooperatives, associations of apartment owners
- (code 0016) – properly established trade unions, their associations and trade union organizations.

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## TYPES OF RESOURCES

1. Financial (money)
2. Material (goods)
3. Human (working hours – volunteers)
4. Information and technical (knowledge, skills, techniques)
5. Professional (services and works)

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## TYPES OF INCOME

1. Non-refundable financial assistance, free goods and services provided by residents
2. Charitable assistance from nonresidents, international technical and humanitarian assistance
3. Government subsidies
4. Passive income
5. Key activity income
6. Membership fees

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## SOURCES OF RESOURCES

1. Charitable (donor) organizations
2. Business
3. National government and local self-governance
4. Individuals
5. Other NGO (CSO, political parties, FBO, art associations, trade unions, credit unions, etc).

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## FUNDRAISING TOOLS

- Applications
- Projects
- Special events
- Commercial services
- Passive income

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## APPLICATION

1. Letter
2. Phone talk
3. Personal meeting

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## LETTER TO DONOR

- Letterhead (organization name and address, name of manager);
- Brief information about your organization:
  - name;
  - mission;
  - date of establishment and official status;
  - membership of organization;
- Brief information about program (project);
- Project cost;
- Matter of request (funds, premises, services, etc., possessed by your sponsor);
- Urgency (when funds are required, by what time);
- Your guarantees (i.e. when you can submit a report on the use of resources received);
- Potential motivation for sponsor (why your project should be worth of sponsor's attention);
- Information on tax privileges for sponsor and mechanisms for funds transfer or depositing;
- Banking information of your organization (address, phone, fax, E-mail, account #);
- Contact person for any letter-related communication;
- Expression of willingness to cooperate with the sponsor and relevant regards;
- Name of the letter author and his/her signature.

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## MEETING WITH DONOR

- Greetings;
- Reminding about appointment;
- Topics of mutual interest;
- Suggestions;
- Responses;
- Discussing details or further cooperation;
- Discussing next steps;
- Expressing appreciation.

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## STANDARD PROJECT STRUCTURE

- Name;
- Rationale;
- Goal;
- Objectives;
- Target audience;
- Implementation plan;
- Expected outcomes;
- M&E plan;
- Project perspective;
- Budget;
- Annexes (cover letter, organization background, reports, audit results, sample materials, mass media publications, letters of support, etc.);
- Summary.

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## PROJECT DEVELOPMENT STAGES

- Drafting project application;
- Drafting project budget;
- Project formatting;
- Project preliminary self-assessment and submission.

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## CHARITIES

### Charities

1. Auction
2. Lottery
3. Ball (concert, night show)
4. Sports events
5. Street fundraising
6. Internet-events

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## PREREQUISITES OF SUCCESSFUL FUNDRAISING

- Credibility (of organization and its representatives)
- Compassion (to the cause)
- Professional approach
- Identified motivation

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## SPONSOR MOTIVATION

- Personal
- Social
- Economic
- Ideological

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## STAGES OF FUNDRAISING STRATEGY DEVELOPMENT

- Draft project (program)
- Identify available resources and resources required to be raised
- Identify pool of potential donors
- Identify motivations
- Select tools
- Implement fundraising event
- Analyze and evaluate results

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### Session 3. NGO Resources and Income

- **Objectives:**

1. Present NGO resources and income to participants.
2. Help participants understand that resources are not just money.
3. Demonstrate that successful fundraising requires clear differentiation of types of resources.
4. Show the place of fundraising in the system of NGO operations, including in social services delivery.

- **Time**

30 minutes

- **Materials**

Flipchart paper; markers; tape, overhead projector.

- **Steps**

**1. Divide participants in 4 groups**, and set the task:

“Within 15 minutes, make the list of resources required for NGO operations”. During the small group presentations, types of resources will be structured.

**Information for facilitator:**

Key types of resources that may be raised as a result of fundraising:

- **Financial resources** (for instance, grants from donor organizations, membership fees, donations from individuals and legal entities, etc.).
- **Material resources** (different types of goods provided to the organization free of charge).
- **Human resources** (volunteers do different types of work required for organization to achieve its statutory goals).
- **Professional resources** (professional services provided free of charge, for instance, legal advice, assistance in development of materials, etc.).
- **Information and methodology resources**, including publications and other informational materials, trainings, advertising, PR, etc.

Facilitator stays neutral and avoids commenting on presentations, in order not to affect participants’ reaction. Although, he/she may provide certain clarifications if and when required. After feedback of each group, give participants opportunity to comment on each presentation.

**NB!!!** As a result of small group presentations, different ideas or even activities may emerge, and facilitator should encourage this process.

**2. Go back to social and political and social and economic functions of NGO** (Session 2) and demonstrate that in the tri-sector model (1 sector – government, 2 sector – business, 3 sector – NGO), organizations are differentiated only by type of their income and the way they use their funds.

**3. Do brainstorming exercise** by asking participants: “**What type of income can your organizations receive?**” Write down all responses on a flipchart. During discussion, structure all responses:

- Non-refundable financial assistance, free goods and services provided by residents
- Charitable assistance from nonresidents, international technical and humanitarian assistance

- Government subsidies
- Passive income
- Key activity income
- Membership fees

**4. Provide participants with information on indications of nonprofit operations.** Under the effective legislation, there may be different nonprofit codes applied, each of them allows for receiving different types of income. Review “NGO TYPES BY NONPROFIT CODES” (Annex 5).

**5. Ask what type of nonprofit code** is given to organizations represented by participants.

**6. Recap** on the key issues discussed during the session.

#### **Handouts**

1. “NGO Types by Nonprofit Codes” (Annex 5)

## NGO TYPES BY NONPROFIT CODES

(NGO – non-profit organizations, which also include public and municipal authorities)

### **Ukrainian government agencies, local self-governance authorities and institutions or organizations, established by them:**

- (code 0001) – Ukrainian government agencies;
- (code 0002) – institutions or organizations established by the Ukrainian government agencies;
- (code 0003) – local self-governance authorities;
- (code 0004) – institutions or organizations established by local self-governance authorities;

### **Charitable foundations or charitable organizations:**

- (code 0005) – charitable foundations (organizations)
- (code 0006) – civil society organizations
- (code 0007) – art associations
- (code 0008) – political parties

### **Pension funds, credit unions:**

- (code 0009) – pension funds
- (code 0010) – credit unions

### **Other organizations:**

- (code 0011) – other legal entities, the operations of which do not imply profit under relevant laws
- (code 0012) – unions, associations and other alliances of legal entities, established to represent founders' interests, supported only by membership fees from these founders, running no businesses but generating passive income
- (code 0013) – properly registered religious organizations
- (code 0014) – science and research institutions and higher education facilities of III-IV levels of accreditation, incorporated into the Register of science institutions receiving government support, reserves, museum-reserves
- (code 0015) – properly registered residential and construction cooperatives, associations of apartment owners
- (code 0016) – properly established trade unions, their associations and trade union organizations.

TYPES OF INCOME	Code of Non-profit Organization									
	0001 0002 0003 0004	0005, 0006, 0007	0008	0009 0010	0011	0012	0013	0014	0015	0016
Non-refundable financial assistance, free goods and services provided by residents	☺	☺	☺				☺	☺		☺
Charitable assistance from nonresidents, international technical and humanitarian assistance	☺	☺	☺		☺	☺		☺		
Government subsidies	☺	☺	☺	☺	☺	☺		☺		
Passive income	☺	☺	☺	☺	☺	☺	☺	☺	☺	☺
Key activity income	☺	☺	☺		☺		☺	☺	☺	☺
Membership fees				☺		☺				☺



## Session 4. Funding Sources

- **Objectives:**

1. Provide information on potential funding sources of NGO.
2. Give participants the opportunity to correlate their activities with potential funding sources.
3. Identify particular funding sources that may be the most important to ensure HIV/AIDS related social services for target groups.

- **Time**

1 hour 45 minutes

- **Materials**

Flipchart paper; markers; tape.

- **Steps**

**1. In Session 2, key types of income have already been discussed**, as well as their percentage in NGO budgets (world experience). Go back to the poster with the description of key types of income. Divide participants in 3 groups and set the task:

“In 15 minutes, the group should explain what allocations may come from:

- *Budgets of different levels (group 1);*
- *Donations and charities (group 2);*
- *Economic activities (group 3)»*

Each group should make a presentation.

During feedback presentations, facilitator should stay neutral and avoid commenting on presentations, in order not to affect participants’ reaction. Although, he/she may provide certain clarifications if and when required. After feedback of each group, give participants opportunity to comment on each presentation.

**2. After presentations, distribute among participants “Types of Income of NGO” (Annex 6).**

**3. Divide participants in 4 groups (brainstorming exercise is an option)** and ask them identify key sources of resources, using materials of the previous small group work. Next task: “Identify key sources of resources (specify whether it is a legal entity or an individual) of NGO”.

**The following sources of resources shall be identified:**

1. Charitable (donor) organizations
2. Business
3. National government and local self-governance
4. Individuals
5. Other NGO (CSO, political parties, FBO, art associations, trade unions, credit unions, etc).

**4. Divide participants in 5 groups.** Each group describes positive and negative aspects of coping with identified sources of resources:

Group 1 – Donor organizations;

Group 2 – Commercial structures, business

Group 3 – National government and local self-governance

Group 4 – Individuals

Group 5 – Other NGO

During the feedback presentation of any group, other groups should be involved in discussion.

**5. Provide participants** with “Specifics of Work with Different Sources of Resources” (Annex 7) and discuss correlation between sources and types of resources:

- **Questions for discussion**

- What are advantages and disadvantages of cooperation with each of the identified funding source?
- How are funding sources and types of resources interrelated?
- How one can identify the types of resources needed for NGO?

**NB!!!** Attention should be paid to the fact that correct identification of funding source and types of resources needed is a critical step in successful fundraising campaign.

**Tips for Facilitator**

- In this exercise, it is important to emphasize that there are no “true” or “false” answers. Opinion of each participant helps find the truth.
- Moreover, facilitator should stay neutral during this exercise and make sure that different opinions are balanced in the discussion.
- Facilitator should help structure participants’ suggestions as they evolve.

**6. Recap** on the key issues discussed during the session.

- **Handouts**

1. “Types of Income of NGO” (Annex 6)
2. “Specifics of Work with Different Sources of Resources” (Annex 7)

## Types of Income of NGO

### ○ Budgets of different levels

**Assigned funding** – organization is included into local or national budget programs with specific allocations (for instance, culture associations, youth or children organizations, organizations of disabled people or veterans, which receive legal funds under the framework of NGO support).

Participation in regional development programs or other programs, where specific NGOs are identified as implementers of various activities.

**Tender funding** – this is a developing initiative, grants are provided on a competitive basis by MFYS, oblast departments; in some Ukrainian towns/cities, there are TOR for social contracting. Currently, efforts are made to ensure public allocations for procuring social services provided by NGO.

**Technical assistance** – premises, equipment, paid utilities, NGO staff payroll.

### ○ Philanthropy and charities

**Donations** – charity contributions from individuals, membership fees from individuals; business people often provide donations as individuals rather than top managers of companies.

**Corporate charity** – one-time support of event or initiative by companies, regular funding of specific activities through charity contributions, joint projects in the field of social investments, CSR (corporate social responsibility) as a developing framework initiative.

**International donors** – technical assistance, humanitarian aid, grants, institutional projects.

**Volunteering** – free-of-charge professional assistance, for instance, legal or medical assistance, etc.; involving students as interns, engaging community in various activities, engaging volunteers in professional voluntary organizations.

**Community foundations** – receiving grants from specific NGO involved in raising funds and their allocation on a competitive basis. This is a developing technique. There are some examples in Odesa, Rivne and Donetsk. Grants may also be provided by private foundations established by business people, for instance, Akhmetov's Foundation, etc.

### ○ Self-funding through economic activities

**Commercial services** – given the imperfect legislation, commercial services currently provided by NGOs, for instance, children clubs, rehabilitation centers, etc., are rendered as donations or membership fees. There is a list of commercial social services approved by the CMU, but tax authorities may deprive NGO providing services for money of non-profit status.

**New jobs under Articles of Association and social entrepreneurship** – frequently, as one of rehabilitation techniques, job creation for clients is practiced via establishment of businesses. But the evidence shows that such activity is rarely profitable for the organization, reflecting specifics of small business in Ukraine.

## Global Experience of NGO Budget Structure

Social services		Environment	
budget allocations	44%	budget allocations	42%
economic activities	37%	economic activities	30%
charity	19%	charity	28%

*Source: John Hopkins Institute (USA) research in 35 world countries*

## Specifics of Work with Different Sources of Resources

### 1. Donor Organizations

Positive Factors	Negative Factors
<ul style="list-style-type: none"> <li>• Common goals and objectives of donors and NGO;</li> <li>• Availability of funds allocated for NGO operations;</li> <li>• No need to have additional motivation;</li> <li>• High level of objective decision-making;</li> <li>• Ukrainian donors.</li> </ul>	<ul style="list-style-type: none"> <li>• Amounts are steadily reduced;</li> <li>• Increasing competition;</li> <li>• Need to reflect on donor priorities when drafting project;</li> <li>• Need to incur financial and human expenses when drafting project;</li> <li>• Often, complicated proposal review procedures;</li> <li>• Extensive requirements;</li> <li>• Reporting requires professional approach and is time consuming.</li> </ul>

### 2. Commercial Structures

Positive Factors	Negative Factors
<ul style="list-style-type: none"> <li>• Steadily increasing number of potential donors;</li> <li>• Social responsibility is getting more and more popular among commercial structures;</li> <li>• Prompt decision making and simple application forms;</li> <li>• Variety of available resources;</li> <li>• No extensive requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• No legislative support of charitable efforts of businesses;</li> <li>• Need to provide additional arguments and motivations for donors;</li> <li>• Funding decisions depend on “human factor” and management good will;</li> <li>• Intention to support same organization;</li> <li>• Dependence on government guidance, including matters of recipient selection;</li> <li>• MARP are not attractive to business (helping children rather than IDU).</li> </ul>

### 3. Government and Local Self-Governance Authorities

Positive Factors	Negative Factors
<ul style="list-style-type: none"> <li>• Partially common goals and objectives of authorities and NGO in the social field;</li> <li>• Availability of budget funds to address social issues;</li> <li>• Possible electoral motivation of government in funding NGO;</li> <li>• Government need in civil society support.</li> </ul>	<ul style="list-style-type: none"> <li>• Complex decision making related to budgeting process;</li> <li>• Need additional arguments and motivation;</li> <li>• Need matching political situation;</li> <li>• Availability of competing public and municipal institutions providing services identical to those provided by NGO;</li> <li>• Complexity in opening accounts and allocating budget funds;</li> <li>• Lack of government motivation to make social area non-government;</li> </ul>

	<ul style="list-style-type: none"> <li>• Decisions depend on particular persons.</li> </ul>
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#### 4. Individuals

Positive Factors	Negative Factors
<ul style="list-style-type: none"> <li>• Large number of potential donors;</li> <li>• Relatively easy access to potential donor;</li> <li>• Prompt decision making;</li> <li>• Simple application and reporting.</li> </ul>	<ul style="list-style-type: none"> <li>• Small donations;</li> <li>• Need to cover large number of individuals to ensure collection of resources ;</li> <li>• Need in specialists with motivational skills.</li> </ul>

#### 5. Non-government Non-profit Organizations

Positive Factors	Negative Factors
<ul style="list-style-type: none"> <li>• Related goals and objectives in multiple fields of activities;</li> <li>• Prompt decision making.</li> </ul>	<ul style="list-style-type: none"> <li>• Resources competition;</li> <li>• Need to mind partners (political party, FBO);</li> <li>• Lack of regular funding sources in many NGOs.</li> </ul>

Interrelation of potential funding sources and available types of resources:

Sources	Donors	Business	Government	Individuals	NGO
<b>Resources</b>					
Financial	grant	donation	contract	donation	contract
Material	equipment	goods	premises	goods	equipment
Human	volunteers	volunteers	volunteers	volunteers	volunteers
Knowledge	training	literature	literature	training	training
Services	consultancy	consultancy	consultancy	consultancy	consultancy

Practice allows identifying standard types of resources for individual sources of resources (marked with 👍):

Sources	Donors	Business	Government	Individuals	NGO
<b>Resources</b>					
Financial	👍	👍	👍		
Material	👍	👍	👍	👍	
Human				👍	👍
Knowledge	👍				👍
Services		👍	👍	👍	👍

## Day 1 evaluation

- **Objectives:**
  1. Identify key accomplishments of Day 1.
  2. Discuss agenda for the next day.
  3. Give “home task”.
  
- **Time**

30 minutes
  
- **Materials**

Flipchart paper; markers; tape.
  
- **Steps**
  1. Brainstorming. Divide a sheet of flipchart paper in two parts and ask participants to indicate what they liked or disliked in the training.
  2. Discuss next day agenda taking into account information received on Day 1. Ask participants whether they have suggestions on additional issues to be discussed next day.
  3. Set the task for participants: by next morning, identify target groups for their would-be fundraising campaigns.

## Warming-up, Day 1 overview

- **Objectives:**
  1. Find out about additional expectations of participants taking into account information received on Day 1.
  2. Discuss interrelation of different types of income, funding sources and other things covered on the previous day.
  3. Identify the most “popular” target groups reached by NGO.
  
- **Time**

30 minutes
  
- **Materials**

Flipchart paper; markers; tape.
  
- **Steps**
  1. Brainstorm the most remarkable moments of the previous day;
  2. Ask participants to write down on the flipchart target groups that their fundraising campaigns will be developed and funds raised for. Select three most “popular” groups.
  3. Set task to participants: what funding sources, in their opinion, may be solicited for funds to address selected target groups.

## Session 5. Fundraising tools

- **Objectives:**

1. Identify principles of effective fundraising.
2. Review fundraising pyramid.
3. Provide the list of fundraising tools.
4. Review role of fundraising in NGO operations structure.

- **Time**

45 minutes

- **Materials**

Flipchart paper; markers; tape; overhead projector.

- **Steps**

**1. Ask participants: how much time shall organization spend for fundraising?**

Tell participants that findings of the research, conducted by the Ostrozkyi Counts Foundation (Rivne), prove that the most efficient organizations differentiate their resources, including human ones, the following way:

Administrative activity	10%;
Programmatic activity	20%;
Public relations	30%;
Fundraising	40%

If there are 10 people working in an organization, then 4 of them should be involved in fundraising.

**NB!!!** Such distribution of resources is appropriate for an NGO at the information stage of development. That is why resources for publicity are substantially greater than resources for services and work with clients.

For the organization at the marketing stage of development, it is critical to ensure ongoing work of its specialists and keep servicing the clients. Hence, such organization should have the operational share of resources significantly higher than 10% and reaching 70% in some cases. That is why the use of efficient fundraising instruments is of critical importance.

**2. Tell participants** that efficient fundraising is a synergy of interrelated factors and sequence of certain actions enhancing probability of successful fundraising.

**The following sequence of actions may be outlined for efficient fundraising:**

- NGO identifies resources required to provide services to specific target groups;
- NGO identifies the funder possessing required resources;
- NGO identifies motivation to encourage the funder to provide the resources required;
- NGO identifies the most effective fundraising tool based on the above data.

**3. Ask participants about fundraising tools** they used in their work. Write down responses on the flipchart. Present the list of fundraising tools to participants:

- **Application**
- **Project**
- **Special event**
- **Commercial services**
- **Passive income**

Provide participants with information “Passive Income” (Annex 8). Since this tool is not being practiced during the training, provide more information on passive income.



**4. Review** “Fundraising Pyramid” (Annex 9). Explain that application of fundraising tools depends, primarily, on the type of the selected potential donor.

**5. Recap** on the key issues discussed during the session.

**Handouts:**

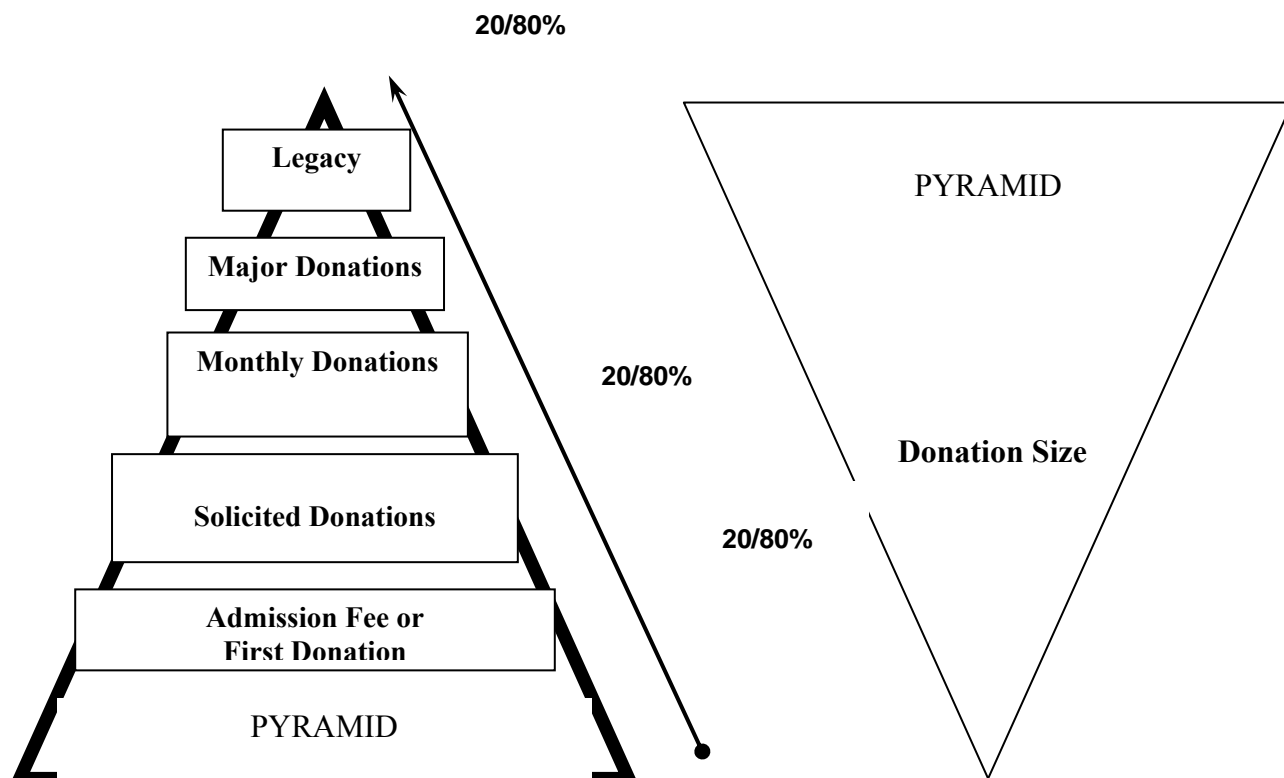
1. “Passive Income” (Annex 8)
2. “Fundraising Pyramid” (Annex 9)

**Passive Income**

Ukrainian legislation allows for all NGO receiving passive income, including:

1. Deposit interests.
2. Endowment – reserved capital, like deposited funds, the interests on which can be used by an NGO to perform its statutory activities. NGO can not withdraw the deposit. It can use only interests generated and for charity purposes only. Such form is quite popular among Western charitable organizations receiving their core capital as legacy or donation. The most famous foundation using the endowment is the Nobel Foundation.
3. Royalties – a percentage of the revenue from the sale of a book, performance of a theatrical work, use of a patented invention, of land, of trade mark or registered brand, etc. (Law of Ukraine “On Enterprise Profit Tax” # 334/94 as of 12.28.1994; p. 1.30).
4. Dividends – amount received by NGO as a result of commercial operations of established companies.

## Fundraising Pyramid



### 1. Pyramid fundament – admission fee or first donation

This includes the sponsors that made at least one donation. They will not be regarded as full-fledged donors until they are motivated and engaged in fundraising. Such donors often may donate for emotional reasons or because of effective promotion, or, as they say, "paying off".

Nevertheless, work with donors at the first level of the pyramid is the most effective since maximum attention should be paid: donor learns more about the organization, pays one's attention, shows willingness to read letters and materials, etc.

If you fail to motivate the donor at this stage and turn the donor into ally, then such donor is lost since the probability of second chance in dealing with you is very low.

### 2. Second level – solicited donation

This is the stage of work with a donor once the contact has been established and thus the donor is motivated and has developed commitment. Work with such donors is carried out based on the needs of organization. This may be a donor providing certain assistance or specific services. Methods of work with such donor include personal meetings, phone calls or arranged formal correspondence, which, at least, will not end up in the trash bin.

### 3. Third level – monthly donations

These are donors that regularly donate a certain amount.

#### **4. Fourth level – major donations**

These are donors able of donating significant amounts for implementation of projects or providing premises, constructing or repairing buildings.

Such donors frequently evolve from lower levels as a result of long-lasting cooperation and confidence. Fundraiser may be fortunate enough to find such a sponsor from the very beginning, but the chances are really low. Relevant contacts should be maintained with such sponsors.

#### **5. Top of the pyramid – legacy**

These are people able of forfeit their house or other property for the sake of some project. This is also the level of donors able to open a deposit account in the bank for allocating interests generated to cover the needs of organization.

### **Building the Pyramid**

Effective promotion is the starting point for building such pyramid. Without resolute promotion of your brand or goals, building the above described fundraising pyramid or successful fundraising would be rather complicated.

Donors, like any other consumers, fall in for advertisement. Your competitors, if they are famous and experienced, will outrun you on the path of donor attraction due to well-promoted brand they have. Any donor is willing to give funds for well-promoted goods – that would bring satisfaction and confidence of doing the right and worthy deed, like anybody else.

Charity advertisement is different from commercial in the way that target audience may follow the promotional message later. But charity advertisement asks for immediate reaction. That is why it should be designed in the way to instantly trigger the heart of an individual and make that individual reach for the wallet.

The production of such advertisement requires relevant resources and expertise. This is the type of advertisement to be invested into, because it pays back with relevant resources.

Under the word “advertisement” we understand different formats of information load: banners, leaflets, letters, audio and video, city lights, phone messages, distribution lists, etc.

It is important to remember that the format of a promotional product should be driven by the type and specifics of potential funding source.

## Session 6. Written applications

- **Objectives:**

1. Identify the place of written applications in the fundraising system.
2. Present structure of written applications.
3. Facilitate business game “Letters”.

- **Time**

45 minutes

- **Materials**

Flipchart paper; markers; tape.

- **Steps**

**1. Tell** participants that specific written applications, as a rule, result in 1 to 3% of positive responses (*R. Kraplych “Local Fundraising”; Rivne, 1998*). Positive result does not necessarily mean the receipt of funds. According to the fundraising pyramid, when drafting written application one should remember that this letter might start cooperation or attract more attention of potential donors to your organization. Non-specific application (when the same text is distributed via mailing lists) results only in 0.1 – 0.4% of positive responses.

**2. Ask participants** whether they use written applications for raising funds. **Facilitate discussion using the following questions:**

- What % of distributed letters helped raise funds?
- How often do you use this fundraising tool?
- In your opinion, relevant to what funding sources is the written application most effective?

**Based of responses:**

- Draw the average successfulness of written applications
- Select four funding sources out of those mentioned in responses

**4. Provide training participants with** “Letter Structure” (Annex 10) and discuss it within 5 minutes.

### **NB!!!**

The entire letter should fit into one page with wide margins (for notes – in case the letter is being read attentively).

Try to avoid special terms or slang, make the text as readable as possible.

Text could be standard, but remember that the handwritten address on the envelope, salutation (“Dear...”) and valediction (“Sincerely Yours...”) will makes better impression.

**4. Business game “Letter”.** Divide participants in four groups, according to funding sources selected. Set the task: “Using Annex 10, draft letters to selected sources of funding with request to allocate resources for “popular” target groups identified in the morning. Give 10 minutes to draft a letter and 5 minutes to present it. During discussion, write down all recommendations on a flipchart.

### **Tips for Facilitator**

During discussion, focus participants on their personal experience.

**5. Recap** on the key issues discussed during the session.

**Handouts:**

1. Letter Structure (Annex 10)

### Letter Structure

- “Header” (potential addressee )
- Brief information about your organization:
  1. Name
  2. Goal (mission)
  3. Date of establishment and official status
  4. Membership of organization/beneficiaries
- Brief information about charitable program
- Program cost (cost of issue)
- Matter of request (money, property, etc.)
- Urgency of the need
- Your guarantees (reporting deadlines)
- Potential motivation for sponsor (why your program is worth of funding)
- Information on tax privileges for sponsor and mechanisms for funds transfer or depositing
- Banking information: address, phone, fax, E-mail, account #
- Contact person for any letter-related communication

## Session 7. Business negotiations

- **Objectives:**

1. Select a venue for business negotiations in the system of fundraising.
2. Show the structure of successful negotiations.
3. Role play.

- **Time**

1 hour 15 minutes

- **Materials**

Flipchart paper; markers, tape.

- **Steps**

1. Participants already have a written letter, and can start mailing it out. In the previous session, statistics on the effectiveness of written requests was given.

**Ask participants:**

- Have you ever been in business negotiations with a potential donor?
- Was that before or after the written request had been sent?
- Or were the negotiations conducted without any written request?

Participants should discuss the usefulness of meeting with sponsors and try to negotiate when handing a letter to them. It is important that participants study this tactic. Of course, trainees should also learn negotiation rules and practice negotiating, too.

Negotiating with a potential donor is a complex process, and there are a lot of recipes for that. It is up to the fundraiser to choose the most efficient one.

**2. Give participants** “Guidelines on business negotiations with a sponsor” (Annex 11).

Discuss each point.

**The key rule of negotiations** is trying to communicate at a level most convenient for the interlocutor. You should try to understand the other persons’ motivations and desires, which can be seen from body language, actions, words; what their feelings mean to them, from what angle the interlocutor views the situation. While keeping in mind the objective, you should be prepared to respond to questions, and tell about any progress and success. You should make the interlocutor think that his/her contribution will be important and decisive, and will lead to something good.

At the same time you should be always inwardly ready for a denial, which is a common thing. You can tell for what their money will be spent, and what the impact will be. It is also worth telling about the support that has already been provided. If you face a denial, you can ask about possible prospects for your similar requests in future or ask for advice on who else may support your idea.

**3. After analyzing guidelines** on negotiations, you should conduct a role play and try to use the above observations. During the role play, participants, who will act as observers, will try to comment on the mistakes or faults in the negotiations process. The facilitator should point out trainees’ successes in the role play, thereby encouraging them and pointing to their positive experience.

**NB!!!!**

(a) when your potential donor is complaining about his/her financial predicament, criticizing your organization, you should attentively listen to the donor without arguing, **apologizing or**



**making excuses;**

(b) if the potential donor flatly refuses to make a contribution, you should make the next appointment with him/her. **Next time another negotiator** may be delegated to meet with the donor after the situation has been discussed in your organization;

(c) if your donor has made a **meager contribution, this does mean a success**, rather than a **failure**, since it is a matter of collaboration that may be continued.

**4. Role play “Meeting with a sponsor”**

Select 2 participants: one will be a sponsor and the other one a fundraiser. Ask the sponsor to leave the room for 5 minutes to discuss “Basic rules and specific features of negotiating with a potential donor” (Annex 12) with the fundraiser and participants. After the discussion, the sponsor is invited back. The sponsor, who has received a request written at the previous session, will present one of the selected sources of funding.

The fundraiser enters and for 5 minutes tries to persuade the “sponsor” to make a contribution.

After this the participants will comment on the advantages and disadvantages of the process that they have observed.

Everything is recorded on the flipchart.

5. The participants will receive “Some tips on negotiating with sponsors” (Annex 13) and the facilitator will conduct a 5-minute discussion of these tips.

6. **Recap** on the key issues discussed during the session.

**Handouts:**

1. “Guidelines on business negotiations with a sponsor” (Annex 11)
2. “Basic rules and specific features of negotiating with a potential donor” (Annex 12)
3. “Some tips on negotiating with sponsors” (Annex 13)

**Guidelines on business negotiations with a sponsor  
by the “Charities Aid Foundation”(Great Britain)**

- Be attentive and do not interrupt.
- Do not blame your interlocutor for possibly not having an idea of what you are trying to tell: avoid any aggressive behavior.
- Be sincere and friendly in the beginning. It is unreasonable to ask for something from a person you are prejudiced against.
- Show respect for the interlocutor but avoid fawning.
- Learn how to listen to others. Do not turn the dialog into your monolog and spare your interlocutor's time.
- Do not try to convert your interlocutor. You may or may not get the money, but your interlocutor will become biased against your organization.
- Be competent, but do not invent answers to questions if you do not know the answers, and never answer a question that you have not been asked.
- Do not boast about your poverty and squalor.
- Talk more about a future you want to build rather than about the past.
- Do not quibble over unimportant issues.
- Thank the interlocutor (for the money, time, advice).

**Basic rules and specific features of negotiating with a potential donor**

- Greetings, reminding of the appointment.
- Breaking ice: discuss general topics (e.g. the organization's activities).
- Describe the campaign (or an activity) showing benefits of participation in it and future social importance.
- Listen attentively to the potential donor's view to gauge whether he/she is interested in specific aspects or program of the campaign.
- Describe, if necessary, benefits of becoming a permanent sponsor (general or official), or of making a personalized long-term contribution in a convenient shape (money, in kind, real estate, etc.)
- Refer to your personal contribution in the context of support for the entire organization and social impact of this work.
- Ask the potential donor: "Could you make a donation by the end of this week (month)"? This will make the donor think and give a positive answer even though the donation is less than expected.
- Remember that you are asking not for yourself but for the organization.
- Focus on what will be achieved with the donor's aid rather than on the donation amount.
- Be sure that the asking for a large donation is a compliment.
- Do not weary the potential donor and end the meeting when a logical pause occurs.
- If the donor has not made up his/her mind yet, agree on an exact date, venue and time of the next appointment, and invite the donor to visit your organization.
- Before leaving, hand the potential materials (a letter of request, a leaflet or a draft annual report). Ask if the donor needs any additional information to make a decision.
- If you cannot provide an answer or additional materials at once, tell the donor that you will bring them within a few days.
- Complete the visitor card and contact the fundraising coordinator as soon as possible to get debriefed on the results of the meeting.

## **“Some tips on negotiating with sponsors”**

### **1. Introduction 1**

First, your potential donor and you should feel yourselves completely at home. Talk about the weather, family or something else that is usually discussed in your society. It is important that the donor be willing to listen to you even for a while.

### **2. Introduction 2**

If you have never met with donors before or if a donor does not know about your work firsthand, tell the donor in brief about your organization and the goal of your visit. At this stage the donor will not be interested in listening to you for long, which is why you should sound brief, clear and convincing. This stage of the conversation should not last more than 3 minutes or the donor will stop listening to you and you will merely waste your time.

Do not try to explain everything at once, give the donor an opportunity to ask questions. Do not force your opinion on the donor. Just outline the problem and discuss it together.

### **3. Improvisation**

At this negotiation stage you need to keep the donor interested.

- Ask questions and let the donor ask his/her own questions.
- Do not pose open-ended questions, such as “What is your opinion about...?”
- Demonstrate your readiness to discuss sensitive issues: about the financial situation of your organization, its members, staff etc.
- Do not defend yourself and gloss over your weaknesses. By giving adequate information you will help the donor decide whether to support your organization.

The more the potential donor speaks (or asks) the higher are the odds that he/she will make a donation. If you get the donor involved in the conversation, it will be easy for you to see why the donor is hesitant, what he/she finds abstruse and what interests him/her most.

Have the donor believe that he/she is a co-organizer of the project even if the donor tells something that you already know. If the donor comes up with a totally new idea, give it a serious consideration.

### **4. Interlude**

After a brief conversation, be proactive and recap your program. Again, give a brief description of the project and tell what you will need to bring it to fruition. This is an important moment when you can present a detailed budget, plans and objectives. If at the previous negotiation stage you discussed your organization in general, now you should elaborate on concrete projects for which you are seeking the donor’s support.

- Choose several areas requiring support.
- Let the donor have his say.
- Be flexible and try to understand how the donor visualizes your project.

This stage objective is to get the donor interested in your proposal.

### **5. Getting to the point**

The last negotiation stage comes when the donor expresses his/her willingness to donate. The donor may ask something like: “So what do you expect from me?” or in a more polite manner: “How can I help you?” Or the donor may say nothing and your presentation exhausts the allocated time because you have missed the opportune moment. Do not make such a mistake, and seize the opportunity to voice your proposal.

**Look directly into the donor’s eyes and ask for a donation.** You have the right to ask for it and your organization deserves such a donation. The donor knows that he/she will be asked for this and is apprehensive of this moment as much as you are.

## Session 8 Developing a project

- **Objectives:**

1. Show how important for efficient fundraising the project-oriented thinking is.
2. Analyze the project structure.
3. Prove that a search for funding to ensure sustainable social services provision should be formulated as a project.

- **Time**

1 hour 15 minutes

- **Materials**

Flipchart paper; markers; tape.

- **Steps**

1. **Ask** the participants if they have any experience in developing fundraising projects. Brainstorm about what resources they were able to obtain using the developed project.

2. **Ask:** “What percentage of written and submitted projects did receive funding?”

Participants must realize that a project is an efficient form of planning activities. Every donor, whether an individual or a company, will ask for a developed project. Primarily, this is necessary for the donor to understand for what his money will be spent.

**NB!!!** Oftentimes, when developing projects, NGOs can see what resources exactly they need to sustain their activities. This in turn allows identifying sources of funding and types of resources.

**Project proposal preparation should be the first step in any fundraising.**

3. Donors are different. They may vary in terms of:

- amounts of funding they can provide;
- types of resources they can provide (some may pay social workers' salaries and others may not);
- priorities (provide funding for activities for various target groups and pay for various services);
- deadlines for project proposal submission.

**The following types of project funding can be defined:**

- a grant – charitable contribution (donation) that a donor makes to implement a nonprofit project or program;
- an interest-free reimbursable financial aid (reimbursable grant) provided for NGO to implement projects that can generate profit. Reimbursable financial aid implies full or partial reimbursement of funding that has been provided;
- payment for services – a donor recompenses (on a contractual basis) for the services provided by an NGO (trainings, studies).

Accordingly, to obtain such funding, a project proposal should be prepared, the format of which is set by the donor.

**NB!!!** The complexity of a project proposal format depends on the donated amount and type of grant. Give participants and discuss the material “Type of grants provided to NGO” (Annex 14).

4. A project proposal may take only one page (if so required by a fund) or many pages. It can be written as a letter or a more formal paper. Normally, a proposal to the state fund is longer than

the one submitted to a private fund. In their recommendations on the preparation of proposals funds specify a desired number of pages and the sequence of content presentation. Government institutions often specify assessment criteria for each part of a project.

Here is a brief standard proposal layout, which includes almost all possible items that are usually contained in proposals to government institutions, for-profit organizations or private funds.

5. Distribute the “Structure of a project proposal” (Annex 15). Discuss each item of the structure.

6. Divide the participants into 3-4 groups. The task is: given the selected target groups, prepare item 2 in the general structure of a project proposal:

*«2. A brief annotation should provide an expressive and pithy description of the proposal content. It should not be longer than one page. Ideally, half a page. It should include 1-2 propositions that provide answers to the following questions:*

- *who will implement the project;*
- *who needs the project and why;*
- *what the expected result will be;*
- *how much funding is needed”.*

**Emphasize** that this group activity will help the participants see what resources they need.

During the presentations of group work, participants will be able to suggest improvements to the proposal.

**NB!!!** All proposals are the first step towards fundraising campaigns, which is why the group work results will be used in sessions 13 and 14.

#### **Tips for Facilitator**

- During the presentation, try to engage the audience as much as possible in discussion, examples and feedback.
- During the presentation, keep focusing the participants’ attention on their own experience.
- Keep saying that fundraising is primarily intended to set work going with MARPs in order to ensure a marketing stage in the organizational activity.

7. **Recap** on the key issues that were brought up during the discussion.

#### **Handouts:**

1. “Types of grants provided to NGO” (Annex 14)
2. “Project proposal structure” (Annex 15)

### **Types of grants provided to NGO**

- Common grant is a charity support provided to nonprofits to support their main activities and ensure sustainable development.
- Program or project grant is a charity support provided to implement a specific project or program.
- Partial-funding grant is a type of charity support that implies tapping additional sources of funding (other donor organizations or funds of a nonprofit).
- Capital grant is a charity support provided to cover capital expenses incurred by a nonprofit (acquisition of physical assets, repairs, purchase of equipment).
- Corporate grant is a charity support provided to nonprofits, entrepreneurs; or a grant that involves the business community in co-funding a project.
- Start-up grant is a charity support provided to nonprofits at the initial stage of their development (normally, in the first year) in order to ensure their sustainability and institutional development; or grant that is used to establish new organizations (new activity areas within an active organization).
- In-kind grant is a charity support provided in the shape of tangible assets rather than money.
- Prospective grant is a charity support provided to an organization in the amount equal to its basic capital in awards (the amount provided equals the profits that the organization would yield over a year, if the basic contribution was made at a one-off basis).
- Intermediary grant is a charity support that the sponsor provides to implement a socially-oriented policy on its own behalf.
- Incentive grant is a charity support that amounts to a specific percentage of the amount that an NGO needs and that is intended to encourage the NGO's further seeking donor assistance; or funding that is allocated to conduct fundraising campaigns for the NGO.
- Special-purpose grant is a charity support provided to NGO on a special-purpose basis to carry out specific activities.

## Project proposal structure

1. Title page, easy to remember.
2. A brief annotation with a clear and pithy description of the proposal content. It should not be longer than one page. Ideally, half a page. It should include 1-2 propositions that provide answers to the following questions:
  - who will implement the project;
  - who needs the project and why;
  - what the expected result will be;
  - how much funds are needed”.
3. The introduction should contain information on the applicant. It should explain who the applicant is, who will implement the project and why the applicants/implementers (because of their qualification, experience, reputation, beliefs) are best qualified to implement the project. The introduction should be credible to the reader.
4. The description of the problem should specify the need for implementing the project, and how the problem correlates with the goals and objectives pursued by the applicant.
5. The goals and objectives should contain an inference as to what the project implementation results will be. The goal is something for the sake of which the project is implemented. An objective is a concrete effect that needs to be achieved as the project is implemented. Objectives and results should be subject to measurement. It should be understood what the project implementation will result in, and what changes will occur under current situation.
6. Methods. It is necessary to specify the activities that should be carried out to attain the targets and meet the objectives. Project implementation scheme and schedule are provided. This section should clarify what will be done, who and how will implement the activities, when and in what sequence, and what resources will be used.
7. Evaluation and reporting. This section shows how the project effectiveness will be assessed, how project implementation will be monitored, how reporting will be done on the implemented activities and inputs.
8. Further funding. This section shows how and with what resources the applicant is going to solidify and scale up the project’s achievements, i.e. persuade the grantor that there will be resources available to support the initiative after the grant money is expended. This section is needed if project activities are to continue after the grant period is over.
9. Budget. The section inventories all resources requisite for carrying out planned activities; it gives answers to the following questions:
  - how much funding is needed from the grantor;
  - what sources will be tapped for the rest of resources that are necessary for the project and how these resources will be utilized.
10. Annexes contain additional information on the proposal content.



## Session 9 Charities: auction

- **Objectives:**

1. Explain charity auction basics.
2. Together with the participants, model key principles of an auction as a fundraising activity.
3. Present forms of documenting donations at a charity auction.

- **Time**

30 minutes

- **Materials**

Flipchart paper; markers; tape.

- **Steps**

1. Introduce the participants to the basics of holding a charity auction, and discuss relevant lots for sale.

Note that it is best to have several lots at hand (goods offered for sale). These may be goods produced by NGO itself (books, magazines, things made by the organization members, etc.). You can buy souvenirs and other products but in any case it should not be as trivial as stationery. Pieces of art, icons etc. can be used as lots, too. Memorabilia that belonged to famous and popular athletes, singers, actors can also be put up for auction.

2. Explain to the participants that products for auction can be obtain in various ways i.e. as a free donation from donors or contributors; sometimes such products can be obtained for sale or bought for current funds of the organization.

3. Identify main ways to attract buyer to the action. Note that potential buyers can be found in three ways via:

1. Art galleries;
2. Most famous artists or patrons;
3. Announcements in the media, especially in art magazines.

4. **Recap** on key issues discussed during the session.

## Session 10 Charities: street fundraising

- **Objectives:**

1. Discuss the basics of how to start and hold street fundraising/street collection.
2. Discuss the number of participants in such an event, all necessary documents warranting the event, and preparation of boxes for donations.
3. Explain the rules on how to prepare the record and count the money raised.

- **Time**

45 minutes

- **Materials**

Flipchart paper; markers; tape.

- **Steps**

1. Explain to participants that the preparation of this activity requires certain skills, both of the organizing team and participants. Specifically, pay attention to the following points:

- The organization should have enough of trained volunteers;
- A fundraising goal should be clearly defined and be fully endorsed by a local community;
- Volunteers should wear T-shirts, caps etc., with the organization's branding or at least have badges proving their affiliation with the organization;
- Fundraising group members should have information packages containing information about the event, organization that is conducting the event, including contact information, bank account and a contact phone number, in case passers-by should want to check the information they were given;
- Employees of the organization should tend the contact phone throughout the event answering calls and providing all necessary explanations;
- If the organization's Articles of Association imply charity fundraising, you should have a certified extract from the Articles of Association with you in case of contact with law enforcement officers;
- Money should be collected in a special urn, not from hand to hand. The urn should be sealed on all its sides with the organization's seal and should have slots for donations. It should also have information about the ongoing event and the organization conducting it;
- You should remember the principle of voluntary donation, which is why you should not order or urge passers-by to make donations;
- Any donation should be followed by a thank-you to a donator;
- It is important to choose the place and time for the event. The event should be conducted at a daytime in a crowded place.

2. Discuss different forms of street fundraising, specifically:

- **street collection**, which was described earlier;
- **boxes for donations in public places** (normally, in large stores).
- **fundraising at a place of residence**. The methods of such fundraising are similar to street ones. A few days prior to collecting donations it is desirable to post notices in order to inform residents about the time and purpose of the event for them to get ready. The event should be conducted when most residents are at home but at the same time it should not interfere with their pastime.

3. Tell the participants about what the donation box should look like, how it should be sealed, what documents should be provided to participants, how money should be counted and how to complete the record. Distribute the “Sample sheet for counting the raised money” (Annex 16) and answer participants’ possible questions.

4. **Recap** on the key issues discussed during the session.

**Handouts:**

1. “Sample sheet for counting the raised money” (Annex 16)

APPROVED

\_\_\_\_\_ Director

« \_\_\_\_\_ » \_\_\_\_\_ 200\_

(place) \_\_\_\_\_  
\_\_\_\_\_ 200\_

Statement

of receipt of cash as a charity donation from a private individual for statutory activity

The Committee consists of:

\_\_\_\_\_ Committee Chair

\_\_\_\_\_ Committee member

\_\_\_\_\_ Committee member

The Committee accepted the money from a private individual in the amount of

\_\_\_\_\_

and handed the money to the cash department for transfer to the bank account at the “BANK  
\_\_\_\_\_” « \_\_\_\_\_ » \_\_\_\_\_ .

As evidenced by the Committee’s signatures:

\_\_\_\_\_ Committee Chair

\_\_\_\_\_ Committee member

\_\_\_\_\_ Committee member

## DAY 2 evaluation

- **Objectives:**

1. Identify key achievements of Day 2 of the training.
2. Discuss the following day.
3. Define to what extent the proposed topics meet participants' needs.

- **Time**

30 minutes

- **Materials**

Flipchart paper; markers; tape.

- **Steps**

1. Brainstorming session. Divide the flipchart sheet into two halves and ask the participants to tell what they liked and what they did not like at the training.
2. Discuss the agenda for the next day given the information gained during Day II.
3. Ask participants what fundraising tools can be the most effective to raise money for working with target groups.

## Warming up, Day 2 evaluation

- **Objectives:**

1. Identify participants' additional expectations given the information obtained on the previous day.
2. Discuss the interrelation of fundraising tools and types of services to be funded from raised money.

- **Time**

30 minutes

- **Materials**

Flipchart paper; markers; tape.

- **Steps**

1. Hold a brainstorming session to recap the moments of Day 2 the participants remembered the best.
2. Ask the audience to give their interim expectations from Day 3.
3. Ask the audience to record fundraising tools that they believe can be effective in raising money for working with target groups.

## Session 11 Charities: lottery

- **Objectives:**

1. Introduce the participants to one of the most interesting fundraising methods, i.e. charitable lottery.
2. Identify main prizes to be offered in a lottery.
3. Explain how to conduct a lottery according to the rules.

- **Time**

30 minutes

- **Materials**

Flipchart paper; markers; tape, overhead projector.

- **Steps**

1. Identify a primary condition for holding a charity lottery, i.e. availability or acquisition of wins. Since wins should have a certain face value, the higher the value is the greater effect of such a lottery could be. Participants should discuss ways to obtain things, which may be provided by a sponsor or patron of arts, purchased at a discount etc. For this, participants should openly discuss and identify what goods exactly can be of interest to potential lottery buyers. Distribute the “Sample invitations to charity events” (Annex 17).

2. Tell the participants what the lottery should look like, how it should be conducted, and how advertising campaign should be run.

3. Explain how to hold a lottery, how participants shall be notified, how lots will have to be drawn.

4. **Recap** on the key issues discussed during the session.

- **Handouts:**

1. Invitations to the lottery and a sample lottery (Annex 17)

Sample invitations to charity events/lotteries

**МІЖНАРОДНИЙ ДЕНЬ ЗАХИСТУ ТВАРИН**

**Програма Благодійного Марафону:**

Початок заходу об 11.00

- Профіт (продаж) з тваринами від дизайнера "Ми - проти жорстокості" за маршрутом: Арка Дружби Народів - Хрещатик - Арка Дружби Народів. Собака ласка попереду реєстрації (вартість 25 грн.). Початок реєстрації об 11.30
- телефон для дзвінків: 227-16-98, 228-26-25
- Адреса: м. Київ, вул. Довженка, 8 (біля 506-95-48)

Детальна інформація на сайті [www.dogcat.org](http://www.dogcat.org)

**МІЖНАРОДНИЙ ДЕНЬ ЗАХИСТУ ТВАРИН**

**Програма Благодійного Марафону:**

А також:

- Вікенд Щасливих Історій
- Акція "Знайди друга"
- Благодійний ярмарок
- Лотерея та різноманітні конкурси
- Безкоштовні ветеринарні консультації!

Та ще багато цікавого і корисного для вас та ваших чотириногих друзів!

Детальна інформація на сайті [www.dogcat.org](http://www.dogcat.org)

**МІЖНАРОДНИЙ ДЕНЬ ЗАХИСТУ ТВАРИН**

Молодіжна Ліга захисту тварин - неурядова громадська організація, створена в 2005 р. з метою захисту тварин та підвищення рівня гуманності в нашому суспільстві.

Наша мисія - це залучити енергію, на яку собі ніхто не робить ні роботи, ні грошей, ні відпочинку, серед першочергової допомоги тваринам, які дуже рідко мають свій дім, але вкрай потребують до нас, а також бути їм захистом.

Усі кошки, зібрані на вулиці, будуть стерилізовані на лікуванні, перетримку та подальшу роботу для кота і собак, який необхідний кожному домашньому тварині.

Молодіжна Ліга захисту тварин [www.dogcat.org](http://www.dogcat.org)

**4 листопада 2008 року**

**Благодійний Марафон**

**ВІДКРИЙ ТІМ СВОЄ СЕРЦЕ!**

Місце проведення: Арка Дружби Народів, початок об 11:00

За підтримки:  



БЛАГОТВОРИТЕЛЬНАЯ ОБЛАСТНАЯ ЛОТЕРЕЯ



На цьому билету можна выиграть ДВАЖДЫ!



Здесь может быть Ваш ПЕРВЫЙ выигрыш

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Здесь может быть Ваш ВТОРОЙ выигрыш

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ОМСКОЕ ХОЗРАСЧЕТНОЕ ПРЕДПРИЯТИЕ



«МИР ДЕТЕЙ»

ПРАЗДНЕНИЕ КУЛЬТУРЫ ОМСКОГО ГОРНОСПОЛКОНА

012 000403

СКОСТ № СЕРИЯ №

СКОСТНОСТЬ БИЛЕТА 010 ОДНИ РУБЛЬ

ТЯЖИЛЫЙ ВЫИГРЫШ СОСТОИТСЯ 29 ДЕКАБРЯ 1991 г. в г. Омск



## Session 12 Other charities

- **Objectives:**

1. Present main forms of fundraising to participants.
2. Train participants on how to prepare fundraising events.
3. Discuss what event can be staged by the participants' organizations in the nearest future.

- **Time**

30 minutes

- **Materials**

Flipchart paper; markers; tape.

- **Steps**

1. Tell participants about **Benefit ball as a way to launch a fundraising campaign.**

The experience of conducting such events in Ukraine shows that they are the most successful when conducted under the patronage and with participation of local and regional decision-makers: city mayors, heads of oblast councils or administrations. Decision-makers' participation not only raises the profile of an event but also helps address some concomitant issues, i.e. inform the public, engage the media, find premises for the event, etc. Normally, during a benefit ball other activities such as auctions and lotteries are conducted as well. Similar events also include benefit parties, concerts, dinners, etc.

2. Tell participants about **Sports events**, which are successfully used by multiple international organizations as an effective fundraising tool. Overall, preparation and conduct of such events are similar to benefit parties. Money is raised from participants (participation fee) and from event sponsors.

3. **Present another type of fundraising activity, i.e. Internet promotion events**

Modern communications offer more opportunities for raising money and make it possible to flash information elsewhere in the world. Web promotion events may vary in form and content, e.g. an open letter, Internet auction, etc.

4. The participants should also study a sample donation request letter (Annex 18). Mailing such letters makes it possible to attract large amounts of money and promote your charity activities among potential donors.

5. **Recap** on the key issues discussed during the session.

- **Handouts:**

1. Sample donation request letter (Annex 18)

### Sample donation request letter

The text of the letter should not exceed one page with rather large margins (in case the letter will be perused and notes will be made). Avoid using technical terms and jargon, and make the text layout readable. The text may be standard, however, remember that the address on the envelop, salutation ("Dear...") and valediction ("Best regards,..."), if handwritten, will make a more pleasant impression on the reader. As a rule, the text should contain the following:

- "Header" (potential addressee)
- Brief information on the organization:
  1. Name
  2. Mission (goal) of the organization
  3. Time of establishment, official status
  4. Members/who the organization works for
- Brief information about the charity program
- Program cost (amount involved)
- What is requested (it may be a request for money, property or something else that you need)
- Urgency of your needs
- Your warrantees (reporting deadlines)
- A possible motive for the sponsor (why the program deserves to be funded)
- Information about tax exemptions for the sponsor and how donations/money will be transferred
- Organization details: address, telephone, fax, bank account number
- Contact persons mentioned in the letter

The request letter may not yield money however it will always be a new contact that is to say a new opportunity. You may be denied donation 5, 10, 50 times. This is not the end of the world and not a collapse for the organization. Experts say that a large proportion of money will come between the 5<sup>th</sup> and 10<sup>th</sup> requests. You should not be obtrusive but your request should be regular. Keep in mind that your organization's success depends not on sponsors' willingness or unwillingness to donate but on your work, skills and perseverance. If you have failed to obtain a donation, try to maintain and cultivate this contact. Do not be shy of reminding of yourself: send greetings to your sponsors on national holidays or their personal occasions (if you know any), if the company has made an achievement, congratulate its chief executives. Mail newsletters to sponsors and the media telling about your organization, bring it home to people that you seek not only their donations but also their attention, that you are interested in their opinion and advice.

## Session 13 Fundraising matrix. Motivation and incentives

- **Objectives:**

1. Study the fundraising matrix as a tool for more efficient design of fundraising campaigns.
2. Before developing a fundraising campaign, recap types of resources, sources of funding and fundraising tools.

- **Time**

30 minutes

- **Materials**

Flipchart paper; markers; tape.

- **Steps**

1. Remind the participants of **the sequence of steps for effective fundraising:**
  - An NGO identifies resources it needs to provide services to specific target groups;
  - A source of funding with needed resources is identified;
  - Motivation that can stimulate the source to provide the needed resources is identified;
  - Based on these data, the most efficient fundraising tool is identified.

**2. The success of the NGO's fundraising effort** depends on multiple factors. One of the key factors is the interdependence of three factors: resources that need to be obtained, sources that have these resources, tools that would help obtain the needed resources. This interaction is called "Fundraising matrix". Distribute the "Fundraising matrix" (Annex 19) among the audience.

The matrix enables NGO to select the most effective tools to obtain a specific resource from a specific source. For example, if the organization plans to obtain financial resources from donors, it should use the tools: submit a project, address a donor or offer a paid service.

3. Participants brainstorm to find an answer to the question: "Why do people make donations?"

The following versions of answers are possible:

- Because they are asked to do that
- Because they are willing to help
- Because they are personally interested in solving the problem
- Because they see direct benefit (for example, a tax exemption)
- Social interest in the problem
- Indirect or would-be benefit (by helping the hospital, donors realize that they or their families may become patients in future)
- Indirect benefit (advertisement)
- Good reputation of the organization, an exemplary board of trustees (well-known people)

People may also make donations:

- For their own contentment
- Out of ambition ("I am not worse than others")
- To get involved in what they are fond of.
- Because they want to contribute to a noble cause
- Because of their religious views
- Because they feel they owe something to someone ("feeling of guilt")

**NB!!!** While studying this issue, you should urge the participants to ponder over why people will always pay for *something*, - do they seek some sort of inward satisfaction with what they do? Why, even unwittingly, do they want their *interest* to be gratified?

Participants should be able to determine the sponsor's *interest*: economic (a privilege/exemption), moral (feeling of being part of a good, as they think, and important cause), business (being sure that something will turn out in the best way possible) etc. Only in doing so, the fundraiser can be more or less sure that a donation will be made.

**Another motivational aspect:**

**People donate something to other people rather than to organizations.** They make a donation in order to put an end to suffering; they believe in your ability to overcome a problem or help someone out. Therefore, when pursuing a fundraising activity, you should cultivate donors as much as possible in order to lay a future foundation for lasting and promising collaboration. Successful fundraising means establishing constant contacts with donors rather than getting a one-time donation, donors who make regular donations to solve the problem they were introduced to.

**According to the Pareto principle, 80% of NGO profits come from 20% of donors. Therefore, the closer relationships with donors are the more donations will come.**

4. Thus, we found out that when people pay for something, they always seek, even if instinctively, some kind of satisfaction with what they do. The task for an effective fundraiser is to identify a potential donor's interest: economic (a privilege/future profit), moral (feeling of being part of a good, important and eternal cause), business (being sure that this time something will turn out in the best way possible), etc. If you see and try to satisfy a specific interest, the chance of getting a donation will become fatter.

Now, let's find out what the sponsor itself can derive from its involvement in a fundraising activity. Discuss the below motivations, and brainstorm other motivations for potential donors.

Participants will brainstorm and try to answer the question **“What do sponsors want to get?”**

Possible answers are:

- 1 To become popular
- 2 To improve image of their company locally or nationwide (globally)
- 3 To promote/advertise their goods (services)
- 4 To get media coverage
- 5 To entertain their employees, customers, partners
- 6 To improve interpersonal relations within the company
- 7 To improve relations with investors
- 8 To gain access to new markets
- 9 To gain access to famous or influential people
- 10 To be associated with a high quality or prestigious event (activity)
- 11 To attract new employees
- 12 To attract new partners (customers)
- 13 To demonstrate social responsibility of their company

5. **Recap** on the key issues discussed during the session.

**Handouts**

1. “Fundraising matrix” (Annex 19)

## Fundraising matrix

<b>Sources</b>	<b>Donors</b>	<b>Business</b>	<b>Government authorities</b>	<b>Individuals</b>	<b>NGO</b>
<b>Resources</b>					
Financial	1,2,4	1,2,3,4,5	1,2,4	2,3,4,5	2,3,4,5
Material	1,2	1,2,3	1,2	2,3	2,3
Human	2,3	2,3	2	2,3	2,3
Information	2,3	2,3	2	2,3	2,3
Professional	2,3	2,3	2	2,3	2,3

**Fundraising tools:**

1. Projects.
2. Applications.
3. Charity events.
4. Commercial services.
5. Passive income.

## Session 14 Guidelines on how to develop a fundraising strategy and campaign

- **Objectives:**

1. Present guidelines on fundraising campaign development.
2. Help participants develop concrete fundraising campaigns.

- **Time**

1 hour 45 minutes

- **Materials**

Flipchart paper; markers; tape.

- **Steps**

1. Remind the participants of what has been already learned during the training:
  - Target groups were selected;
  - At session 8, a brief description of the project, including an estimated funding amount, goals and objectives, prepared;
  - Effective fundraising guidelines outlined;
  - Potential sources of funding for each target group identified;
  - Based on the fundraising matrix, a list of tools for appropriate resources and financial sources compiled;
  - We found out what motivations a potential donor may have;
  - We know how to use the fundraising tools.

**Review steps of effective fundraising:**

- An NGO identifies resources it needs to provide services to specific target groups;
- A source of funding with needed resources is identified;
- Motivation that can stimulate the source to provide the needed resources is identified;
- Based on these data, the most efficient fundraising tool is identified.

**Emphasize that all this demonstrates that the participants have already begun to prepare a fundraising campaign.**

2. It should be constantly emphasized for participants that fundraising must rely on a phased plan of actions. There are many schemes to prepare different campaigns, including fundraising ones. Each participant should choose a scheme that is the easiest to use. Distribute the “Fundraising campaign scheme” (Annex 20).

**3. Divide the participants into 4 groups,** according to the number of project proposals they have developed.

Each group should do the following: “According to the scheme and project proposal, develop the following 4 stages:

**Stage 1.** Choose an objective to achieve using obtained resources. Set deadlines.

**Stage 2.** Collect all information and think on the argument to present in your favor.

**Stage 3.** Analyze possible motivation of potential donors: which of them can be encouraged.

**Stage 4.** Analyze your past fundraising experience, identify your supporters, first of all. Think who else you can ask for support”.

This exercise takes 15 minutes.

During the presentation, participants should be encouraged to take part in the discussion and elaboration of campaigns.

**Emphasize** that the developed campaigns will be supported if the organization has already started their implementation.

4. NGO fundraising activity must not be limited to only one campaign. There should be a developed fundraising strategy in place.

A fundraising strategy is the result of analysis of NGO's activities, its environment and actual needs. When developing a fundraising strategy, the organization will identify required resources, potential donors, methods and sequence of working with them.

**The following factors should be considered when developing a fundraising strategy:**

1. Resources, above all human resources, which will be required for conducting fundraising campaigns. You should look realistically at your capacities and possibilities or the fundraising strategy will remain only on paper.
2. The role and place of fundraising in the organization's operational system. Effective fundraising requires a lot of effort. You cannot do it time form time.
3. Fundraising requires a professional approach and specialization. A lot of successful NGO have fundraising departments the staff of which specializes in specific areas and types of activities, e.g. writing projects and working with donors, corporate fundraising, charity events, etc.

The process of fundraising strategy development consists of several stages. Distribute among participants "Fundraising strategy development scheme" (Annex 21). Emphasize that only steady implementation of the strategy can enable the organization to develop.

5. **Recap** on the key issues discussed during the session.

**Handouts**

1. "Fundraising campaign scheme" (Annex 20)
2. "Fundraising strategy development scheme" (Annex 21)

## Fundraising campaign scheme

**Stage 1.** Identify an objective that must be met with the help of obtained resources. Set the implementation timeframe.

**Stage 2.** Collect all information and think over the arguments you will put forward in your favor.

**Stage 3.** Analyze possible motivations of potential donors: which of them can be encouraged.

**Stage 4.** Analyze your past fundraising experience, identify your supporters, first of all. Think of who else you can ask for support.

**Stage 5.** Prepare and copy materials to be provided to sponsors (proposals, press-releases, etc.).

**Stage 6.** Agree on fundraising methods.

**Stage 7.** Organize the work of assistants (those who will raise donations). You should make sure that they have all necessary information and materials for their work.

**Stage 8.** Establish a procedure to oversee the receipt of donations.



### Fundraising campaign development scheme

1. Prepare a series of related and complementary projects which, if implemented, will enable the organization to achieve its statutory objectives. You should remember the rule: **the less resources are needed for the project, the easier it is to find them.**

2. Specify projects and identify potential donors. Projects should complement rather than duplicate one another. The number of potential donors depends on the specificity of a project. For example, if a project is to pilot new approaches or methods of work, you can contact international donors; local authorities and community may be interested in solving specific community problems, public event may elicit interest from business community and sponsors, etc. Remember another rule: **the more potential donors there are, the higher is the chance of finding resources needed.**

2. Assess internal resources. Before seeking aid from outside donors, you should analyze your organization's own resources. This will make it possible to see what external resources you need and at the same time it will show potential sponsors the organization's contribution. Remember the rule: **successful fundraising always begins with internal resource mobilization.**

3. Assess necessary external resources and correlate them with potential sources of funding. Remember: **you should plan to obtain as many resources as possible to ensure quality and timely implementation of a project.**

4. Plan a fundraising campaign. A fundraising campaign can be planned according to the "ripple effect", when fundraising begins with the organization's immediate surrounding, and a circle of potential donors expands gradually. The rule is: **the closer a resource is the easier it is to get it.**

5. The development of a fundraising campaign involves assessment of necessary resources, identification of donors that the organization will contact, a search for motivation for donors, selection of forms and tools to work with donors, and development of a plan of activities and implementers. And the last rule is: **fundraising is an ongoing process that ensures the organizational sustainability. If you stop today, you may find yourself resourceless tomorrow.**

## Training closure. Post-training evaluation

- **Objectives:**

1. Identify strengths and weaknesses of the training.
2. Identify what assistance is required to implement fundraising campaigns.

- **Time**

30 minutes

- **Material**

Flipchart paper; markers; tape.

- **Steps**

1. Do a brainstorming. Divide the flipchart paper in two halves and ask the participants to tell what they liked about the training and what they didn't.
2. Discuss with the participants what assistance they need to implement the fundraising campaigns they have developed. Record trainees' answers on the flipchart.
3. Ask the participants to fill out a post-training evaluation checklist (Annex 22)

**Dear participants!**

Please, complete the checklist to improve our work in future.

**1. Please evaluate your post-training knowledge, according to the following topics:**

Topic	I did not receive any information on this topic	I did not receive enough information	I received information but need additional explanations	I have enough information
Fundraising concept and principles				
Fundraising mechanisms				
Project design				
Raising funds from the business community				
Raising funds from the government				
Raising funds from individuals				
Fundraising activities				
Design and facilitation of fundraising campaigns				

**2. Please, rate various aspects of the training along the 5-point scale (1 – totally disagree; 5 – fully agree).**

If you have any comments to make, please write them in a blank row.

<b>A. Training content</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The information was new to me					
The information was useful for my organization					
The information was interesting					
<i>For additional comments and notes</i>					

<b>B. Organization of the training</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The training site was convenient					
We are satisfied with accommodation and meals					
<i>For additional comments and notes</i>					

**3. To what extent did the training meet your expectations?**


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**4. Which sessions were the most useful to you and why?**


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**5. Which session were of the least use to you and why?**

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**6. Are there topics that you would add to the training program? If yes, what are they?**

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**7. What are you going to do after the training?**

- a. Share information with my colleagues.
- b. Develop a plan of fundraising activities for my organization
- c. Stage a fundraising campaign.
- d. Other (please specify): \_\_\_\_\_

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