

# DONOR FUNDING IN NPOs

## Managing change and sustainability

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# Understanding Donor Funds



## Donor fund

Not for Profit Organizations constantly need to raise funds to serve the community or carry out its specific mission. While there are many different ways for organizations to raise funds, large donations and dedicated donors greatly affect the way a charity functions and funds projects.

# Understanding Donor Funds Cont..



# Resource Mobilization



# Resource Mobilization Cont....



- ❑ Defined as a process that involves identifying the resources essential for the development, implementation and continuation of works for achieving organization mission.
- ❑ It means expansion of relations with resource providers, the skills, knowledge and capacity for proper use of resources
- ❑ Also includes Human capital, use of skills, equipment services etc.

# Types of resource Mobilization



**There are two major divisions**

- ☐ Local Resource Mobilization – remain untapped
- ☐ Foreign Funding – widely tapped and has defined most NPOs

# Fundraising Vs Resource mobilization



- ❑ Fundraising assumes that some one has funds and civil society organizations devise a system and approach to access the funds.
- ❑ Resource mobilization has a broader concept that includes non-financial resources and income generated by the CSOs themselves
- ❑ Resource mobilization satisfy the needs of both who give and receive

# Present pattern and influence of Donor funds



- ❑ At present it is likely that NPOs are dependent on a limited range of resources.
- ❑ The greatest dependence is likely to be on foreign grants
- ❑ The foreign grants most likely come in the form of projects- which are time limited and fixed budget funding for carefully defined activities

(Richard Holloway, 2012)



# Present pattern and influence of Donor funds Cont..



- ❑ NPO whose dependence on foreign funding increases over time decreases relative to foreign funding – USAID stops funding and going concern is questioned-redundancies
- ❑ NPOs dependent on and vulnerable to time limited projects funding which bring it back zero after each project grant is expended

# Present pattern and influence of Donor funds Cont..



- ❑ Many NPOs have been nurtured from birth by funds from foreign sources often to the exclusion from any other source.
- ❑ They are very dependent on such sources and if the funds dry up they are left vulnerable to closure

# Present pattern and influence of Donor funds Cont..



- ❑ In addition the foreign funds have often been available with a number of conditions of which some have been unhelpful and destructing from the main tasks of the organization.

# Present pattern and influence of Donor funds Cont..



# Present pattern and influence of Donor funds Cont..



# Foreign Grants implications



# Foreign Grants implications Cont..



- ❑ Foreign grants do not build local support for your work nor does it build local supporters. As long as you receive foreign aid locals will not feel the need to help you
- ❑ Makes your organization politically vulnerable to accusations of actions in support of your foreign master but that contradicts your country – and its dangerous

# Foreign Grants implications Cont..



- ❑ Foreign funding through into sharp contrast the very basic contradiction that NPOs promote and urge communities to be self reliance .



# Local Resources as remedy



## What is a local resource?

- ❑ This refers to financial and non financial contributions to community improvement projects from local sources including individual citizens, county governments, National government, businesses, Institutions or other actors.

# Local Resources as remedy cont..



- ❑ Local resources not only allow for the implementation of successful community projects , but also contribute to the long term **sustainability of initiatives conducted by NPOs by building lasting relationships**

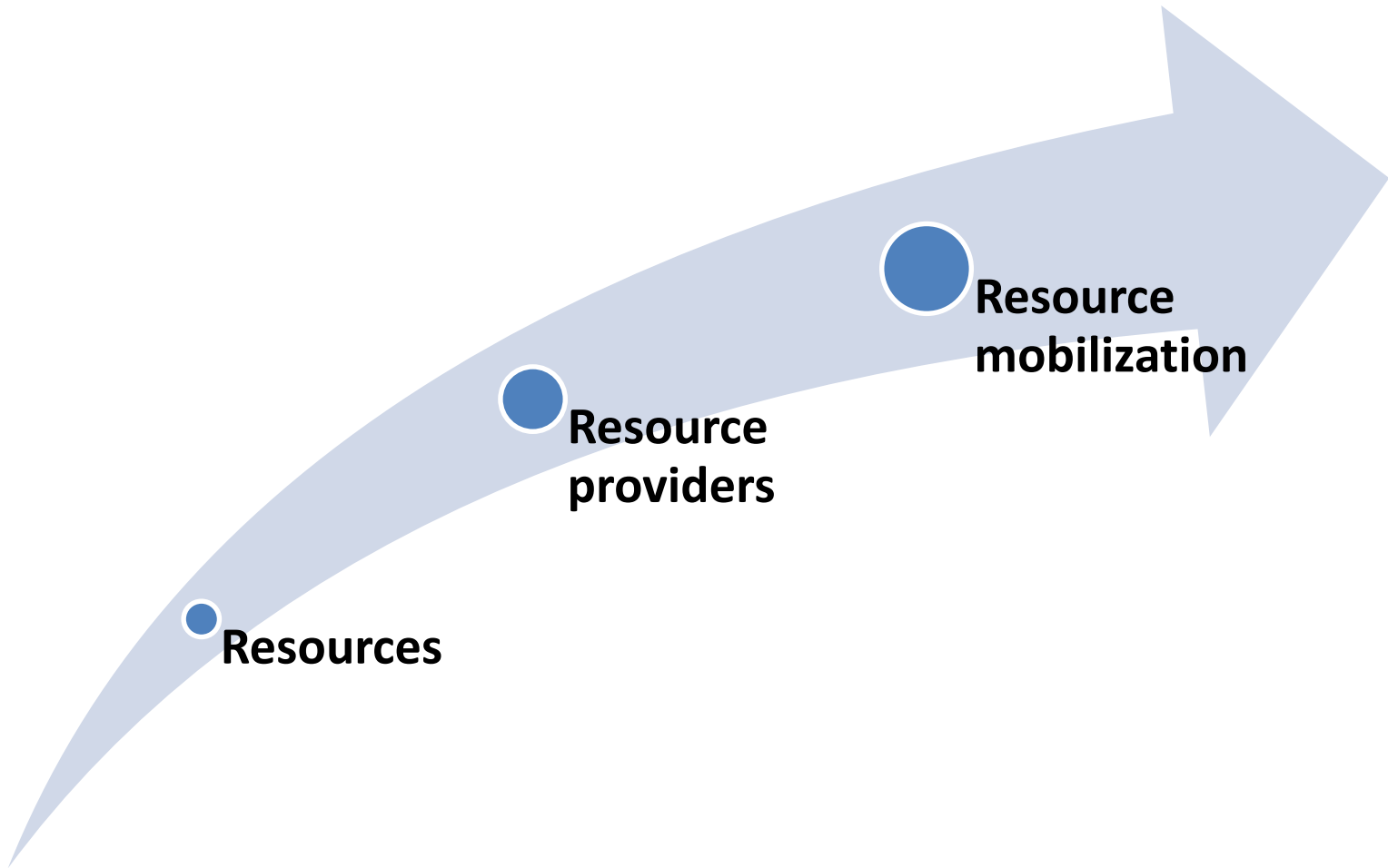
# Local Resource Mobilization



STANDING ON THE SIDELINES  
IS NO LONGER AN OPTION



# Local Resource Mobilization



# Local Resource Mobilization



- ❑ Most people consider raising funds locally from individuals or organizations to mean begging them to give something that one is committed to but they are not.
- ❑ Contrary to this , it is a chance to be involved in something worthwhile – it is an opportunity for local people to undertake and solve community issues. ( Red cross case in Kenya via MPESA)

# Local resource mobilization mechanisms



- ❑ Submitting Grants proposals or write letters to organizations / individuals requesting for resources.
- ❑ Running small business- selling condoms, medicines, HIV/AIDS Counselling books, consultancies, guest houses etc.
- ❑ Events and Actions – fundraising events, demonstrations music concerts + others

# Local resource mobilization mechanisms cont..



- ❑ Face to Face- meeting face to face and ask for resources.
- ❑ Financial Resources from
  - ❖ Local citizens
  - ❖ Business communities
  - ❖ Governments both county and National
- ❑ In kind material denotations

# Local resource mobilization mechanisms cont..



- ☐ In-kind intellectual services
- ☐ County / local governments
- ☐ Private sector- CSR
- ☐ Key individuals in the community
- ☐ Local citizens



# Benefits of local funds



# Benefits of local funds Cont..

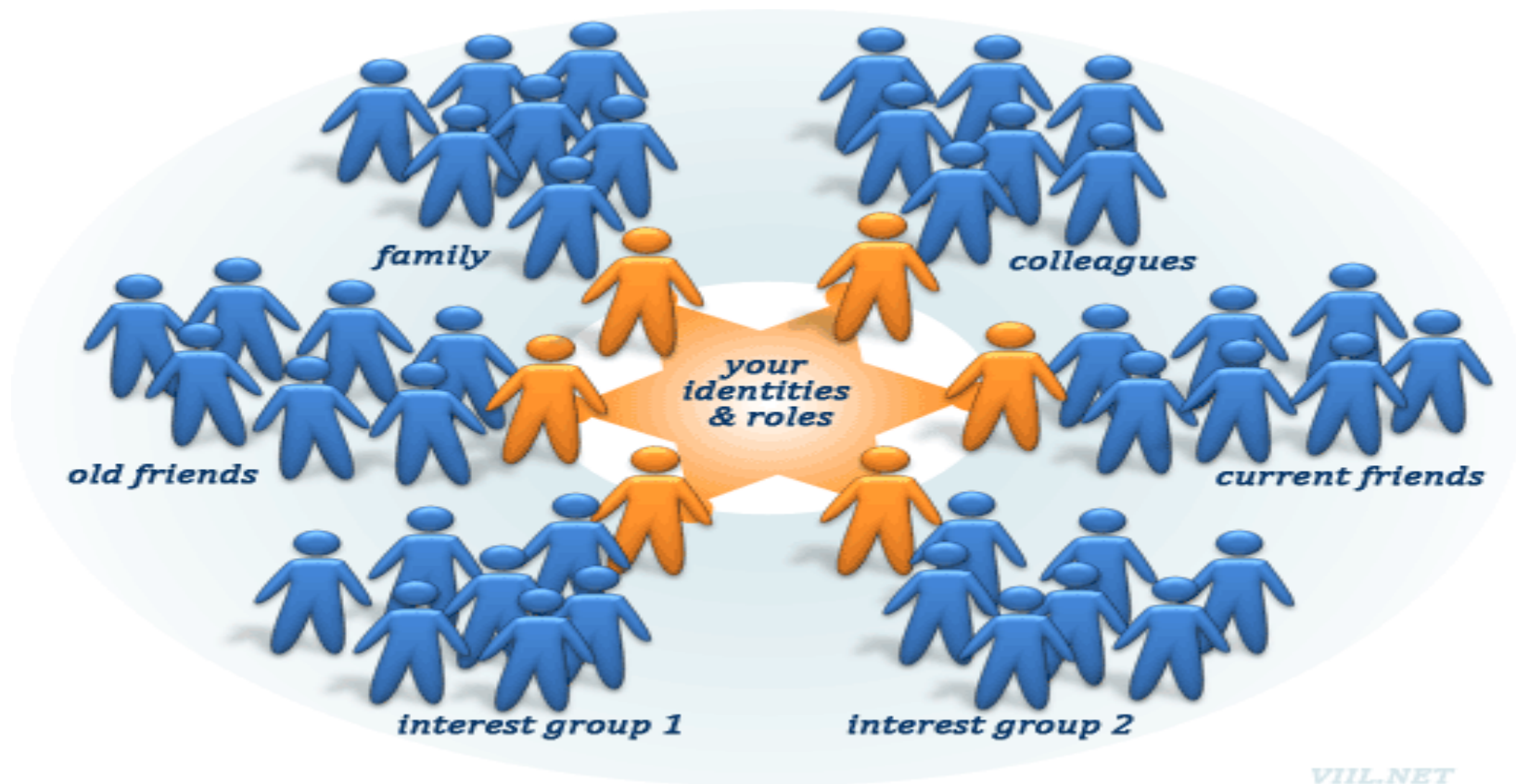


- ☐ Sense of ownership
- ☐ Building social Capital
- ☐ Sustainability
- ☐ Independence

# Sens of Ownership



# Building Social Capital





# Sustainability



# Independence



# Practical tips: Resource mobilization



- ☐ Don't be afraid to ask for support
- ☐ Think beyond money
- ☐ Get people to connect with the work being done
- ☐ Keep the local community and donors updated
- ☐ Be visible
- ☐ Be cost effective/ value for money

# Don't be afraid to ask for support





# Don't forget to say



# Interactive Session

