

STRATEGIES FOR RESOURCE MOBILISATION: SOME PRACTICAL TIPS

—RICHARD HOLLOWAY

INTRODUCTION

In 2013 I undertook a consultancy in Uganda for a donor consortium that funded Ugandan civil society organisations (CSOs), and, in reviewing decades of donor project funding to CSOs, and plans to continue the same, I asked both the donors and the CSOs if they saw the future in terms of more project funding. Both answered, somewhat in surprise, “Yes, that is how we work.”

To my question of whether the future might not lie in more financially independent CSOs, owning their own assets and not needing foreign funds, there was more surprise. The donors said that their rules and regulations would not support this, and the CSOs said that they always got foreign funding for projects. There was very little interest in pursuing alternative resourcing strategies.

And yet there was a surprising amount of bitterness on both sides. Donors were saddened, sometimes angry, at the amount of financial auditing they had to do to make sure that their grants were not used improperly; CSOs were saddened, but more angry, that they had to jump through so many donors’ bureaucratic hoops to get their money, and that donors did not trust them to use the money properly.

Very few people had even thought about alternatives to donor project financing, let alone had experience of using some of these alternatives. For many new and growing CSOs, they dreamed only about finding a foreign donor who would support their work.

Not far over the border in Kenya, however, that there was a powerful example of a CSO that had gone beyond traditional donor project funding: the Kenyan Red Cross, which raised millions from Kenyans through a telethon in 2011 with the slogan “Kenya for Kenyans”, and which regularly raises income from the two Red Cross Hotels it owns in Nairobi, as well as its annual Fund Raising Gala for the Business Community.

PHILOSOPHY

Is donor project funding inevitable? Let us rethink our practices and ask ourselves where we could expect CSOs to get their resources from in 2015 and beyond. CSOs are organisations that have put themselves forward as competent, passionate and committed contributors to development in their own countries, sometimes in their own geographical communities and their own communities of practice. If we put on one side the well travelled route of foreign funding, what are the possible options?

I would suggest:

1. The public in its own country: a CSO can say to its own people that it is addressing important topics and issues with which everyone should be concerned, and so they should be prepared to support a CSO to do this work.
2. The government in its own country: a CSO can say to the government that they have skills and experience that can complement, supplement and support the government’s development work, and that it makes sense for the government to think

of supporting the CSO’s work. A CSO can do things that the government may not be able to do, and in some cases, can do them better and cheaper.

3. The business sector in its own country: CSOs have two options with business. If businesses are not active in development, then CSOs have the possibility of persuading business to get involved, and suggesting how this could be done; if the business sector is active, then CSOs can suggest that they support the work of specific CSOs, rather than trying to do development work themselves.
4. The market in its own country, or abroad: CSOs can see opportunities for commercial enterprises of two kinds: spin offs from their own mission-driven work, and purely commercial enterprises that will make money for the organisation. A variant on this is that a CSO may own or acquire assets that it can put to work to help itself, e.g. an endowed trust, or buildings, or stocks and shares.

All these options depend upon asking people in a CSO’s country to take some responsibility for the problems and issues of that country and commit to doing something about it, by using CSOs as the means and channel to show their commitment, rather than expecting foreigners to do it.

5. International donors: what is the rationale for taking foreign funding? Many CSOs are happy to offer themselves as channels for foreign funding to address the issues and problems in their country. The reasons vary: because it believes that the foreign country owes resources to its country for past misdeeds; because it has solidarity with organisations

Is donor project funding inevitable? Let us rethink our practices and ask ourselves where we could expect CSOs to get their resources from in 2015 and beyond.

in the foreign country addressing the same topic globally; or simply because funding is being offered for a topic or problem important to the CSO, and it is happy to take such offered funds, without worrying about the source. The basic fact is, however, that such CSOs are accepting funds from the gifts or the taxes of people in another country, not their own, to address their problems.

MOVING ON FROM PHILOSOPHY TO STRATEGIES

Let us take each of these ideas separately and consider what has done that offer possible models, and what problems these have encountered. We can look at this from the perspective of a single CSO, or from civil society as a whole in a country.¹

1. RAISING FUNDS FROM THE PUBLIC

For an organisation that has become used to writing proposals to foreign donors, and that is used to donor language, the idea of explaining to the public of their country who they are, what they do, and what help they need is intimidating. Certain well established topics, such as children with disabilities, will open people's hearts and pockets, if the appeal is well made and the organisation making it is respected, but how will a CSO 'sell' an appeal for help to combat, for example, domestic violence, or refugees, or land expropriation, or, indeed, homophobia? It is certainly possible that there are people in the country who are not convinced that these are important topics.

Even if you have a cause that is relatively easy to promote, learning the public relations and fundraising skills to promote your cause to the public is a whole science in itself, although there are organisations ready to teach these skills.²

A different approach is to concentrate on the organisation – to try and develop its reputation so that people will not hesitate long before giving. Though this will take time, it could result in the kind of good name that the Red Cross/Red Crescent movement has acquired in many countries, or the kind of reputation that the Edhi Foundation has developed in Pakistan.³ It should not be so difficult to acquire such a name in your own locality of your own country, but it will mean educating your potential donors (the citizens of your country) about the value of the organisation. This means developing innovative informational material and channels to tell them what you do, why what you do is important, and what more you would do if they helped you more. It also means being very transparent with, for instance, annual accounts, to combat citizens' possible suspicions.

2. RAISING FUNDS FROM THE GOVERNMENT OF YOUR COUNTRY

Depending on the government of your country, and your CSO's experience and performance, you may well be able to tell your government of your track record in the fields in which they are working and your belief in your own competence. Some government departments may well look favourably at such an approach and be prepared to provide you with the resources that you need to do this work, if it helps them, or gets them out of some difficulties. It does

For an organisation that has become used to writing proposals to foreign donors, and that is used to donor language, the idea of explaining to the public of their country who they are, what they do, and what help they need is intimidating.

require, however, that your CSO knows its way around the government bureaucracy, and is prepared to start a dialogue.

I have come across government officials who would simply refuse on principle to consider the idea of using government money to help CSOs, but there are many more who simply do not know the quality of the work that CSOs have done and need to be educated about it. CSOs need to take government officials to the work areas of CSOs, and persuade them of the quality of their work. It is the CSOs' job to show government that the CSOs can do government's job for them better than they can do it themselves. Both India and the Philippines provide many examples of governments sub-contracting or even granting funds to CSOs, and it is not by chance that both of these governments are ones that have publicly championed national and local CSOs as partners in development.⁴

3. RAISING FUNDS FROM THE BUSINESS SECTOR IN YOUR COUNTRY

In theory business people, being citizens of your country, should be concerned with the same issues as any other citizen of the country, and should therefore be susceptible to the same public fundraising techniques discussed above. The difference is that (a) businesses may well have more resources to give away, if they can be persuaded to do so; (b) businesses are keen to be seen by their fellow country men/women as good citizens, worthy of respect (and worthy of being patronised as customers); and (c) businesses may well want to impress the government of the country so that they can become preferred contractors. Against this are two issues: firstly, business people often have

a very limited understanding of development, often confusing it with charity; and secondly, they often see development largely in terms of good public relations.

There are two strategies that I would recommend here. Firstly, find topics and issues that can be 'sold' to certain businesses because they are in their field of work. For example, banks should be interested in promoting micro-finance or youth employment schemes, since the people they reach are likely one day to have bank accounts; printers should be interested in promoting and supporting literacy work, since the people this involves will one day read books. Secondly, address the issue that businesses are not experienced development practitioners. An organisation in the Philippines suggests a good strategy. The Philippines Business for Social Progress (PBSP) is a membership organisation of more than 150 Philippines businesses that all subscribe a small percentage of their profits into a foundation that is run as a professional development agency in their country. The Philippines businesses do not try and do development themselves; rather, they contribute to a very professional foundation that does development in their name, and they make the most of promoting their businesses' contribution to this.

4. GAINING INCOME FROM THE MARKET IN YOUR OWN COUNTRY, OR ABROAD

The income from a profitable enterprise does not have to respond to donors' instructions and guidance; it does not have to report against a donor imposed log frame or results framework. Its use is for the CSO to

I have come across government officials who would simply refuse on principle to consider the idea of using government money to help CSOs, but there are many more who simply do not know the quality of the work that CSOs have done and need to be educated about it.

decide. This all sounds very attractive, but the catch is that very few CSOs seem very competent at running businesses, either at all, or at running businesses that do not interfere with the main mission of the organisation.

There are giants in the CSO business, such as BRAC in Bangladesh, or PDA in Thailand, which command multi million dollar enterprises, but there are also a substantial number that cover their administrative costs by running training courses for profit, renting out premises, or by running micro-finance operations where the return on loans provides a profit.

An Indonesian CSO, Yaysan Bina Swadaya, is instructive. Originally set up to encourage small agricultural cooperatives, it found that other people beyond its target group wanted the services it was providing, and were prepared to pay market rates for them. They started with day old chicks, then chicken feed, then produced an in-house magazine, *Trubus*, to help their farmers with agricultural tips and suggestions. They then set up a training centre for their target group, and finally, realising how many people were interested in learning from Bina Swadaya, they set up a consultancy service to teach other CSOs. In each case they worked from a smart appreciation that what they were doing for their target group (the main mission of the organisation) had spin offs for different markets and customers, and these enabled Bina Swadaya to make an income to address their core costs.

In many cases such organisations are led by social entrepreneurs who have a business attitude, and certainly do not see enterprise led income as philosophically at odds with the work of their CSO. Meechai

Viravaidya of PDI (famed for the Cabbages & Condoms Restaurants in Thailand, which promote family planning while generating income) says:

Despite the vast differences among many non-governmental organizations (NGOs), most share the common dilemma of lacking sufficient funds. PDI has developed alternative sources of revenue to donor support that have had a profound impact on our freedom to operate. For example, PDA (PDI's implementing NGO in Thailand) has established 14 for-profit companies to generate funds for social development work, the most successful of which are the Cabbages & Condoms Restaurants.⁵

Lester Salamon, of the Civil Society Centre of Johns Hopkins University, has researched and published on what he sees as an a mushrooming growth of organisations that do not see themselves as donors, but as social investors that are looking for organisations that they can work with to achieve social goals, but which are prepared to pursue this in a business like way, with funds as loan money on very soft terms, rather than grants.⁶ They are looking for different kinds of CSOs to those who live by project funding.

5. FOREIGN FUNDING TO ENCOURAGE FINANCIAL SELF-RELIANCE

Most donor funding from overseas is heavily project oriented, and is provided to CSOs that are increasingly required to accept a considerable amount of guid-

ance from the donor, such as what field they should work in, how they should operate, and particularly how they set up their books of account and report. Of course, any CSO is at liberty to refuse to join the game, but if a CSO has accepted the first injection of foreign funding, there are precious few routes except increasing addiction.

There are ways, however, in which donors could support and strengthen financial self-reliance as well as provide project funding. If donors are not thinking about such ideas for themselves (and my experience in Uganda suggests that they are not) then CSOs can educate their donors about these possibilities:

- a. Pay for training courses on financial self-reliance to orient CSOs to the alternatives to project funding

- b. Provide investment funds for CSOs with good enterprise ideas to help them develop income streams
- c. Set up more endowed foundations to use the income from invested funds to support a CSO, or a range of CSOs in a particular field, or CSOs as a whole
- d. Lobby businesses (particularly from their own countries) to consider advanced corporate social responsibility (CSR) (e.g. institutionalising CSR contributions, as with PBSP in the Philippines).

There are likely to be a hundred bright ideas out there, as soon as CSOs get out of the mental straightjacket of thinking that CSO funding comes from foreign donors.

There are likely to be a hundred bright ideas out there, as soon as CSOs get out of the mental straightjacket of thinking that CSO funding comes from foreign donors.

1 This is covered more fully in Richard Holloway, *Towards Financial Self-Reliance*, 2004 (London: Earthscan).

2 The most noteworthy one is the Resource Alliance (www.resource-alliance.org) which has a large annual conference, and many regional training courses throughout the globe.

3 The Edhi Foundation of Pakistan (<http://edhi.org>) is supported entirely and intentionally by freely given Pakistani donations. It supplies ambulances and immediate health care.

4 For example, ANSA-EAP (www.ansa-eap.net) in the Philippines offers many examples of Philippines government departments helping CSOs to carry out social accountability work.

5 PDA, www.pda.or.th/e_acpd.asp.

6 Lester Salamon (ed.), *New Frontiers in Philanthropy* – a guide to the new tools and actors re-creating global philanthropy and social investing, 2014 (Oxford: OUP).