



Unit 9

Creating a development strategy

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**Cover photo:** Paul Farmer addresses the crowd during the official visit of a Rwandan Ministry of Health official to the PIH-supported hospital in Rwinkwavu, Rwanda in 2005



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## Unit 9

# Creating a development strategy

*“How can you tell your story in a way that motivates people to support your work?”*

– Angela Letizia, Senior Grants Manager, Partners In Health

## INTRODUCTION

In the context of a nongovernmental organization (NGO) working in resource-poor countries, the word “development” often refers to initiatives taken to improve the standard of living. In the context of fundraising as we discuss it in this unit, development refers to the process of soliciting and securing money and other resources in order to build, maintain, and expand an organization’s work. Indeed, in a well-run organization, more funding generally translates into more programs—and more of a program’s desired results. However, for new or very small NGOs working to get programs off the ground and create a reliable donor base, one of the greatest challenges is gaining visibility in the public eye and credibility with donors. Larger or more established organizations tend to face different fundraising challenges. Those with similar goals are often competing for scarce funding, forcing them to spend a significant investment of time and resources in grant preparation, writing, submission, and (if successful) management. Success at obtaining large grants often requires a program to hire and pay staff who have specific fundraising expertise. For an NGO of any size, therefore, resource development can be a complex process, but if your program works from the start to ensure that staff have the needed skills and tools, you can implement a development strategy that is well aligned with organizational objectives.

This unit offers a basic overview of different types of funding mechanisms and the common tools that nonprofits use to access funding. With a focus on the new or very small NGO in particular, this unit shares some strategies and lessons that PIH has learned about creating a community of supporters, working with donors, and applying for different types of funding. The information provided here is based on PIH’s experience of relying on a development department in its home office in the United States that is responsible for generating the funds that support all twelve country sites. Smaller NGOs with more limited

capacity, however, can adapt this information to meet their particular needs. As you explore what works best for your organization, you may benefit from the wealth of fundraising resources that are available to similar organizations; some of these are listed in *Resources* at the end of this unit.

## 1. GETTING STARTED

Development, as described in this unit, refers to a long-term, comprehensive approach to securing monetary and non-monetary resources that will provide financial stability over the short and medium terms and allow for growth in the future. This unit focuses on development strategies as they relate to funding your program. If your organization is new or very small, it may be beneficial to have another organization—usually another nonprofit—act as a fiscal agent for your organization. Fiscal sponsorship is a formal arrangement in which a 501(c)3 public charity sponsors a project that may lack exempt status or administrative capacity to process gifts and provide tax receipts. Through the fiscal agent, the project can collect donations. One of the main advantages to fiscal sponsorship is that it allows an organization to seek grants and solicit tax-deductible donations under the sponsor’s exempt status. Also, since most grant makers give to organizations rather than individuals, fiscal sponsorship may help your organization qualify for more funding opportunities.

All NGOs should have a development strategy—a blueprint for what your organization aims to achieve in terms of resources and how it will get there. This roadmap will differ, however, depending on an organization’s mission, available resources, size, and maturity. The success of your strategy will also depend on factors that include:<sup>1</sup>

- The public’s view of the importance of your organization’s mission and vision
- Donors’ perceptions of the quality and significance of the projects or programs to be funded
- Donors interest in, and loyalty to, the cause and the organization
- Your organization’s ability to reach donors through various communications channels (for example, through a website, online communities, peer-to-peer outreach)
- Age, history, and prestige of your organization
- Maturity and stability of your fundraising program
- Focus of the development strategy (planned and major gift programs, capital campaigns, annual funds, special events, grant programs)
- Numbers of staff dedicated to fundraising
- Number and quality of trained volunteers dedicated to fundraising
- The geographical area in which fundraising is done. More specifically, the wealth of the potential donor base in the community and prospect base for the nonprofit in question.

<sup>1</sup> Gerrity, M.W. (n.d.). *Return on investment in philanthropy*. Retrieved online at: [http://www.cdsfunds.com/return\\_on\\_investment\\_in\\_philanthropy.html](http://www.cdsfunds.com/return_on_investment_in_philanthropy.html).

As you read this unit, consider how these factors will influence the way your organization plans to secure the necessary resources to carry out its work, both now and in the future.

## 1.1 Your first supporters

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Your first supporters will probably be individuals rather than institutional donors. Sometimes a foundation or corporate sponsor will support a fledgling NGO, but more often it is friends, family, colleagues, fellow students, or members of a board of directors who will be the source of initial funding. PIH began with the help of what are sometimes called “angel investors,” a small number of affluent individuals who believed in the organization’s vision and goals enough to provide start-up or seed funding suitable for a new business or NGO. Unfortunately, there is no formulaic technique for finding such people to help you launch your program. Your first supporters—including “angels”—will be based entirely on personal contacts, relationships, and building these relationships through conversations. Even as your organization grows, this foundation of personal support will remain vital for your long-term development. Corporations, foundations, and bilateral and multilateral funders become more suitable prospects when an organization has more capacity and a track record showing success of its programs.



Figure 1: PIH's board of directors in 2011

## 1.2 Development roles and responsibilities

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While personal contacts and relationship building are both important, more formal marketing efforts are essential for development. All NGOs, especially those that are new, should identify an “evangelist” within the organization, that is, a person who is motivated to raise the profile of the organization by reaching out to others and telling the organization’s story in a compelling way. Such a person must be highly credible, committed to your organization’s cause, and able to communicate in a charismatic and persuasive manner. She or he may be the founder of your organization, the board chair, or the head of programs, but more important than their role is their ability and desire to increase the visibility of your organization and garner support. Initially, a new NGO will rely heavily on this “evangelist” until the organization makes a name for itself.

In addition to the “evangelist,” you will need someone who will perform a wide range of other related development tasks. Some organizations designate one particular individual who can be a “jack of all trades” to research, identify, and cultivate donors, as well as steward gifts. (See *Section 4, Donor relations* for more on these terms.) Such work includes behind-the-scenes tasks such as processing, recording, and tracking donations. Other activities may include coordinating outreach activities, fundraising events, and managing

communications so that potential and existing supporters are kept up to date on the organization's work.

If your organization is new, it may not have the financial stability to hire a team or even one individual as sole fundraiser. In this case, everyone on staff, from the program manager to volunteers, may need to take on a development role for the organization as part of their other responsibilities. If you ask staff to apply their skills—or to act on behalf of the organization outside the skill set for which they were originally hired to keep money flowing—make sure everyone knows what the development strategy is and how it fits into their work.

While such a scenario may be appropriate—and necessary—for a new or very small organization, it is not viable long-term to expect just one person, whether they are a volunteer or paid member of your staff, to carry development responsibilities in addition to their other primary roles within the organization. If your organization seeks to expand its work or improve service delivery, it will eventually require more resources to sustain operations, and will need dedicated development staff to manage all aspects of fundraising.

You will need to hire staff who can manage an increasing number of supporters and who are familiar with specialized development activities, such as grant writing, managing certain types of restricted funding, or time-sensitive, non-cash contributions such as stocks. Hiring personnel to assume these responsibilities may require a substantial budget investment, but it is an investment that can, if it is carefully planned and managed properly, yield significant returns for the organization.

Hire dedicated development staff based on your organization's needs and available resources. Many small nonprofits require at least one year of financial stability before they will increase development staff capacity. In the early stages, an NGO will likely hire entry-level professionals with the energy and basic skills competent to perform the variety of the behind-the-scenes tasks mentioned above, that help you to lay the necessary groundwork for growth and larger scale development efforts.

Consider candidates who have (at a minimum) some fundraising experience and excellent oral and written communication skills. They should be flexible and adaptable, and think quickly on their feet, as they will need to respond to questions from donors and act on the organization's behalf. Development staff will be representing your organization to current and potential donors, so they should be comfortable interacting with a variety of people in a variety of situations and share your organizational mission and values. They should also be able to work with budgets to have credibility with donors, because they will need to understand and explain program expenses and speak knowledgeably about fundraising goals and achievements. Duties of development staff include:

- Research prospective donors
- Contact and follow up with prospective donors
- Ensure timely deposit and acknowledgement of gifts
- Timely reporting on use of restricted funds
- Write and ensure delivery of acknowledgement letters
- Act as liaison between donors and program staff

- Write and submit grant applications
- Communicate with donors regularly, providing both formal and informal periodic updates on your work

Some situations may require you to temporarily increase your development capacity for a specific time period, such as before a major fundraising event, an appeal, or during an emergency (if asking supporters to give emergency funding). For example, PIH leverages the support of its Boston-based staff to help prepare mailings for the annual holiday appeal. In disaster situations that have affected our staff and patients at the sites, we have asked volunteers to help answer the many telephone calls, manage donations, and thank supporters for their generosity.

Beyond these basic activities, your organization may eventually take on more complex development activities (explained in further detail below). In such cases, your development team will need to work in close tandem with those responsible for your organization's overall finance and program management. When development staff can speak knowledgeably about the organization's day-to-day activities and organizational structure and mission, they can build more effective relationships with potential supporters. When your field staff interact with your development team, they gain an appreciation for the effort involved in obtaining the funds that fuel the programs where they work. Clinical and program teams at the sites are more likely to be enthusiastic about hosting supporters and willing to provide necessary information for proposal development and reporting.

### 1.3 *Creating a development plan*

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To create a development plan for your organization, it is critical to begin by assessing your development goals and how you will achieve them. Many new, well-intentioned organizations delve into the work without considering carefully enough how it will be sustained, only to have to abandon what they have started because of a lack of funding. Be sure to involve your organization's board of directors (or related advisory leadership if you don't have a board) in assessing your development goals, and consider their input in how you will execute a plan.

Planning for development involves a careful assessment of your organization's mission, goals, and objectives in the short, medium, and long term. Have a work plan, or overall picture of the trajectory of your organization, that reflects these goals and objectives over the next six months, year, and in the next three to five years. Using your organization's overall work plan as a framework, draw up an annual development plan. An annual development plan outlines what resources you will need to achieve each objective and the specific strategies you will use to go about obtaining them over the next year. *Section 3, Mechanisms of giving* discusses some common strategies. Remember that if your work plan changes significantly, it is likely that your development plan will also need to be adapted accordingly. A specific plan is critical because your strategy for securing resources should always be aligned with your organizational needs. Bear in mind that if your organization is new or very small, its annual development plan will look different from that of an organization which has been operational for some time.

## 1.4 Recording and managing gifts

Before you begin to ask for funding, establish a system for depositing and processing donations; you may establish this system when you incorporate as a nonprofit. If yours is a small organization that will work through a fiscal sponsor (defined above), know how you will manage finances through your sponsor until the new group is ready to manage them independently. If your organization will manage its own donations, it will require a bank account in the organization's name in order to make deposits. Most of your donations may come in the traditional form of checks, but online donations are increasingly common and allow people around the world to send gifts instantly and securely. Many companies provide such electronic services. (See *Section 5.3.1, Electronic media* for more on online giving.) All donations—cash or otherwise—must be handled in accordance with national laws both in your home country and at the site. Someone with a background in financial management—perhaps a board member or other supporter—may be able to advise your organization on managing donations.

## 2. RESTRICTED AND UNRESTRICTED FUNDING

All operating income falls into either *unrestricted* or *restricted* funds. A basic understanding of both of these types of funding and the implications for soliciting and managing each will help you to create a development strategy that best meets your organization's needs.

### 2.1 Unrestricted funds

Unrestricted funds are usually the result of individual gifts. These funds can be spent in whatever manner the organization deems appropriate. For example, an unrestricted gift of one hundred dollars could be spent on medicines, supplies, a plane ticket, or overhead. Returns on investments of this money can also go toward any of these costs.

### 2.2 Restricted funds

Restricted funds are those that the donor specifies can be used only for certain purposes. Only the donor can place restrictions on donated funds. Restricted funds can be more complex to manage than unrestricted funds but they are equally important in helping the organization carry out its mission. Restricted funds can be further subdivided into two areas: temporarily and permanently restricted. Again, these classifications depend on the conditions (absence or existence) of donor-imposed restrictions on how the money



**Figure 2:** A representative from PIH's sister organization in Peru, Socios En Salud (far right), accepts a check following an annual fundraiser in Lima to expand treatment programs for children with HIV/AIDS

is used. The document that defines the restrictions and establishes how the funds are to be used is called the “gift instrument.” Letters from individual donors or award letters or grant agreements from foundations are examples of gift instruments.<sup>2</sup> Temporarily restricted funds have donor-imposed restrictions that can be fulfilled in one of two ways: either by passage of a defined period of time (time restriction) or by performing defined activities (purpose restriction). These funds commonly come from a grant that is conditional on operating a specific program or project. They could also come from an individual contribution that similarly specified support for a particular program or campaign. For example, a \$100 gift from a school’s third grade class to support your organization’s program to help keep girls in school is a temporarily restricted fund that has a designated purpose. An award from a foundation to fund an NGO with money that must be spent in the next fiscal year is an example of funding with a time restriction. Both of these are examples of temporarily restricted funding.

Permanently restricted funds are also restricted by the donor. Such funds, however, are restricted for a designated purpose or time restriction that will never expire. The intent of a permanently restricted gift is that the principal balance of the contribution will remain as an investment indefinitely, and that the nonprofit will use the interest and investment returns. An endowed fund is one example of such a donation.



**TIP:** *Fundraising letters and appeals can inadvertently place restrictions on donations, so make sure that both managers and donors understand the purpose of contributed dollars and are aware of what restrictions exist on these funds.*

### 2.3 Soliciting unrestricted vs. restricted funding

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While there are no real disadvantages to unrestricted gifts—since they allow your organization more latitude in how it chooses to use the money to support your mission—restricted gifts have both advantages and disadvantages. Restricted funding requires accurate tracking and recording, usually by someone with financial management expertise. Nonprofits have an obligation to spend contributed money as designated, and they are bound by law to meet this obligation. If a condition on restricted funding has not been fulfilled and the money has been spent, the donor can demand that the funds be returned and can pursue legal action.

Even though they may be complex to manage, restricted funds are both important and desirable for program and organizational support, because it is often the specific allocation that motivates the donor to give to the organization or program in the first place. For example, if a donor is passionate about improving sanitation at the site, you can use this funding for its designated purpose (or work with the donor to better align the contribution to your organization’s needs, if necessary) and use unrestricted funds to advance your mission in other ways. Sometimes a donor’s restriction may run counter to your

<sup>2</sup> Adapted from: Nonprofits Assistance Fund. (2009). *Managing restricted funds*. Retrieved online at: [http://www.nonprofitsassistancefund.org/index.php?src=gendocs&ref=FMN\\_Restricted\\_funds&category=Healthy%20Financial%20Practices](http://www.nonprofitsassistancefund.org/index.php?src=gendocs&ref=FMN_Restricted_funds&category=Healthy%20Financial%20Practices).

organization's mission. If this happens, weigh the pros and cons of accepting these funds. Some situations may require that you recognize, ideally in dialogue with the donor, that some potential partnerships do not work. (See *Unit 8: Establishing a financial system* for more on restricted and unrestricted funds.)

### 3. MECHANISMS OF GIVING

As a nonprofit organization, your program will receive gifts through many mechanisms and a variety of sources, including individuals, corporations and foundations, and bilateral and multilateral organizations. Each of these mechanisms is described briefly in the following sections. If necessary, seek advice from someone familiar with nonprofit accounting who can help you determine the best way to account for these contributions in your financial statements to ensure that your accounting practices conform to the applicable rules and conventions. The suggestions in this section are not intended to be comprehensive and should be used together with other resources. (See *Resources* at the end of this unit.)

#### 3.1 Annual giving

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Most nonprofits have an annual fund drive. The goal of annual giving strategies is to acquire donors who will repeat and upgrade their donation through appeals on a yearly basis. Such funds are usually unrestricted and may represent a large percentage of your annual income. Donors who have consistently contributed annually over a certain period of time often feel a personal stake in your work and may eventually, if you demonstrate good stewardship, make much larger gifts. Having a sound annual plan in place is critical for the long-term stability and overall strategic plan for your organization.

An annual giving effort should be donor-focused. It may involve traditional mailings, emails, annual events, and programs, although the theme can vary from year to year. These events can be a way to bring in new donors who will then become reliable, long-term supporters. Although they require a significant amount of coordination and frequently cost more money than they raise, such events can aid fundraising efforts in the long term by introducing new partners to your work. (See *Section 4.7, Hosting events* for more.)

Annual giving campaigns must reflect a solid general development plan already in place. Guidance from your board will allow you to project, in collaboration with other relevant departments, how many gifts in what amounts are required to meet your goals, and by when. In addition to campaign timelines, you will need to establish duties and timelines for leadership and development staff who will solicit these funds. Most importantly, your organization must present a compelling case for support. Staff with experience in fundraising and stewardship programs for donors and prospects can help to communicate this message.

### 3.2 Major gifts

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A major gift is generally considered one that will significantly help you meet your fundraising goals; a gift of one percent or more of the goal would be significant. For example, if your annual fundraising goal is \$1,000,000, a major gift would be in the \$10,000 range. Some nonprofits consider any gift that exceeds a given monetary threshold to be a major gift. Others use the term to refer to a donation that is significantly larger than the average range of other gifts received. For example, a small, new nonprofit may consider a gift of \$1,000 to be major while a larger, well-established organization would not.

Major gifts are typically given annually, but ultimately both the impetus, as well as the timing of the gift, depend on the donor. Whether given at the end of the calendar year as an income tax deduction, to honor a loved one, or to celebrate an occasion such as a wedding or anniversary, a supporter usually gives a major gift because he or she firmly believes in the activities and the philosophy behind an organization's work.



**Figure 3:** A real-life superhero from the Harry Potter Alliance (HPA) presents a check for over \$123,000 that the HPA community raised for Haiti relief

### 3.3 Gifts of stock

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Individuals may wish to donate stocks or bonds to your organization. In addition to receiving an income tax deduction, the donor would also avoid paying capital gains tax on the appreciated value of the securities.

Gifts of stocks also help you expand your donor base. If a broker, rather than the donor, sends a certificate of stock to your organization that is not accompanied by a letter, contact the broker to find out who the donor is so that you can follow up with a letter of thanks and add this person to your donor database. When PIH receives a gift of stock, we sell it as soon as we identify the donor and can ensure that the gift is intended for PIH. In this way we limit any market risk on the donation, since the value of the shares may decline. Each organization must develop its preferred policy on accepting and managing such gifts.

### 3.4 Product sales and interest income

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Some organizations are able to obtain funding through *interest income* or *earned income*. Interest income will vary depending on its source, the value of the principal, and prevailing market rates. Earned income is generated by the sale of a product or service. The sale must relate to the mission of the organization or else it can be taxed as unrelated business income. For example, some organizations support programming by offering products such as t-shirts, coffee mugs, calendars, or crafts made at project sites. In order to appropriately distribute such products, you must operate in accordance with local and federal tax laws—

even if you are a tax exempt organization. Obtain whatever legal counsel you need to help you navigate the complexities of these transactions; check with a tax lawyer or accountant if you plan to earn revenue through the sale of goods or services.

### 3.5 Corporate and foundation grants and in-kind donations

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Corporations and foundations can contribute to your organization in a number of ways, most commonly through in-kind donations or onetime grants. In-kind donations might include goods, such as medicines, equipment, supplies, or services, such as pro bono advice from a lawyer, rather than cash. (See *Section 6.4, Corporate foundations* for more on accepting in-kind donations.) Corporate and foundation grants may be directed toward a particular population group such as women or children, or to a particular issue such as HIV/AIDS or cancer, and fund programs that are aligned with their specific priorities and interests. Awards from corporations and private foundations may range in size, from multi-million dollar grants to several thousand dollars, so it is important to research these carefully before you begin applying for funding. (See *Section 6, Corporate and foundation support*.)

### 3.6 Bilateral and multilateral multi-year grants

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Gifts that span multiple years or are renewable are usually grants from institutional sources, such as a foundation, bilateral, or multilateral organization. Individuals may also give large donations. Multi-year grants typically provide restricted funding for a particular project or program, or unrestricted funding to help cover the overhead costs of running the organization. (See *Section 7, Working with bilateral and multilateral organizations* for more.) When these grants are awarded, the amount per year is usually negotiated and documented in a grant agreement, contract, or Memorandum of Understanding (MOU). (See *Unit 2: Understanding legal matters* and *Unit 10: Working with partners* for more on contracts and MOUs.)

## 4. DONOR RELATIONS

Your organization's relationship with your donors will need a planned program of maintaining supporter interest and engagement through acknowledgement, information sharing, and personal involvement with your organization. Good donor relations are key in your fundraising initiatives because they will help to build trust and confidence in your organization. Effective donor relations aims to draw the supporter into a closer, deeper relationship with your organization, increasing understanding of and strengthening the supporter's commitment to your organization's mission, and demonstrating good use of the resources that he or she has entrusted to the organization. In this process, you come to understand better the supporter and his or her interests in further involvement. This section describes how you can start a basic, low-cost donor relations program that is a reflection of your organization and its mission.

The development process often conceptualizes the giving process as a closely intertwined, four-step cycle: identify, cultivate, solicit, and steward. Each of these is explained further below.

#### 4.1 Identify supporters

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Some individuals may seek out your organization because of their interest in your work or because they have a personal connection to the organization. A family member, friend, colleague, current supporter, or board member might provide contact information of a potential supporter or initiate an introduction in person or by email. This core group of initial supporters can be a springboard that attracts more donors. As you network with those who show an interest in supporting your organization's current work, keep in mind that personal introductions are often the most effective way to reach individual donors and expand your donor base for the future.

Your board of directors and other core supporters can introduce you by phone, email, or face-to-face to people with the capacity to help. A young organization typically relies on its board or executive director to solicit funds from major donors. PIH's board members play a major role in connecting the organization to new communities and networks. Board members are also expected to serve on committees within PIH, such as the audit or compensation committees, lending their expertise in finance, fundraising, or strategic planning. Although this requires commitment of time and



**Figure 4:** Some PIH board members attend a "\$1,000 Plate" dinner in Boston to support relief efforts in Haiti

resources on the part of both the board member and the organization, an engaged board with a vested interest in the work will ultimately be more beneficial to your organization than a board that simply applies "rubber-stamp" approval to whatever your staff wants to do. Board members who play an active role in steering the organization will have a deeper understanding of the work and the types and amount of resources required to accomplish it, positioning them well to engage supporters who can sustain the organization and allow for growth.

In most cases, you will need to be proactive to identify a supporter. This means doing some research—through personal contacts or the Internet—to learn more about the person. Find out, for example, his or her connection to the organization, motivation for contacting your organization, professional work, interests, and where he or she lives. Such information will help you to engage this individual in your work in a meaningful way.

The simplest way to expand your network is to collect contact information, either informally as you network among friends and acquaintances, or at events related to your work. Some organizations identify prospective supporters by purchasing or renting mailing lists that include the names of people who support or subscribe to mailings that support similar

interests. If you are considering the purchase of email lists to build your donor base, be aware that these tend to be expensive and require time and resources to follow up on each contact. This investment may not be feasible or suitable for a young organization.



**TIP:** You can broaden your network of support by collecting sign-in sheets at events, as well as email addresses and business cards of people who are interested in your work, and then following up with them.

Organize contact information by creating a database of potential and current supporters. Collecting and storing contact information is a necessary component of development activities, but be sensitive to the importance of using such data with wisdom and discretion. Given that many people are flooded with unwanted communication through phone, posted mail, and email, it is important to seek permission to contact people through various means. In your initial contacts, disclose whether contact information will be sold or shared. You may want to include an “opt-in” policy for electronic communications that also includes an option to “unsubscribe.” Such a practice respects people’s privacy and preferences and lends additional credibility to your organization.

Once you identify a potential supporter, you can determine whether the person is a good match for your organization by exploring this person’s interests in further detail, as well as his or her giving capacity. Such information and personal discussions will help you decide whether it will be worth the time and resources to cultivate this person as a potential donor.

## 4.2 Cultivate supporters

Cultivation means engaging the person with the organization in a meaningful way so they will want to support your work. A key part of cultivation is first learning what motivates your audience to give. The majority of donors give to receive a tax write-off, some give to receive public recognition, and some give because they are motivated by the cause itself. Once you have a clearer understanding of *why* the potential supporter is interested in giving, it will be easier to frame your argument for why he or she should give to your organization in particular.



**Figure 5:** A PIH supporter helps with planting crops during a visit to Rwanda

Cultivation is personal. When preparing to meet a potential donor, think about the reasons that you were drawn to the work you are doing; these reasons may resonate with others, too. Practice in advance in situation where the stakes are lower—perhaps to family and friends—until you are comfortable with how you will present your message. Doing so can help to clarify your intended message and increase your confidence about approaching potential supporters.

Face-to-face meetings are usually more effective than email or phone conversations, at least initially, because they are more personal. Take care to not make every conversation about money. Learn what this individual values and how he or she would like to become involved with your organization. In your conversations, provide information about your organization's work, share relevant materials, and invite questions; these strategies will help to build the relationship. Encourage supporters to attend special events or talks given by your organization to help them gain a deeper understanding of what the organization does.

At the end of any targeted conversation, ask whether the supporter can introduce you to others who might be interested in learning more about your organization. This will be one of the most effective ways to expand your network. Or if, for example, you receive a gift from a supporter previously unknown to you, follow up to inquire about his or her interest in your organization and how he or she learned of it; such contacts may lead to other potential supporters. Some questions you might ask an unanticipated donor could include:

- How did you hear about us?
- Why were you inspired to contribute to our work?
- Do you have any suggestions on ways that we could improve our work?
- Are there other ways you would like to be involved with us?
- May we continue to contact you?



**TIP:** *Small gatherings that include both current and potential donors help to maintain contact with supporters, and introduce them to others who may be considering a gift to your organization.*

### 4.3 Solicit a contribution

What you ask for will depend on both your needs and your relationship with the donor. Some donors may be interested in specific program areas, in which case you may suggest a contribution for that area. For instance, if you are meeting with a prospective supporter you know is interested in women's health, a good first step might be to suggest that he or she give to your maternal and child health program (if you have such a program). If you do not have this program, you might explain how their contribution to your primary health care program would support women's health. Some people may not have defined interest areas, and may be willing to provide support for general operations. People's interests change over time, so it will be important to be sure your information about a donor is current.



**Figure 6:** Women receive treatment at a neo-natal clinic at PIH-supported Butaro health center in northern Rwanda

Donor relations can be a lengthy, complex, and sometimes delicate process. Not every prospective donor will make a contribution. For every person who becomes a supporter, you will have likely identified and contacted several people who will not make a gift. This is typical, however, and should not discourage you. It is important to learn from your experiences and keep trying. In some cases, you may meet with someone two, three, or even four times before it feels appropriate to request a gift. Bear in mind, however, that some donors, particularly those who tend to give at a higher level, will be very familiar with this process. They may or may not want to invest such time and effort before they make a donation. Take your cues from the donor about the right time to solicit a gift.

#### 4.4 Steward the gift

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Communicating good stewardship is an essential element of any donor relations program. This means reporting back to donors, funders, and the public that you have cared for the resources entrusted to your organization and spent them wisely or used them as they were intended. Responsible stewardship has many components and includes both internal management processes and other, more intangible factors, explained below.

Internally, you will need to steward gifts received on an annual basis, which includes ensuring that the gift was used for the purpose for which you solicited it. Whether the gift is restricted or unrestricted, your accounting system must track it from the point the gift is made through its ultimate use. If you receive a gift for permanent endowment, you will need a sound plan and policies in place to ensure the health of the funds, and the ability to demonstrate that the gift is invested prudently to generate growth over time. Be sure you can document that interest generated from such a gift is used as intended. Stewardship is much more than simply managing gifts. It implies a deeper burden of trust, responsibility, and accountability. Some perceive stewardship as at the very core of philanthropy—a way to express the shared responsibility of individuals and organizations to contribute to the common good.<sup>3</sup>

The stewardship phase includes continued cultivation—encouraging donors toward ongoing support of your organization rather than limiting their gifts to a one-time occurrence. Whether you provide a thank-you letter or telephone call, or laud your donors in a more public forum—such as listing names in your website or annual report—acknowledging their contributions is an essential step in stewardship as cultivation. At a minimum, acknowledge each contribution with a written thank you letter. This shows not only your appreciation of the gifts, but also provides the receipt that donors need in order to claim the gift for tax purposes.



**Figure 7:** A show of shared commitment to help build Haiti back better

<sup>3</sup> Temple, E.R. & Seiler, T.L. (2005, November 15). Stewardship and donor relations: Incorrect use of terms turns donors into chattel. *The Nonprofit Times*. Retrieved online at: [http://www.entrepreneur.com/tradejournals/article/171926511\\_1.html](http://www.entrepreneur.com/tradejournals/article/171926511_1.html).



**TIP:** *An effective donor relations program is one that is timely and appropriate. Thank supporters promptly for their gift, regardless of its size. Recognition may demand more than a simple thank you letter and recognition should be appropriate to the size of the gift as it relates to your organization.*

As your donor base expands, you will likely need to use form letters. Many common software functions exist that make it easy to generate large numbers of similar documents from a single template form and a structured database. These “mail merge” documents can help you create personalized form letters using data fields, without the repetitive effort of keying in specific values for each field in each letter, such as “name,” “dollar amount,” or “date.”



### PIH NOTE

*Sample thank you letter to an individual donor:*

*Dear [name],*

*On behalf of Partners In Health, I would like to thank you for your donation of [dollar amount] for [fund description] received on [date]. This contribution is deeply appreciated by the communities in which we work around the globe.*

*Over twenty years ago, when Partners In Health was first founded in Haiti, we vowed to provide the very best medical care in places that had none, to accompany our patients through their care and treatment, and to address the root causes of their illness. Today, we work in 12 countries with a comprehensive approach to breaking the cycle of poverty and disease—through direct health care delivery as well as community-based interventions in agriculture and nutrition, housing, clean water, and income generation.*

*Our work begins with the patient before us but extends far beyond to the transformation of communities, health systems, and global health policy. We have documented and disseminated the successes of our integrated approach in the midst of tragedies like the devastating earthquake in Haiti, in countries still scarred from war, like Rwanda, Guatemala, and Burundi, and even in inner-city Boston. Through collaboration with leading medical and academic institutions like Harvard Medical School and the Brigham & Women’s Hospital, we work to disseminate our approach to health care to others; through advocacy efforts aimed at global health funders and policymakers, we seek to raise the standard for what is possible in the delivery of health care in the poorest corners of the world.*

*It is your generosity and belief in our mission that enables us to perform this work, and we are deeply grateful for your partnership.*

*Thank you,*

*[signature]*

*Chief Development Officer*

While many individual supporters will not require formal reports detailing the use of their gifts, some may want a description of the activities accomplished as a result of the gift. For this reason, it is important to establish with the individual donor in advance whether the funds are restricted or unrestricted in their use. Your donors may also welcome information similar to the fiscal and productivity reports you produce as part of your monitoring and evaluation (M and E) activities, described in *Unit 12: Using monitoring and evaluation for action*. For many donors who share your values and vision, the more they learn about your program's activities, the more they may feel invested and committed to continuing their support.



**TIP:** *In acknowledging smaller gifts, you can explain that the overall impact of the gift will be described in a year-end report on all project activities, such as an annual report. For larger donations, work directly with the supporter to determine what level of detail and format they prefer for report on how you use their gift.*

Taking the time to reconnect with people after they have made a donation will help them see the impact that their contributions are making. Sending personalized periodic updates on your work makes people feel like an insider. For example, you can send a supporter a quick email with photos of the maternity ward that their contribution helped to build. PIH sends regular electronic bulletins with stories, interviews from the field, and photos to our supporters. Each message is programmed to greet the recipient personally by his or her name.

#### 4.5 Other forms of recognition

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People feel appreciated when they receive recognition for their donation. A donor might even make a decision about future support based on how your organization acknowledges an initial gift. Thank you letters are perhaps the most important form of recognition, but you can recognize donors in other ways as well, as part of your stewardship efforts. For example, “giving circles” are one way to enhance feelings of ownership and loyalty that contributors have for an organization they believe in. Organizations often invite supporters to become members of a giving circle distinguished by levels of monetary support. While such circles are usually defined by the amount of a gift, some institutions also group individuals by recognizing those who have given consistently over a number of years. Such groupings may be an effective way to encourage one-time supporters to continue their support and help encourage donors to increase their level of giving in order to move up into the next circle. Membership in these groups can create a network of people committed to your organization; these are often the donors on whom you can rely to contribute year after year.

Giving circles work best in organizations that have been in operation for more than a year and can demonstrate the kind of reliable continuity they ask of their donors. Collecting data on the amount and number of donations you receive annually will inform the structure of the circles. For example, if an average gift in a donor's first year of support is around one hundred dollars, the first “circle” may start at a figure slightly above that—perhaps between one hundred and fifty and two hundred dollars. This strategy would benefit you by inviting

people to give more each time. Such small gradations also help you to avoid suggesting to a first-time donor an amount that is inappropriately high or low.



**TIP:** Your board members should also be members of your giving circle and should be instrumental in recruiting new members.

#### 4.6 Involving current supporters and volunteers

Individual donors can also be instrumental in bringing together larger groups of supporters. Such groups are often able to raise more funds than any individual alone. At PIH, for example, student groups have been instrumental in raising awareness among their peers about causes that are central to PIH’s mission. (See *Unit 14: Maximizing impact through advocacy.*)



#### PIH NOTE

*In Haitian Kreyol “tout moun se moun” means every person is a person; at PIH, this idiomatic phrase has come to convey the message that every person can take part in bringing desperately needed relief to the people of Haiti. When PIH launched its “Stand With Haiti” fundraising campaign following the devastating January 2010 earthquake, we knew that a single organization could not possibly raise the amount of money that was needed to build Haiti back better. Recognizing that there is strength in numbers, we encouraged supporters to start their own fundraising pages using PIH’s website as a platform. Over 1,300 personal fundraising campaigns raised over \$2.4 million. The names of the top ten groups or individuals who raised the most money and who garnered the most contributions appear on our website and continue to inspire support for the needs of Haiti.*

PIH also encourages current supporters to build “communities of concern” as another successful strategy that helps people unite in a sustained commitment to the sites that PIH supports. Communities of concern have two main objectives: to increase awareness about and to raise funds for an organization on an ongoing basis. They are usually clustered by geographic region, allowing members—who may be donors, volunteers, or both—to organize and attend local events in their own communities. At PIH, the focus of communities of concern varies considerably, from adopting a particular site for community support, such as



**Figure 8:** Students proudly show the amount of money they raised for PIH during the Stanford University dance marathon  
Photo: Stanford University

Inshuti Mu Buzima in Rwanda or Zanmi Lasante in Haiti, to advancing awareness about PIH-related work in a specific program area, such as women’s health or food supplementation for patients. Some communities of concern have chosen to support PIH with unrestricted funding. Regardless of its focus, the key to a successful community of concern is engaging the members in a long-term commitment. For example, if the community of concern has chosen to raise funds to renovate a health center, it would continue to raise operating funds for the same facility once that project is complete, rather than choose an entirely new focus. Regional representatives, who lead the groups, can help to guide the group in maintaining a high level of commitment. Regional representatives are also instrumental in facilitating regular communication between the community of concern and PIH’s headquarters in Boston.

Although PIH attributes the success of these communities of concern to the energy and commitment of supporters, such groups do require a certain continuous level of oversight, management, and resources. PIH enlists volunteer regional representatives who are based in the same geographic area as their “community” to act as a link between their group and PIH. Twice yearly, PIH arranges day-long training for regional representatives: one session takes place at our headquarters in Boston and the other is hosted by one of the communities of concern. Members receive written materials describing PIH-supported sites. Representatives also have the opportunity to interact with PIH leadership and other communities of concern, to ask questions, and to become more familiar with the organization as a whole.



**Figure 9:** PIH’s community of concern in the Miami area helped organize a fundraising event at Barry University



### PIH NOTE

*PIH works with over twenty communities of concern in the United States and Canada. The communities are led by a regional representative who acts as an ambassador for PIH in their city, state, or region. These representatives are responsible for coordinating events that their communities of concern sponsor, and they serve as the liaison between the group and PIH. Each group hosts one or two events per year. PIH provides various resources, including event planning support, and often arranges for a staff person to attend. Ideally, this includes someone who has spent time in the field and can speak knowledgeably about work on the ground. Hearing about our work through anecdotes and photos inspires our supporters to give generously; it helps them feel connected to individuals who benefit from their community support.*

## 4.7 Hosting events

Events can have many purposes, from raising awareness about a cause, to communicating your work to a particular audience, to helping to build a community of supporters. They can be large or small, formal or informal. Use events to build relationships, to start conversations, and to connect donors to a community that supports a cause. Events are a unique development tool that can keep supporters engaged and connected to each other and to your organization. Events are an integral part of developing a supporter base. Events take work, however, so keep in mind that other fundraising vehicles are more efficient, and consider carefully whether your organization has the time, financial resources, and staff capacity to host a successful event.

The key to a successful event is careful planning. If you leave the details for the last minute, your event is more than likely to cause unnecessary stress and may leave attendees with a poor impression of your organization. The first step in planning for an event is to establish a clear goal. What do you want to accomplish through the event? How will you make this happen? Do you want to raise public awareness about an important issue at the site? Do you want to showcase your organization's work? Is the purpose of the event to create a community of people who feel passionately about a cause?

As you establish the goals for the event, also identify your audience. Knowing your audience well will allow you to tailor your event program. Are you targeting students, academics, or people in the community? The audience will also help to determine how formal the event should be. If this is your first time hosting an event, or you have limited resources and capacity to plan, it is best to start small and aim for a gathering that is more casual than formal. Another tip for a successful first event is your selection of a well-defined audience. This may be simply a group of ten to fifteen friends or acquaintances who have shown an interest in your organization's work. Such small, informal events are easier to choreograph. If your event targets a broad audience, making invested connections will be more difficult because you will need to appeal to a wider range of interests and sensibilities, and to plan more variety in the ways that you will engage those who attend.



**Figure 10:** Community members participate in Boston's Annual Urban Walk for Haiti to support PIH's work

Once you know the goals and audience for your event, you will need to secure a venue. Reserving space at a restaurant or renting a facility can be costly, so consider leveraging your network of supporters, including board members, to help identify and reserve the best space. Close supporters may be willing to host smaller-scale events, such as a reception or dinner, in their homes. Some vendors may donate space, food, or drinks to nonprofits. If you are offered the use of a facility at a discounted rate, identify clearly—and well in advance—what goods and services will be included.

Spend time crafting the event. This requires planning the components of the event and when and where each will occur. All event activities should be relevant to your goals, with a smooth transition from one activity to the next. For example, will there be an opening reception? Will people need to move to a different room for the program? Afterwards, will there be time and space for people to socialize? This is particularly important if you have a guest speaker who will mingle with attendees afterwards to speak about the work and answer questions. Such a speaker could be someone who works directly with patients in the field and can help to give a face to your organization. Decide whether you will distribute materials, such as programs, flyers, brochures, and fact sheets relevant to the event, which guests can take home with them. Any written communications must be clearly presented and understandable, relevant to the event itself, and well integrated into the program. (See *Section 5, Using communications to build relationships*.) The finale of any program tends to make the biggest impression, so save for last whatever activity or speaker you think will have the greatest impact; this might, for example, be a guest speaker, a photo exhibit, or some form of entertainment such as dancing or singing.



#### PIH NOTE

*PIH's Annual Urban Walk for Haiti was founded in 2004 by a high school student and his French teacher. With the support of a Boston high school and a core committee, the Walk has developed into a large community-based event that draws hundreds of participants in the greater Boston area, including many members of the Haitian community. Activities include Haitian dancing, music, crafts, short project-related talks, and food, followed by the three-mile walk around the Charles River. Each year 100 percent of the funds raised by the Walk support Partners In Health's work in Haiti.*

How you communicate the event to your target audience is also important. The invitation should provide clear, consistent communication about the event. Invitations can take the form of telephone calls, mail, or email. Send a reminder to each attendee and request them to reply by RSVP. This helps people feel that their presence at the event is important, and it also gives you specific information on how many will attend, important information that will help you plan for catering, seating, and parking. Consider sending email reminders to groups of friends, rather than individuals, or ask some supporters to act as a host committee and print their names on the invitation. People are more likely to attend an event if others whom they know will be there. Knowing attendees in advance is also important if you plan to include a public recognition of named guests during the event. You may also wish to brief your staff on the backgrounds and interests of invitees prior to the event. If you prepare a briefing document on invitees, keep it basic and confidential; advise your staff not to bring such written information to the event itself.

Not all events are intended to raise significant sums of money. Some aim, simply, to spark conversations about your work and strengthen ties to the organization. Attendees may not become donors, now or in the future. At such conversation-starting events, fundraising requests may include a “soft ask” during the event, in the form of donation envelopes or a well-marked donation box in the locations where people will linger and talk. A “hard ask” might involve contacting a guest two weeks after the event and soliciting a donation. Be

sure the event is linked to your organization's goals clearly enough that a follow-up "hard ask" does not take people by surprise.

Successful fundraising events require a follow-up strategy. Even if your follow-up does not solicit a contribution, such contact with guests is key to building relationships. Decide who will follow up with the guest, how it will take place (via phone, email, or in person), and what the message will be to each guest. For example, you could send a follow-up email to thank attendees, and attach photos from the event or other relevant materials that would help to continue the conversation.

## 5. USING COMMUNICATIONS TO BUILD RELATIONSHIPS

The development goal of any communications strategy is to provide an income for your organization's long-term survival. An effective communications strategy, however, is not exclusively focused on fundraising. PIH's communications strategy prioritizes building relationships with constituencies and potential supporters so that we can better carry out our mission of delivering high-quality health care to the poor. Depending on the mission and goals of your organization, your communications strategy may have multiple interdependent functions: to build a movement for social justice, to provide information to those who are interested in your work, and to support your development goals. The next section discusses some of the lessons that PIH has learned about effective communication with our supporters.

### 5.1 Message

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Every communication that your organization sends, whether in print, through online media, or through personal encounters, represents your organization. PIH focuses on creating messages about who our organization is, what we do, how we do it, and what makes us different from other nonprofits that are doing similar work. How the public views PIH results from a combination of these representations, as well as how others talk about it. While you cannot directly control the messages that others convey about your organization, you can make sure that all messages generated directly from your organization are:

- **Clear:** The message uses clear and concise language
- **Accurate:** The message contains correct information
- **Relevant:** The message is relevant to the appropriate theme or topic
- **Timely:** The message is sent within the appropriate time frame
- **Consistent:** The message does not conflict with any of your other messaging
- **Compelling:** The message is convincing, and, where appropriate, motivates the recipient to take some kind of action

Know what results you intend with every communication you make, no matter how large or small. Do you want to raise awareness about a particular issue? Motivate people to take action? Update your audience on the latest news in the field? Raise funds? Before crafting a message, identify what you hope to achieve. If your aim is to build a movement

for social justice, for example, you might post information on your website that encourages direct involvement—attending an event, participating in a demonstration, writing a letter, or forming a community group to raise awareness of and tackle a problem. (See *Unit 14: Maximizing impact through advocacy* for more on crafting messages for policy change.) If your goal is to raise funds for a particular cause, you might consider soliciting a donation through email.

While your primary goal may be to raise enough money to sustain operations, not every message should be a direct appeal for money. In fact, such a strategy would likely be counterproductive. PIH has found that presenting information in a compelling way without always making a direct appeal encourages people to become more engaged with the work. For example, anyone who has donated to PIH online automatically receives regular news updates via electronic bulletins; these include reports of successes or challenges, from winning a grant to an unfortunate situation that affects patients' lives. Such regular updates remind donors of the impact that their gift has had, which may prompt a one-time contributor to donate again, or even become a long-term supporter.

When people feel like they have a relationship with the communities you serve—rather than simply with your organization—they are much more likely to become long-term supporters. Tell the stories of people involved in your programs, such as patients, staff, or volunteers at your site. Stories can lend credibility to the content of your message. Remember, however, that there are ethical considerations when using patient photos and stories, so be sure to seek the appropriate permissions before using these in any electronic media or in print. (See *Unit 2: Understanding legal matters* for more on local privacy laws.)



**Figure 11:** Joseph Jeune when he first came to Zanmi Lasante in Haiti, 26 years old and dying of AIDS



**Figure 12:** Joseph Jeune posing with his daughter after successful ARV treatment



## PIH NOTE

*Patient stories and photos are a major component of our development communications because they help support the statements we make and give our audience a stronger sense of personal connection to the work. However, we follow specific policies in our use of patients' photos and information. PIH aims to uphold the dignity of the patient, so we would not use a photo in our communications that is disrespectful, degrading, or embarrassing to a patient. PIH also gives the patient ultimate control over how photos and text are used. Before taking a photo or writing a story, we seek permission from the patient. This is often verbal rather than written permission. We explain that the photo, its accompanying information, or other personal information, such as that used in a story, could become public information, for example, if it is used on our website. When seeking permission, document patient decisions carefully. Sometimes a patient may agree to the photo but not the story, or may feel comfortable telling the story to a PIH staff member but not want to have it published.*

## 5.2 Audience

Your audience will likely include longtime as well as potential supporters. Depending on the goal of your message, you might tailor it to a specific category of your audience by their area of interest, giving level, or status of current relationship to your organization (for example, long-time supporter, new supporter, or prospect). Campaign messages, for example, may segment prospects by their ability to give, and then design specific messages for each of those different groups. This is worthwhile because you are hoping for different actions; you want some people to give \$100 and others to give \$1,000. Donors with different financial capacities for giving may respond to different messages.



## PIH NOTE

*When crafting messages, PIH has found it useful to first identify how or why someone is connected to us, and then engage the person in a way that will remind them of this tie to the communities we serve. For several months after the 2010 earthquake hit Haiti, our communications focused on tackling acute and chronic disasters. This theme spoke to what had motivated thousands of those who contributed to PIH for the first time. It was also an opportunity for us to reach a new audience with the message of our long-term commitment in Haiti's reconstruction and to spotlight other sites where PIH addresses less popular "slow-moving disasters" that include poverty and lack of food, clean water, shelter, and education. Having our communication framework in place made it easier to develop a variety of messages that would reach different segments of donors, with the goal of gaining new long-term supporters.*

## 5.3 Media

What is the best way to deliver your message? The demographics of your audience can help you answer this question. Electronic media, print publishing, and speaking events

will likely be your primary outlets for development purposes. If your organization has the capacity, your staff may be able and skilled enough to do most of the communications work in-house. If you lack such organizational capacity, you might outsource production of newsletters and annual reports, as well as online content management in a website or other online signature media. Keep in mind that outsourcing these services can be costly, particularly if you plan to print materials or contract out for the development or management of a complex website. *Unit 14: Maximizing impact through advocacy* discusses in more detail the use of media to advance advocacy issues; the following paragraphs focus primarily on how these media can support your fundraising efforts.

### 5.3.1 Electronic media

A website can be a nonprofit's most important communications platform. The public face of your organization, a website targets both current and potential supporters. Decide from the start how your website will serve your organization; this will help you to prioritize its content. PIH's website ([www.pih.org](http://www.pih.org)), which targets a broad audience, highlights several key content areas using short, simple phrases and eye-catching colors. Our major themes appear at the top of the page. The user can click on each of these to see more specialized content. If your organization also appeals to a broad audience, you may want a website with similar features that will allow longtime supporters who are familiar with your work to find easy links on your front page to more detailed information within the site itself.



**TIP:** You can make your website more dynamic and interactive by using photo sharing and blogging tools, and frequently updating content with stories from the field.

If you use your website as a fundraising platform, the donation function should be prominent, easy to navigate, secure, and personalized. PIH uses a payment processor to host a separate page for online donations. When choosing such a service, look for a company that will send electronic personalized acknowledgements of the donation. These acknowledgements not only function as a thank you note for the donation but also a receipt for tax purposes. For donations exceeding a certain amount, send a hand-signed letter in addition to the electronic receipt. It is also advisable to select a payment processor that will allow you to brand the donation page as much as possible so that it clearly represents your organization. Nonprofits with branded pages generally have a higher rate of online giving than organizations whose donation pages do not have the look and feel of the organization.

Email can be a vital tool in reaching current and potential donors. To obtain email addresses from those who visit your website, have a “subscribe” function that is highly visible on your home page and easy to navigate. Limit the required information fields to the subscriber's email and zip code, since people tend to spend as little time as possible completing online forms and may be deterred by requests for more personal information. You can always learn more about them in follow-up communications later on. It is also helpful to follow a “one-click” rule—one keyboard click to what you, and your subscribers—want to read about each other.

Small organizations can personalize emails when your subscriber base consists of your family and friends, but your message will need to become more standardized as your

supporter base increases in size. Use emails to send patient stories quickly and “calls to action” to selected segments of your audience—information on what you want the supporter to do (write a letter, tell a friend about your organization, or make a donation). It is advisable to experiment with different forms of online communication to learn what will prompt the best response from different segments of your audience. For example, young adults may opt out of receiving weekly emails and prefer to receive information that you post on a social networking site.

### 5.3.2 Print publishing

Printed materials, which commonly include such publications as annual reports, brochures, and fact sheets, can complement your development efforts. Once they are printed, however, such publications cannot be easily updated, so consider carefully what content you will choose to highlight in these materials and where and how they will be used. One middle-ground option to deciding between online or print publications is to publish digital documents of print-ready materials online, as linkable documents (usually in PDF or Word format) that readers can download from your website. This is especially efficient if you have staff with the necessary skills and software tools to update or change this material as needed. “Short-run” printers can often produce printed copies of this material in small quantities on demand at reasonable cost when you need them.

Annual reports are an organization’s communication vehicle of record. They are useful tools to demonstrate that donors’ contributions are being used wisely, and as they were intended. Annual reports can also serve as support materials in your direct mail appeals (for example, in an annual campaign) and can also be posted on your website. PIH sends its supporters an annual report with a different theme each year. The content includes an overview of both PIH’s finances and governance. The financial summary includes program costs and revenue by source. We also list the names of corporations and foundations that have attained or exceeded a certain giving level. The governance section lists PIH’s board members and officers.

Brochures and fact sheets are useful both within your organization and for your donor audience. You can include them in your responses to requests for information or when cultivating donors. Development-focused brochures and fact sheets can summarize a campaign’s case for giving, and cite positive outcomes that a successful campaign will enhance. They may be especially useful at events, as “take-home messages” that reinforce the event’s activities and provide potential supporters with physical reminders of your organization.



**Figure 13:** PIH staff encourage soccer fans to join the PIH community when Harvard played the Haitian National team in Cambridge, MA one year after the 2010 Haiti earthquake

### 5.3.3 Speaking engagements

If your organization seeks to raise its public visibility, be proactive about opportunities to speak about your work. If one of your development goals is to create a community of supporters, speaking opportunities are a good way to unite those who have an interest in supporting your common cause. Speaking engagements need not be large or complex events. They may be as simple as, for example, a program officer speaking to a group of high school students who want to be involved in a social justice initiative, or as formal as your executive director addressing a group of high-level potential donors.

Even small speaking engagements can require significant coordination and planning for both host and speaker. If your organization is hosting the event, invite the speaker at least two months in advance of the event date. Be aware that high-profile speakers with an international reputation may need as much as a year's lead time to fit an event into their schedule. Consider inviting news media to the event, if appropriate.



**TIP:** *If your organization receives many requests for speaking events, create a speaker request form to keep this information organized.*

If your organization receives an invitation to speak at an external event, find out:

- Who is asking you to speak and why?
- What is the purpose of the event?
- What is the suggested topic of the speech? (Your speaker must be knowledgeable of and speak well to the subject matter)
- What costs are covered (accommodations, travel)?
- What audiovisual equipment is available for the event?
- Will your organization be allowed to distribute supporting materials, such as brochures or fact sheets?

If a speaking engagement is open to the public, make sure that it is well advertised in advance so that area supporters know about it; posting the announcement on your website on the day of the event will not help your image, or your audience. It is also important that you invite supporters to participate in events that do not always involve their volunteer coordination. In addition to website posting, include it in your news bulletin, and inform the local newspaper.

## 6. CORPORATE AND FOUNDATION SUPPORT

At a certain stage in a nonprofit's growth, corporate and foundation giving can be an important part of the development strategy. Pursuing this level of support is most likely to succeed after your organization has established a track record, with, at minimum, a cohort of individual supporters who are part of the annual fundraising effort. Some companies—both large and small—choose to contribute to philanthropic work by donating a percentage of their profits to an organization doing work that is important to their own mission.

Depending on the company, these decisions may be made through the corporate foundation, or directly within the company itself. For example, PIH has entered into a partnership with a coffee retailer committed to the principle of “fair trade” and improving health in the villages where the coffee is grown.<sup>4</sup> A portion of the proceeds from the sale of these organic coffee beans goes directly to Zanmi Lasante, our sister organization in Haiti. Use the Internet and your networking contacts with people knowledgeable about foundation funding (particularly in your area of interest) to identify possible funding opportunities. Categories of foundations that provide grants and other funding support are described below.

### 6.1 Private foundations

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Private foundations vary in size and source of funding, but are most often large grant-giving institutions with a paid staff and a specifically stated mandate. These foundations generally have a board of directors and at least some paid staff. Your primary relationship will probably be with a program officer within the organization. This individual can answer questions regarding their funding policies and would be your point of contact once a grant is awarded. If you are applying for private foundation funds, it is important to investigate the foundation’s charter and giving history. This will help you gauge whether your organization is a good match for the foundation.

### 6.2 Family foundations

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Family foundations tend to be smaller organizations, often without a paid staff. The original donor (or members of the donor’s family or descendants) usually sets the foundation’s agenda. Family members themselves sometimes choose the organization to which they want to give, and communicate with it directly. Some have a charter that limits the fields to which they can contribute, for example, health or education. Researching the charter and giving history will provide you with valuable information about whether a particular family foundation is a good match for your organization.

### 6.3 Community foundations

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Community foundations are independent, registered philanthropic institutions that serve a specific geographic area, typically a city, state, region, district, or province. Their mission is broadly defined, for example, to improve the quality of life in a community, and they generally give smaller grants to support development projects. Families, individuals, businesses, and nonprofits establish funds within community foundations into which they can contribute a variety of assets to be used for charitable purposes. The people or organizations that establish the funds can then recommend that grants be distributed, in the name of the fund or anonymously, to qualified nonprofit groups and schools. Multisectoral local boards that reflect the community govern a community foundation. Sometimes they act as a fiscal agent for very small or new nonprofits. How

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<sup>4</sup> Dean’s Beans donates a portion of the proceeds from coffee bean sales to Zanmi Lasante in Haiti. For more information, see <http://www.deansbeans.com/>.

your organization might appeal to this type of foundation will depend on its sense of your connection to the specific community.

## 6.4 Corporate foundations

Corporate foundations derive their grant-making funds primarily from the contributions of a profit-making business. The charters of many corporate foundations require them to give away a certain percentage of their endowment each year, setting the parameters for the size and number of grants given annually. Most corporate foundations award grants in fields that are related to their work.

Many corporations contribute to philanthropic work through either monetary or in-kind donations. The gifts are often given through corporate foundations but can also come directly from the corporation itself. In-kind donations (such as medications or equipment) can be very useful because they can offset spending on items or services that your organization would otherwise need to purchase. Sometimes donations may not be items in your budget, but might nonetheless benefit your patients. Think carefully about the potential consequences of donations, however. For example, on one occasion, PIH worked with a partner to distribute thousands of free shoes to children in Haiti. Although this in-kind donation unquestionably benefitted the local children, our intervention may have had a negative impact on local shoe manufacturers and merchants. It is therefore important to be mindful that accepting free goods and distributing them widely at your site can have unintended consequences, including potentially displacing local industries that enable your patients to earn a living necessary for their survival.

Before accepting donations, make sure that they are relevant to your needs. Donated goods should be of high quality and not a donor's attempt to offload excess, unwanted, or expired products, particularly medicines. Often, donors have multiple contacts in an organization, so if you choose to decline a donation, it is a good idea to discuss this and first reach consensus within the organization. A firm policy on accepting in-kind donations can help to avoid misunderstandings. If you must turn down a donation, it is best to thank the donor, but at the same time be forthright about why you cannot accept the offer. People are more likely to respect your organization and also more likely to support it in other ways in the future if you engage them in an honest discussion from the start.

If you accept an in-kind donation, confirm that you have adequate storage space, as well as the staff and infrastructure in place to ensure delivery of the goods to their final destination. (See *Unit 4: Managing a procurement system*, for more on accepting in-kind donations.)



**Figure 14:** Staff at Zanmi Lasante in Haiti learn how to use a donated equipment sterilizer

Accounting rules require that you record the market value of any contributed goods as revenue to your organization, and associate this revenue with a corresponding expense. The same rule also applies to contributed services that you would otherwise need to pay for, such as pro bono legal services. It is also important, for auditing purposes, to maintain records of how the market value for the donated products or services was determined.



**Figure 15:** Staff unload supplies at one of PIH's depots in Haiti

Many corporations have employee matching programs by which they increase the size of their cash donations. For example, a corporation may have a program policy to match employee contributions up to \$100,000. If its employees make individual donations that reach a sum total of \$100,000, the corporation will then match these contributions, for a total donation of \$200,000. In this way, your organization can double a donation by investing the same amount of time and resources in the processes of identification, cultivation, solicitation, and stewardship for this corporation. Some corporations also routinely match the philanthropic donations that its employees make at all levels, without stated upper limits.

Before seeking corporate support, spend some time researching the companies themselves. Consider how an association with a corporation will potentially affect your organization's public image. Similarly, a corporation may want to improve its public image through an association with your organization. Corporate partners may ask for a voice in your advocacy efforts (if you have any) or may want you to offer them publicity in your written materials or at events, or vice versa. If you receive these requests during development conversations with a corporation, weigh the pros and cons of entering into such a relationship. Some corporations may engage in activities that run counter to your organization's philosophy and mission, so decide in advance whether your organization takes a moral stance on certain activities or business practices that would preclude such a partnership.



**TIP:** *Developing guidelines in advance about acceptance of corporate gifts can help you decide whether or not to accept contributions. These guidelines can reflect your mission and values and can affect how other partners and stakeholders perceive your programs.*

Different types of funders may have different expectations about how you will recognize their gifts. Although foundations sometimes want recognition as well, philanthropic giving in a corporation is often part of a larger corporate citizenship strategy, so recognition can be a larger part of the motivation behind corporate gifts. If you decided to partner with a corporation, it may request recognition for its contributions, such its name on your website, a blog post about the donation, or its name on a plaque of a building it helps to fund. Discuss and make sure your organization is aware of these expectations and willing to grant such requests—before you commit to a partnership with the corporation.

## 6.5 Planning for grant submission

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A grant is monetary assistance that does not have to be repaid. Foundations award grants to individuals, small businesses, public sector entities, and NGOs that align with their specific priorities and interests, such as, for example, education, food assistance, children, maternal health, HIV, or cancer. However, before you invest the time and resources that go into making a competitive grant application, your organization should have the capacity to carry out all the tasks required by the grant commitment. The community of global health funders is growing but is still relatively small and close knit. Funders often communicate with one another about the projects they support. If you receive a grant from one funder and are unable to complete or report on activities, others may hesitate to accept your applications in the future. In such an environment, over-committing resources in the short term can have long-term negative consequences for your organization and the people you are trying to help. On the other hand, if you can document a successful grant, this will encourage other funders to trust in your abilities to have a measurable impact, and will be more likely to award funds to your organization in the future.

When making funding decisions, most foundations favor organizations with an established track record. Establishing a track record involves documenting your program's impact as well as proof that you have financial systems in place within the organization to manage grant funds effectively. Although some foundations give seed funding to NGOs, organizations that can already demonstrate effective use of donor funds generally have more success with obtaining these awards. One effective way to prove your worth to secure initial institutional funding is the establishment of a reliable, consistent individual donor base. Individuals or committees that evaluate grant applications will also assess the members of your board of directors, other sources of funding, and yearly financial statements.

A number of databases are available that provide access to information about thousands of funding sources in the United States and abroad. Some of these databases are free; others charge annual fees. They contain tools that help to narrow your search and to identify awards that are within the range you are seeking. For example, database filters will identify all foundations making awards in international health, and will show the amounts of the awards. Therefore, if you are seeking \$20,000 to fund a pilot recruitment and training program for community health workers (CHWs) at your site, the database filters will help you identify a foundation that makes grants in that range. In this case, you would probably not apply to a foundation that gives only large grants (\$100,000 or more) because its mandate likely focuses on funding larger, long-term projects. On the other hand, if you apply to a foundation whose largest grant in the last year was \$5,000, you will most likely need to find supplemental funding in order to cover your entire budget. (See Resources at the end of this unit for more on databases and other methods for identifying grant makers.) Remember that your board members can also be useful in introducing your organization to foundations, which is a good way to identify potential funders.

Your relationships with a foundation are just as important as your relationships with individual supporters, and many of the same principles behind donor relations, cultivation, and stewardship apply. While timetables and application expectations will vary, you can start the relationship off on the right foot by contacting the appropriate program officer (this information is usually provided on the foundation's website) six weeks before you plan

to submit a proposal. Introduce yourself and the work for which you are seeking support. It is helpful to prepare questions in advance for the program officer and, if possible, to meet with them in person. If the foundation is open to communicating with potential applicants, this effort will show your interest and enthusiasm in the foundation's work and also help you decide whether your organization is in a position to develop a competitive grant proposal. Keep in mind, however, that not all foundations welcome advance personal interaction with potential applicants. It is generally best practice to follow their guidelines, often stated on the foundation's website. Due to high levels of competition, a number of foundations prefer to start with a written submission and engage personally only with the organizations they decide to support.

## 6.6 Submitting a grant proposal

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If more than one person is charged with seeking funds for your organization, it will be important that everyone who is working on the proposal meet and communicate regularly and clearly regarding the proposal submission and foundation contacts. This avoids duplication of work and possible message discrepancies. If a team of people will contribute to the proposal, make sure that one person has overall responsibility to coordinate the parts and to submit the final product by the deadline. Foundations rarely allow extensions, making adherence to application deadlines essential.

Some foundations have fixed funding cycles, and accept applications during a defined period; others have rolling acceptance of concept papers or letters of inquiry. Once you have identified the foundations to which you would like to apply for funding, learn when their decisions and payments are made so that you can plan your programming accordingly. While the time between notification and payout of an award varies from one foundation to the next, it is usually six weeks or less. As a hypothetical example, if your grant application has the following due dates, you would want to plan for program implementation after the New Year:

- **August 1:** Letter of intent due
- **September 15:** Notification of applicants invited to submit full proposals
- **October 15:** Full proposals due
- **Mid-November:** Foundation Board meeting
- **December 1:** Successful grantees notified of award
- **December 15:** Payout of grants



**TIP:** *U.S.-based foundations report their annual giving on their IRS Form 990. Look at these publicly available documents to find detailed information about names of supported organizations and grant size.*

Some foundations will require a Letter of Intent or a Letter of Interest (LOI). These are a precursor to the full application, and are usually used in instances when the foundation anticipates a very high number of applications compared to the number of available

grants. An LOI is the first round of selection, and will require a general description of your organization and the project for which you are requesting funds.

If it is required, keep in mind that an LOI (usually one to two pages) will be the backbone of your application. It should give a brief summary of your organization's activities, and demonstrate programmatic impact. It should also explain how this grant specifically will allow you to accomplish organizational goals. An LOI (sometimes referred to as a concept paper) functions as a starting point that will lead to a more detailed program description or application and can be adjusted to suit the needs of a grant application. The development team at PIH will often produce such concept papers in collaboration with the Executive Director and program managers to ensure that all pertinent points are expressed, and the organization's strengths are appropriately highlighted.

If your LOI is accepted, you will be asked to submit a full proposal, which will include more detailed information about the following aspects of your project:<sup>5</sup>

- Organizational information and executive summary of the proposal
- Rationale for the proposed work
- Project design
- Project management and implementation
- Monitoring and dissemination of findings
- Risk factors (for example, those that may affect implementation of the proposed project or work, as well as measures to be taken to minimize identified potential risks)
- Budget

The development, program, and finance staff should work together to construct a budget that appropriately reflects your programs' priorities. (See *Unit 8: Establishing a financial system* for more on budget development.)

When reading the specific instructions on submission, note especially:

- Does the foundation require a hard copy or electronic copy?
- Are there length limits?
- Are there specifications regarding font type and size?
- What (if any) appendices should be included?

A foundation may also require:

- A copy of your nonprofit status/IRS tax determination status
- Annual reports
- Current audited financial statements
- A list of senior officers and board members

The most important component of a grant submission is an application that is tailored specifically to your selected foundation. Rather than use a generic cover letter or concept

<sup>5</sup> Mukute, M. & Marange, T. (May 2006). *Zimbabwe NGO corporate governance manual*. Harare, Zimbabwe: NANGO. Retrieved online at: <http://www.oneworldtrust.org/csoproject/images/documents/ZMBW1.pdf>.

paper, explain precisely why your organization is a good match for the foundation to which you are applying. Make the connection between your project and the grant guidelines as clear and straightforward as possible. Mention this connection early in the document, and reinforce the connection throughout your application.

In addition to clear program goals and a realistic budget, a successful application must demonstrate strong organizational leadership. The ability to show a potential funder that your organization has strong leadership and a reliable base of supporters is particularly important for a young organization without previous foundation funding. Include short biographies of your board of directors and/or senior leadership within your organization to testify to the stability of your group and the potential of your projects. Finally, ensure that all necessary members of your development team and leadership have signed off on the proposal before it is submitted.



**TIP:** *When submitting grants for the first time, ask one of your Board members, or someone with experience in grant writing, to review the application before sending it to the funder. Allow enough time in your schedule to make changes in the application based on their advice and still meet the submission deadline.*

## 6.7 Grant reporting

Most foundations and bilateral or multilateral funders (described in the next section of this unit) require detailed reporting on the funds they award an NGO. These requirements will usually be described in detail in the contract or Memorandum of Understanding (MOU) that both parties will sign upon your acceptance of the award. If the requirements and/or instructions are not clear, talk with your program officer. Reporting will be easier if you understand reporting requirements from the beginning of grant activities.



**Figure 16:** A child receives treatment in the pediatric ward of a PIH-supported health facility in Malawi



## PIH NOTE

*A foundation approached PIH in 2006 to fund a pediatric health initiative in Malawi and Lesotho. Although we had plans to open health centers in these areas, we had not fully begun operations at these two sites, but we were confident that this support would help to decrease rates of infant and child mortality. Eager to begin serving patients, we accepted the money and forged ahead. In hindsight, it would have been better to delay this funding until our facilities in these two countries were fully operational and we had a better idea of what we could realistically achieve within the expected time frame. The three-year budgets that our donor requested in 2006 were very different from the actual expenses described in our final report in 2009. Even though we had ongoing communications with our program officer, we did not get enough clarity from the start about donor expectations. The discrepancies between our actual expenses and our initial budget could have been clarified more proactively if we had reported our progress and challenges to the donor every six months. Given that we had not yet started work on the initiatives in 2006, we should have been more conservative in the indicators that we promised to report. As a result, in 2009, our donor was unnecessarily surprised by the expense discrepancies, despite our responsible budgeting and record keeping, and we were not able to report on all the indicators that we had promised, making it hard to show the full impact of our intervention at the two sites. The experience was a setback in our relationship with the funder, but PIH learned a valuable lesson for the future.*

Your development, programs, and finance teams will need to work together to ensure that staff are gathering the proper data, thereby producing the information donors require. To ensure good reporting, you will need to establish, define, and communicate to your field staff the indicators they are expected to measure. (See *Unit 12: Using monitoring and evaluation for action* for more on understanding indicators.) Three months before a report is due, check with the staff member responsible for collecting and/or reporting the data to find out if the project is on track. Keeping the foundation program officer informed of both progress and setbacks will lend credibility to your organization and help to foster a good relationship with that foundation. Communicate with your program officer informally throughout the course of the grant. Occasional updates by phone calls and email will help to keep the funder interested and engaged. Such updates will also build confidence that your organization is using funds as they were intended.

## 7. WORKING WITH BILATERAL AND MULTILATERAL ORGANIZATIONS

International organizations are major sources of global health funding and technical assistance. Partnering with these agencies or institutions can give you a platform for advocacy and policy change, often to an international audience. (See *Unit 14: Maximizing impact through advocacy*). Bilateral and multilateral organizations (described in more detail below) may fund NGOs directly or, alternatively, partner with the local government. Aid from bilateral and multilateral agencies might include:

- **Project-specific aid:** Funds or equipment for the completion of a particular project, such as HIV prevention and treatment to improve specific indicators of maternal health.
- **Technical aid:** Experts in a specified field advise the government, train local people and/or supply equipment.
- **Financial aid:** Grants or loans made to a country to meet their development goals.
- **Relief aid:** Food, medicine, and other items needed in emergencies. This is usually in response to large-scale disasters.
- **Food aid:** Generally pre-packaged food or grain, usually provided in food crises such as famine or drought.



**Figure 17:** Food bags donated by a multilateral agency en route to patients in the mountains of Lesotho

### 7.1 Multilateral funding organizations

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A multilateral organization is one formed by official representatives from multiple nations to address an agreed-upon issue. In some cases, these organizations fund governments directly, and the governments agree to transfer the support to partners (usually NGOs) that implement activities. In Rwanda, for example, the Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM) provides medicines to the Rwandan government, which then distributes these to PIH-supported sites in Rwanda to treat patients at their sites. Other agencies, such as Europe Aid or the United States Agency for International Development (USAID), give money directly to the NGO. Such agencies typically have international headquarters in a donor country, with field offices in many but not necessarily all recipient countries. Even if a field office does not exist in the country in which you are working, that country may be receiving multilateral aid from a particular organization. Information on the location of field offices and recipient nations can be found on multilateral agencies' official websites.

### 7.2 Bilateral funding organizations

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Bilateral agencies provide direct aid and assistance from one country to another. The magnitude of a donor agency's presence in the recipient country often depends on the size of the funding portfolio(s) that the agency maintains in that country. If the donor agency has larger portfolios in the recipient country, they usually maintain a national office, which is sometimes housed at the donor country's embassy and staffed by a combination of local and expatriate members of the diplomatic corps. Donors with smaller portfolios in a recipient country will often work through an embassy officer who handles local assistance. Information on an agency's work in a particular country can be found on the agency's official website.

Both multilateral and bilateral organizations provide documentation, usually available on their website's individual country pages, that describes their priorities, funding process, and any restrictions on types of services. Bilateral donors often have their own national strategy and program priorities and will therefore seek to fund projects that align with these. For example, some countries prioritize civil society and agriculture, forestry and mountain preservation, or large-scale infrastructure projects that are tied to their own national industries. It is worth finding out if a bilateral organization shares your program priorities, since most countries with a diplomatic presence will have at least a small grants program for NGOs.



**TIP:** Establish relationships with local staff in addition to the expatriate program officers in the country where you work. Their tenure at the agency is often longer than the foreigners' and their support can be very influential.

### 7.3 Applying for funding

To access bilateral and multilateral funds, organizations must have an established track record in program planning and implementation. Information about a donor's funding requirements and cycles, as well as required reporting, will help you decide whether you are ready to request their financial support. Read the information on their websites before making an application. If what you need to know is not readily available on the website, or if you do not have reliable Internet access, contact the mission field office or headquarters.



**Figure 18:** The public sector development team at PIH's headquarters in Boston

Many multilateral and bilateral donors have stringent reporting requirements, including reporting on a set of previously defined indicators. (See below for more on reporting). If you decide you are not yet ready to apply for these funds, but plan to do so in the future, make sure your monitoring and evaluation (M and E) system will facilitate both reporting and using data internally to improve programs. (See *Unit 12: Using monitoring and evaluation for action.*)

### 7.4 Planning for submission

Many of the same rules apply to grant submission for bilateral and multilateral organizations as to corporations and foundations, though the process is slightly different. Most bilateral and multilateral funders will release a Request For Application (RFA) that solicits proposals for a specific type of intervention, for example, a program to reduce infant

mortality. Often, the initial submission, much like an LOI, consists of an overview of the proposed project. If your initial submission is approved, you will be invited to prepare a full application, which will include more detail and require your technical and financial information.

Grant applications to bilateral and multilateral organizations can be a long and complicated process. Some organizations, such as USAID, offer special training sessions that assist people in the development of a successful submission. (See *Resources* at the end of this unit for more on training sessions.) If the organization does not offer such sessions, or if you cannot attend one, seek advice from groups that have submitted successful applications in the past. Speaking—or partnering—with them may increase the likelihood that you will eventually receive funding. It may make sense to begin as a subcontractor to a larger organization before applying for direct funding from a bilateral or multilateral agency.

Many of the applications are quite technical in nature and require some clinical expertise and knowledge about procurement, training, M and E, and the context in which the intervention will be carried out. Seek help with the application from people experienced in these areas. Ask them to review your content before you submit it. If they are available to do so, both you and they may also benefit if you include them as project consultants. Not only will their knowledge help you, but it will also lend credibility to your project.

Establishing a good relationship with staff—both local and expatriate—at these agencies will be an advantage as you prepare and submit proposals. If you have the support of a program officer, you may have access to information about an RFA in advance of its release. This will give you added time to seek out partners and prepare the narrative and budgetary components of the proposal. You can establish these relationships by introducing yourself to the in-country health officer and getting to know his or her team. Finding a connection to someone in the office—either a local or an expatriate—can also help you gain access to the decision makers. You may have the opportunity to do this when you register as an NGO, or as you establish relationships with local MOH officials. It will also be helpful to build relationships with their counterparts at their domestic headquarters. Remember that promoting good health and health care in any community is built on healthy communications and supportive partnerships.

Most large-scale multilateral and bilateral projects will require that you work with partner organizations. Once you have identified appropriate partners and have reached consensus about who should be included in your coalition, establish a formal “teaming agreement.” This is a non-binding document that states each organization’s priorities and the structure of the partnership. Teaming agreements are much like an MOU in that they can serve as a reference if questions arise about either party’s responsibilities. (See *Unit 2: Understanding legal matters* for more on MOUs.) Because proposals—and even projects—often change throughout the application and implementation processes, it is useful for each party to document their “non-negotiables.” These are the project components upon which all parties’ participation depend.

## 7.5 Grant reporting

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Grant reporting for multilateral and bilateral funders is usually quite detailed and will require significant data collection. Make sure you have the capacity to do this reporting

before you take responsibility for the project. In addition, make sure that lines of communication between partners are clear so that when the time comes to report, you are all in agreement about who is responsible for which aspects of the report. If you are unable to show that you are achieving stated project goals, your funding could be reduced or eliminated; project success is closely linked to good reporting practices. Make reporting easier for yourself in advance by preparing for it in specific ways that clearly align with your project's goals and objectives, and your methods and standards for measuring success. (See *Unit 13: Using monitoring and evaluation for action.*)

All financial information should be well organized and transparent. Include detailed expense reports, and be prepared for project audits. Many multilateral and bilateral funders audit the projects they support; this may include requesting your receipts and other forms of proof that donors' money was and is being spent as intended.

## 7.6 Special considerations

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Because bilateral and multilateral funding is generated by the governments of donor countries, specific controls exist to regulate how money is spent. The rules governing what constitutes direct and indirect costs may differ across agencies, so investigate these before submitting a budget proposal.

Many bilateral agencies have “tied funding,” which mandates that you must make your purchases from companies based in the donor country. U.S.-based agencies follow this policy, which includes, for example, requiring that all flights purchased with project funds must be on an airline whose central office is based in the United States. Be aware of these regulations before accepting an award; it will simplify your budgeting and reporting.

Other regulations above and beyond those mentioned here may also affect your ability to interact with program officers and evaluators. It is important to be sensitive to such regulations and respect them. While you may be able to establish relationships with such organizations' representatives, there may be times when communication is disallowed in order to maintain the objectivity of the people making funding decisions. Such objectivity is important to encourage transparency and minimize inappropriate preferential treatment within these agencies.



### PIH NOTE

*When representatives from PIH travelled to Washington, D.C., to present a proposal to a bilateral funding agency, they encountered several people with whom they had close professional relationships. However, rather than greet them warmly, PIH staff were not even permitted to say hello to them. This was because their acquaintances were members of the evaluation committee, and would be responsible for making funding decisions, and contact between presenters and evaluators was strictly forbidden. While this was somewhat awkward for everyone involved, everyone was aware of the rule and knew that it existed to ensure that proposals are funded on the basis of their merits rather than on personal connections.*

## CONCLUSION

As a program manager, one of your primary concerns is how to secure enough funding and resources to build, maintain, and expand programs. This unit has provided some basic guidelines and processes that can help you create a development strategy and adapt it to what will work best within your organization. While successful development requires proactive efforts that identify and maintain relationships with present and future donors over the long term, it is about more than just raising money. Relationship building and engaging communities to work together to achieve a common goal are at the heart of any solid development strategy. Start your outreach with people you know, and tailor your communication with donors to their personal interests and funding capacity. Show them how their gifts are used according to their wishes, and how they make a difference. Since long-term support may depend on a large donor base and large—scale funding support, follow good accounting and reporting practices, and promise only what you can actually deliver. Investing time and energy in the many details necessary to establish funding sources—and investing in supporters who share your enthusiasm for improving people’s health—builds local and global solidarity, and will enable your site to deliver care with the integrity of a long-term investment.



## Unit 9

# Resources

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### WORKS CITED

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Dean's Beans

<http://www.deansbeans.com/>

Gerrity, M.W. (n.d.). *Return on investment in philanthropy*.

[http://www.cdsfunds.com/return\\_on\\_investment\\_in\\_philanthropy.html](http://www.cdsfunds.com/return_on_investment_in_philanthropy.html)

Mukute, M. & Marange, T. (May 2006). *Zimbabwe NGO corporate governance manual*. Harare, Zimbabwe: NANGO.

<http://www.oneworldtrust.org/csoproject/images/documents/ZMBW1.pdf>

Nonprofits Assistance Fund. (2009). *Managing restricted funds*.

[http://www.nonprofitsassistancefund.org/index.php?src=gendocs&ref=FMN\\_Restricted\\_funds&category=Healthy%20Financial%20Practices](http://www.nonprofitsassistancefund.org/index.php?src=gendocs&ref=FMN_Restricted_funds&category=Healthy%20Financial%20Practices)

Tempel, E. & Seiler, T. (2005, November 15). Stewardship and donor relations: Incorrect use of terms turns donors into chattel. *The Non-profit Times*.

[http://www.entrepreneur.com/tradejournals/article/171926511\\_1.html](http://www.entrepreneur.com/tradejournals/article/171926511_1.html)

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### SELECTED RESOURCES

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#### Databases

##### **Foundation Center**

<http://foundationcenter.org/>

The Center maintains a comprehensive database on U.S. and, increasingly, global grant makers and their grants. It also operates research, education, and training programs designed to advance knowledge of philanthropy at every level.

##### **GuideStar**

<http://www2.guidestar.org/Home.aspx>

GuideStar is a free service that provides information on more than 1.7 million U.S.-based nonprofit companies.

## Development Tools and Information

Barbato, J. & Furlich, D. (2000). **Writing for a good cause: The complete guide to crafting proposals and other persuasive pieces for non-profits.** New York, NY: Fireside.

### **Devex**

<http://www.devex.com>

Devex is a comprehensive international development news website.

### **FedBizOpps**

<https://www.fbo.gov/>

This is the official U.S. Government website where vendors and citizens can search, monitor, and retrieve funding opportunities.

### **Free Management Library**

[http://managementhelp.org/fndrsng/np\\_raise/np\\_raise.htm](http://managementhelp.org/fndrsng/np_raise/np_raise.htm)

The Free Management Library has extensive information and links on development.

### **Fund-Raising.com**

<http://www.fund-raising.com/>

This is a social networking forum where members can discuss their fundraising ideas and successes.

### **Grant Proposal.com**

<http://www.grantproposal.com/>

Grant Proposal.com provides tips and tools for successful grant writing.

### **Grants.gov**

<http://www.grants.gov/>

This is the official U.S. Government website for finding and applying for U.S. federal grants.

Kanter, B. & Fine, A. (2010). **The Networked Nonprofit: Connecting with Social Media to Drive Change.** San Francisco: Jossey-Bass.

### **National Council of Nonprofits**

<http://www.councilofnonprofits.org/resources/resources-topic/fundraising>

National Council of Nonprofits discusses some of the challenges and regulatory requirements on nonprofit organizations in the U.S.

### **Non-Profit Guides**

<http://www.npguides.org/>

The website provides free grant-writing tools to help U.S.-based nonprofits navigate the grant-writing process.

### **NGO Manager**

<http://www.ngomanager.org/>

This is the website of the Swiss-based NGO Management Association. It has an e-library with extensive program management resources, including a fundraising page with tips for small NGOs in developing countries.

**Unite for Sight**

<http://www.uniteforsight.org/fundraising-toolkit/>

The site provides a free fundraising toolkit/tutorial.

**United States International Grantmaking**

<http://www.usig.org/>

This site supports and facilitates the process of making grants overseas by providing information on legal and accounting issues, country information, and global disasters and response.

**Virtual Giving**

<http://www.virtualgiving.com/>

This site provides information and web-based tools for planned giving.

**Global Health Funding Organizations****Asian Development Bank**

<http://www.adb.org/>

**Bill & Melinda Gates Foundation**

<http://www.gatesfoundation.org/Pages/home.aspx>

**The European Union**

[http://europa.eu/quick-links/non-profit-orgs/index\\_en.htm](http://europa.eu/quick-links/non-profit-orgs/index_en.htm)

**The Global Alliance for Vaccines and Immunisation**

<http://www.gavialliance.org/>

**The Global Fund to fight AIDS, Tuberculosis and Malaria**

<http://www.theglobalfund.org/en/>

**Irish Aid**

<http://www.irishaid.gov.ie/>

**Japan International Cooperation Agency**

<http://www.jica.go.jp/english/>

**UNAIDS**

<http://www.unaids.org/en/>

**United Kingdom's Department for International Development**

<http://www.dfid.gov.uk/>

**The World Bank**

<http://www.worldbank.org/>