Nonprofit Fundraising
A Guide to New Trends and Resources
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## A Guide to New Trends and Resources

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1. General Overview

Despite the fact that NGOs have witnessed a substantial flow of aid, both at governmental and non-governmental level, and that a large presence of bilateral, multilateral and private donor agencies continues to exist, nonprofit fundraising is becoming increasingly challenging. The recent trend of NGOs mushrooming has led to increased competition over limited resources available with donor agencies. Moreover, donor funding is proving highly volatile, depending mostly upon the political situation of the country and its policies. Furthermore, there has also been a general move away from structural administrative support to calls for projects. All these factors have had a considerable effect on the work and culture of NGOs. It has thus become crucial for NGOs to reconsider their approach to funding so as to ensure organisational sustainability. Although the ‘traditional’ sources of funding continue to be relevant, NGOs’ efforts to achieve financial sustainability have led to the creation of new and original ways of collecting funds for specific projects.

Effects of the economic crisis on funding for a sample of NGOs from around the world, working in a range of fields:

<table>
<thead>
<tr>
<th>Effects of the Economic Crisis</th>
<th>Percentage of NGOs *</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Loss of Donors/Sources of Funds</td>
<td>33.3 %</td>
</tr>
<tr>
<td>b. Devoted More Time/Staff on Fundraising</td>
<td>26.7 %</td>
</tr>
<tr>
<td>c. Began New Fundraising Initiatives</td>
<td>22.2 %</td>
</tr>
<tr>
<td>d. Reduced Fundraising Budget</td>
<td>13.3 %</td>
</tr>
<tr>
<td>e. Reduced Staff</td>
<td>4.4 %</td>
</tr>
</tbody>
</table>

*NGOs could select more than one category

2. Traditional Sources of Funds

Official Development Assistance

Official Development Assistance (ODA) is a term used to refer to the contributions of donor government agencies to developing countries and to multilateral institutions. It can be defined as aid: a) undertaken by official agencies, b) whose objective is “the promotion of economic development and welfare” and c) 25 per cent of which is a grant. The ODA providing countries are organized under the Organisation for Economic Cooperation and Development (OECD) in the Development Assistance Committee (DAC). There are currently 23 members of the DAC, including the United States, the United Kingdom, the Netherlands, France, Germany and the European Commission. The list of recipients includes the world’s less developed countries (those with a per capita GNI under $11,500).

Despite the financial crisis, an increase of ODA is expected for the coming years:

- In 2010, net official development assistance (ODA) flows from members of the Development Assistance Committee (DAC) of the OECD reached USD 128.7 billion, representing an increase of +6.5 % over 2009.
- Collective commitments: EU commitment to donate 0.56% of their GNI by 2010 and 0.7% by 2015.

Sectors which attract the most ODA:

1. Health
2. Economic infrastructure
3. Climate change

Countries which are the largest recipients of that funding (2008 figures):

1. Iraq
2. Afghanistan
3. Ethiopia

Official Development assistance concerns mainly country-to-country aid flows. Percentage of ODA available for NGOs:

- Approx 2% as net of the Development Assistance Committee’s ODA
- Through the UN: 4.39%
• Through the EC: 8.24%

Which countries offer most funding to NGOs (proportionately speaking):

• Netherlands
• UK
• Sweden
• Denmark
• Belgium

(Source: Oxfam Novib, 2008)

**Aidflows.org**

A useful tool to visualize how much development aid is provided and received around the world. Provides free access to country-by-country development aid data, for independent review and analysis.
Foundations

A private foundation is a non-profit corporation or a charitable trust, with the principal purpose of making grants to unrelated organisations or institutions or to individuals for scientific, educational, cultural, religious, or other charitable purposes. In principle, foundations are private entities which derive their money from a family, an individual, or a corporation. They therefore do not depend on fundraising or government grants. This is in contrast to fundraising institutions, which actively campaign for donations from the general public. Consider, for example, such well known funds as ‘Oxfam’ or ‘Amnesty International’ which actively campaign for public contributions via direct mail, collection boxes, or television.

Although they were the institutional donors the most impacted by the financial crisis, they remain a major source of funding for NGOs around the world.

Types of Foundations:

- Independent Foundations: comprise the vast majority of foundations in Europe. The original endowment establishing the foundation usually comes from an individual or family donation.
- Corporate Foundations: established by a company and which depend primarily on annual support from that company for their programmes.
- Governmentally-supported Foundations: whose funding mainly derives from a government body.
- Fund-raising Foundations: term usually used to refer to foundations which are in a process of transition, building up assets before being able to establish themselves as a grant-making institution.

Types of support made by foundations:

- Many funders will consider general support; others want to fund specific projects or activities.
- Most, but not all, foundation support is made through grants. A few foundations make Program-Related Investments (PRIs), which are most commonly loans to for-profit or non-profit entities for purposes closely related to the foundations' funding interests.
- Some foundations operate their own programs or projects.

Tips in approaching Foundations

→ Ensure that the purpose of your organisation or project matches the funder's interests.
→ Be well known in your community.
→ Show evidence of financial sustainability beyond the period of the actual grant.
→ Rather than approaching top foundations such as the Gates Foundation, focus on less well-known donors that are interested in your subject matter.
→ Because of their independent nature, foundations choose their own priorities and the projects they wish to fund. Whilst some foundations have open grant applications, others do not consider unsolicited proposals. In these cases, a letter of inquiry must be sent first. It is therefore always important to read the guidelines carefully.

**US Foundations**

A source of funding which has tripled between 2002-2006. Grants on average a total of USD 884.3 millions per year to NGOs around the world.

**The Foundation Center:**
A database of all US Foundations and Guides on how to approach them.

A resource which fund seekers must learn to master.
http://foundationcenter.org/
http://foundationcenter.org/getstarted/tutorials/gfr/basic.html

**Areas that attract funds and grants by US Foundations (2009):**

Health: $2,179,304  (41% of all grant money)
International Development, Relief:
$1,091,045  (20% of all grant money)
As opposed to...
Peace and Security: $92,728 (1.8% of all grant money)
Human Rights: $74,128 (1.4% of all grant money)

(Source: International grants by subject category – the Foundation Centre - 2009)

**European Foundations**

There are over 200,000 Foundations in Europe. Establishing Foundations is a new growing trend throughout the European continent.

**Areas that attract funds and grants by European Foundations:**

1. Education and Research
2. Welfare Services
(There are exceptions: in France priority also goes to health, in Ireland to housing and development and in Spain to culture and the arts).

New trends in the European foundation community:

- Development of community foundations, helping local communities address new growing social, economical and environmental needs, by mobilizing resources and making grants to local projects.
- International cooperation between foundations:
  - **The European Foundation Centre**: [http://www.efc.be/](http://www.efc.be/)
  - Brussels based association of European foundations and corporate funders. Over 200 members.
**Individual Philanthropists**

These are wealthy individuals with general philanthropic concerns or interests. Cultivating such individual donors can enable NGOs to develop on-going sustainable sources of support for their organisation.

**Demonstrating the potential of this source of funding:**

**The importance of individual donors in the USA:**

2009 CONTRIBUTIONS: $307.75 BILLION
BY SOURCE OF CONTRIBUTIONS
($ in billions - All figures are rounded)

- Corporations: $115.1 (4%)
- Foundations: $98.4 (3.2%)
- Bequests: $23.9 (0.8%)
- Individuals: $227.4 (75.5%)

*Where is most of the world’s wealth?*

- North America → 31%
- Europe → 30%
- Asia-Pacific → 30%
- Latin America → 5%
- Middle-East → 4%
- Africa → 1%


**The New Philanthropist: Profile and Motivations**

Very little is known about the impact of economic and cultural change on trends in major philanthropy, however, it is clear that the new generation of individual philanthropists, which originates mainly from the business sector, is value-driven, entrepreneurial, and very much hands-on in its approach to philanthropy.

They see giving as a serious commitment, a long-term investment with future exit strategies, and consider themselves as grant-makers and investors, rather than simply the source of funds. These ‘new philanthropists’ whose fortunes have been made internationally are increasingly interested in international injustices, wealth inequalities and environmental sustainability. There is therefore an increasingly global dimension to their giving, in terms of their donations, but also through their creation of international networks. Their horizons are wide, they are looking to make a difference, and often seek the help of professional consultants in doing so.
Tips in approaching Individual Philanthropists

→ Obtain annual reports of similar organisations, check if they thank special funders, and do additional research on these individuals.

→ Promote your organisation in local magazines targeting the rich.

→ Understand the potential donor’s profile, interests and motivations, but what they could achieve by investing in your organisation.

Individual Philanthropy in the Netherlands

There is a clear trend of individual philanthropy in the Netherlands. This was highlighted in the ‘Giving in the Netherlands’ 2011 report by the Centre for Philanthropic Studies.

Key findings of the report regarding Philanthropy by High Net Worth Households (minimum worth of €60,000):

- Except for health and sports & recreation high net worth households give more often to charitable causes in all sectors. 95% of high net worth respondents donates.
- Average giving by these high net worth households is almost €2,800, about 13 times the average among the entire Dutch population (€210).
- Little over half (52%) of high net worth households give to religion; the average donation is €1,200. In the random sample 31% gives €315 on average.
- High net worth households are particularly more likely to donate to local nonprofit organisations, such as hospitals, museums, and sports clubs.
- 76% has no specific policy regarding solicitations for charitable contributions; 14% has designated an annual budget for donations; only 3% gives away a fixed proportion of wealth each year.
- Subjective financial security and use of the charitable deduction are strongly associated with higher giving.

**Concertgebouw, Amsterdam**

€1.6m of individual donations received in 2004 alone

14 individual lead donors named in the 2004 annual report
Corporate Fundraising

As a result of growing consumer awareness and pressure businesses now feel the need to be seen as honest and concerned for their communities. While in the past these kinds of activities were usually limited to occasional gifts to a local church or charity, today the concept has grown into a major element of international business and corporate funders are therefore fast becoming a more noticeable and accessible source of funding for non-profit organisations. Corporate funders offer more varied forms of support than are traditionally provided by foundations. However, programmes are generally aimed at improving the relationship between corporations and the communities in which they operate directly, and it is therefore important to target local companies. Furthermore, as opposed to foundations, corporations will look closely at what they can get in return, such as opportunities for them to display their company name. In order to tap into such rich veins of valuable aids, organisations will need to demonstrate not only their need for financial support, but also how the corporation itself could benefit from the partnership.

There are many ways in which corporations can support NGOs’ activities:

- **Corporate sponsorship:** in which case the recipient organisation is expected to give something in return.
- **Corporate charitable giving:** where the recipient is not expected to do anything in return.
- **Payroll giving:** system whereby staff decide that they want to support a particular project or organisation by giving directly from their pay cheques.
- **Corporate Citizenship:** grant-making programmes administered within a profit-making company. These usually do not have separate endowment and are generally directly related to current profits.
- **Sales and Purchases**
- **Corporate social marketing**
- **Cause-related marketing**
- **Community volunteering**
- **Matching Funds:** where companies agree to match/double the funds the NGO has self-raised.
Motivations

A recent article in the journal Brand Strategy indicated that at least 75 percent of FTSE 100 companies currently engage in some form of CSR. A separate survey from Business in the Community, cited in the same article, found that 70 percent of chief executives feel that CSR is an “essential issue for their business.” (Source: ‘Corporate Social Responsibility and Peacebuilding’, Institute for Global Ethics, 2008)

Why do they feel so strongly?

- **Altruism**: desire to share their wealth with the rest of the community they operate in.
- **International Pressure**: from organisations such as the UN Global Compact.
- **Public Image**: many corporations see having a good public image as beneficial in many ways: it makes board members more willing to serve the company, shareholders feel more secure about the brand’s future, and customers more confident about buying their products.
- **Return of Interests**: many companies have started measuring the impact of investing in social projects, and often only decide to commit themselves if the project is profitable and it is clear that the company can obtain a financial return.

Impact of the Economic Crisis

The economic crisis obviously has led to a reconsideration of priorities. And sadly, although companies’ financial support to charitable causes was acclaimed in times of economic growth, its current reduction has not been criticized nearly enough. Nevertheless, recent studies indicate that the recession has not spelled the end for corporate giving, but has forced corporations to rethink their approach. While their cash grant dollars may be reduced, companies still have additional means of supporting nonprofit organisations, such as in-kind donations and employee volunteer programs.

Tips in approaching Corporations

→ **Focus on creating partnerships**, using both company and nonprofit resources to achieve common goals. Rather than following the classical model of fundraising and attempting to sell a set sponsorship package, step back and take a different approach that is built around trying to interest a company, understanding them and matching their needs/objectives to yours.

→ **Know the company**, and well. What are their products, markets, and brands? Who are their consumers and what are their concerns? What is the Corporate Responsibility inspiration and track
record of the company? What do they have to give to the community – apart from cash?

→ **Think Beyond Cash, businesses can also provide:**

<table>
<thead>
<tr>
<th>Products &amp; services (sold or donated)</th>
<th>Volunteer time</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Expertise</td>
<td>Retail stores</td>
</tr>
<tr>
<td>Networks</td>
<td>Distribution systems</td>
</tr>
<tr>
<td>Physical Infrastructure</td>
<td>Production facilities</td>
</tr>
<tr>
<td>Brand name</td>
<td>Access to target groups</td>
</tr>
<tr>
<td>Media space</td>
<td>Business partners</td>
</tr>
<tr>
<td>Consumers</td>
<td>Employees</td>
</tr>
</tbody>
</table>

→ **Find the right person at the company** and transform him/her into your advocate, story teller and warrior within the company. It can be the CSR Manager, the head of the company’s foundation, a marketing manager, a PR person, the CEO’s assistant or the CEO him/herself.

→ Always bring potential partners various options. **Be flexible** when discussing the project to fund on the one hand, but **know your interests and limits** on the other.

→ **Be specific** about what you want.

→ Create tools to measure the impact of the project and the potential **return of interest** for the company.

**Corporate Fundraising in the Netherlands**

**An introduction to the Dutch market**

The Dutch economy depends heavily on trade and export (mainly machines, materials, chemicals, fuels and food products). The main sectors in the Dutch economy are industry, the trade sector and financial and service business. 88% of the companies in the Netherlands are micro-companies (maximum of nine employees). Only 1% of Dutch companies employ 100 or more personnel.

**Corporate Social Responsibility Policies**

The Dutch government builds on the self-regulating and disciplining functioning of businesses when it comes to CSR. However, it does support companies’ CSR policies by providing practical manuals, knowledge and clear frameworks. There is no existing regulation making reporting on CSR mandatory in the Netherlands, however, large Dutch companies tend to be transparent about their activities. The main issues...
of CSR are water and climate change, biodiversity, demographic change and social cohesion. According to the ‘Giving in the Netherlands’ 2011 report by the Centre for Philanthropic Studies, 55% of Dutch corporations practice CSR.

Corporate sponsorship/giving by Dutch companies in 2009

Findings from the ‘Giving in the Netherlands’ 2011 report by the Centre for Philanthropic Studies.

About €4.7 billion was donated in the Netherlands (2009 estimate). This figure includes contributions made in the course of the calendar year by households, bequests, foundations (both fundraising foundations and endowed foundations), businesses and lotteries. In 2009, corporations gave €1,694 million in gifts and sponsoring, or 36% of this grand total. Corporations gave mainly to Sports and Culture.

Impact of the economic crisis

Despite the economic crisis, total contributions by Dutch corporations have continued to increase.
Dutch companies tend to sponsor local organisations

According to the 2003 study ‘Corporate giving in the Netherlands 1995-2003: exploring the amounts involved and the motivations for donating’ by May-May Meijer, Frank G.A. de Bakker, Johannes H. Smit and Theo Schuy, the majority of Dutch managers whose companies are involved in sport sponsorship give to local organisations, and do so because they were approached by the recipient organisation, or because they already knew the recipient organisation.
3. Creative Self-help

Own Resources

Simple steps NGOs have started taking to self-raise funds

→ Introducing membership fees, which develop members’ ownership and responsibility towards their organisation.

→ Introducing participation fees to events.

→ (in both cases these can be adapted to the individual’s financial situation)

→ Using publications to generate sales or sell advertising space in publications.

→ Holding artistic fundraisers, raffles...

→ Looking for venues to share their story – MUN/Youth Conferences, Universities (especially those with an international development program).

→ Approaching Diaspora populations and asking them to support peace work.

→ Mobilizing youth volunteers to contribute to development services.

Businesses run for/by NGOs

Many non-profit organisations are seeking to develop self-sustaining sources of funding and have become service-orientated; looking upon their communities as potential clients. They have started providing direct services, undertaking businesses, selling goods, etc., and using the profits to support their work. Much of this work can be grouped under the term social entrepreneurship and this is a rapidly expanding area of focus in the non-profit world. Most youth organisations have a lot of expertise which is of interest to others, they know a lot about young people in their community. This expertise could be offered to companies, other organisations or individuals in a position to pay for it.

Obviously, the first and the foremost question about NGOs running businesses is whether it is ethical to do so since they have emerged from the spirit of nonprofit-ism. However, for many NGOs, the profit venture is the only option for survival.

NGOs that have undertaken businesses have found enormous success in many parts of the developing world. Indeed, it is both acceptable and legal for NGOs to make some profit in most countries. Usually, NGOs simply need to channel any income made from their services into other projects, or the following year’s administrative fund.
It is only if the NGOs start making excessive profits out of their services that other people may start questioning. But at such times, organisations have normally grown to such an extent that they can form a separate company—a company devoted to funding the NGO’s developmental interventions as a corporate social responsibility.

**Examples of businesses which have converted NGOs into profit-making companies and reduced their dependence on external donor funding:**

- Microfinance.
- Partnerships between NGOs and local banks aimed at raising capital to provide loans for community members. Both banks and NGOs share the profits made through the interests charged.
- Community-based tourism (if the NGOs and their communities are based in a strategic location).
- Microenterprises and micro-insurance.

**The One Difference Foundation:**

Created in 2005 as a response to the problems linked to the lack of access to water.

A business completely devoted to a particular cause.

100% of profits delivered to the Foundation.

An entire range of products developed.

1.2 million of lives impacted.

**TOMS Shoes:**

Founded in 2006 by Blake Mycoskie, inspired by a trip to Argentina where he saw extreme poverty and health conditions, as well as children walking without shoes.

Commitment to match every pair of TOMS purchased with a new pair given to a child in need.

Over one million of pairs given.

Now giving in over 20 countries.

**Inspi(RED):**

Founded in 2006.

Works with the world’s most iconic brand to make unique (PRODUCT)RED items.

Gives 50% of all profits to the Global Fund to invest in HIV and AIDS programs.

Over $170 million donated, over 7.5 million people affected.
Online Fundraising

Online campaigning has become one of the main ways through which NGOs raise funds. Before exploring new ways in which the internet has been used to contribute to fundraising efforts it must be noted that using social media channels alone for fundraising will not be as effective as making it a part of a multi-channel strategy that includes traditional fundraising techniques. This includes using email, web site presence, google ads, face-to-face events and reaching out to the online and mainstream media.

New Trends in Online Fundraising

Strategies aimed at attracting and sustaining monthly/sustainer donors

Donor input – in an age of social media, donors come to organisations with the expectation of being full partners in its work, not just an ATM machine to be tapped when cash is needed. This evidence has clearly influenced organisations such as:

- **Kiva**: where donors personally choose their borrower
- **DonorsChoose.org**: where donors can choose which classroom project they want to sponsor.

Creating widgets which can be placed on various other websites: [Social Vibe](#)

Social networks
- Facebook Causes
- Tweetsgiving

Making full use of YouTube Channels

- **Other Original Websites Through Which Individuals Can...**

  **Donate for free:**
  - Youtube Project for Awesome
  - Yahoo Good Search
  - FreeRice.com

  **Originally donate for money:**
  - Text to give
  - Buy a pixel for [Stop Poverty Now](#)

  **Get something back for their money:**
  - [Call for Human Rights](#): Join Amnesty Wireless, get a free phone and Amnesty International will buy out your current contract. 10% of your monthly charges will go to Amnesty.
  - **Global Giving:**
    An online market place that connects community and world-changing ideas with people who can support them.
4. Further Resources

General Fundraising Tools and Articles:

- Foundation Center’s free online resources and training courses 
  http://foundationcenter.org/getstarted/tutorials/gfr/info.html
- Guardian.co.uk Philanthropy: http://www.guardian.co.uk/society/philanthropy
- Philanthropy News Digest: http://foundationcenter.org/pnd/index.jhtml
- Philantropia’s Resources and Guides for NGOs: http://www.philantropia.org/
- Giving in Europe: http://www.givingineurope.org/

Foundations:

- Foundation Center: http://foundationcenter.org/

Individual Philantropists:

- ‘The New Philanthropists’: 
  http://www.guardian.co.uk/commentisfree/2011/mar/25/philanthropists-rich-causes

Corporate Fundraising:

- CSR Wire, a distribution center for corporate reports and press releases related to corporate social responsibility: http://www.csrwire.com/
- Foundation Center’s Free Introduction to Corporate Giving online course: 
  http://www.grantspace.org/Classroom/Training-Courses/Introduction-to-Corporate-Giving
- Giving in the Netherlands: http://www.giving.nl/
- Hoover’s Online, a distribution center for corporate reports and press releases related to corporate social responsibility: http://www.hoovers.com/

Online Fundraising:

About UNOY Peacebuilders

The United Network of Young Peacebuilders (UNOY – pronounced ‘You Know Why’) is a global network of young people and youth organisations committed to establishing peaceful societies. Young people constitute half of the world’s population, and we strongly believe in their importance in society. It is why we aim to provide youth with the necessary means to contribute to peace.

UNOY Peacebuilders is a non-political, non-religious, non-governmental organisation that welcomes youth peace initiatives/organisations and young peacebuilders regardless of gender, ethnicity, social class, religion, or any other distinction.

Our vision is youth committed to building together a world in which peace, justice, solidarity, human dignity and respect for nature prevail.

We have the clear mission of linking up young people’s initiatives for peace in a global network of young peacebuilders, empowering their capacities and increasing the effectiveness of their actions.

Since its inception in 1989, UNOY has developed a multi-dimension expertise in its main areas of action, which are advocacy and campaigning, capacity building and gender. Additional core activities are networking, sharing information, research, and fundraising.

The activities we provide combine methodologies developed through non-formal education in youth work, peace education, community development and intercultural learning. Operating outside formal education, the non-formal approach we opt for includes a focus on equal (peer-to-peer), friendly, innovative, attractive, and involved relationships.

The patron of UNOY Peacebuilders is H.H. Dalai Lama, Nobel Peace Prize Winner.
General Contact Information

For questions and suggestions, please contact the editors:

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Check out our brand new website: www.unoy.org
Find us on Facebook: UNOY Peacebuilders
Follow us on Twitter: @UNOY_Peacebuild

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