

*This Technical Note, as part of the September/October 2012 issue of the [Capacity Building Knowledge Exchange](#) eNewsletter, is the first in a three part series which focuses on **resource mobilization in civil society organizations**.*

## Introduction

*Country ownership, organizational sustainability and graduation from donor support are worthy goals of any civil society organization (CSO). Each of these goals are centered around an organization's ability to mobilize resources to serve its clients sustainably while remaining mission driven in the face of market and donor shifts. Resource mobilization and sound financial management are essential in any CSO. The term CSO is a broad, inclusive category of organizations that includes any organization that functions outside of the state and operates on a non-profit basis. Included in this category are Non-Governmental Organizations (NGOs) engaged in HIV/AIDS and other health and development activities.*

CSOs in many countries list strengthening their resource mobilization capacity as one of their top organizational priorities, along with financial management, planning systems, governance, human resources and monitoring and evaluation. Despite their differences, most CSOs share a common challenge: *a lack of sufficient, continuous funding to ensure the quality and quantity of their work and to sustain employees.* The UNAIDS document "[NGO Capacity in Resource Mobilization through Business Activities](#)" rightly states that "managers of NGOs/CSOs must often pay as much (if not more attention) to finding funds as they do using those funds." This UNAIDS document, CBKEN's current [featured resource](#), provides useful information on resource mobilization for CSOs.

The term **resource mobilization**, according to "[Resource Mobilization: A Practical Guide for Research and Community based Organizations](#)," is a "management process that involves identifying people who share the same values as your organization, and taking steps to manage that relationship". It is a process that integrates three concepts: 1) organizational management and development, 2) communicating and prospecting and 3) relationship building. *Organizational management and development* is listed as an important concept because internal systems and processes must be in place for resource mobilization and management (e.g., business development, financial management, planning, human resource management, etc.); *communicating and prospecting* is included because it is important to identify potential funders and find common goals and values; and *relationship building* because CSOs must cultivate relations with donors, businesses and governments or any other entity that can potentially provide funding<sup>1</sup>.

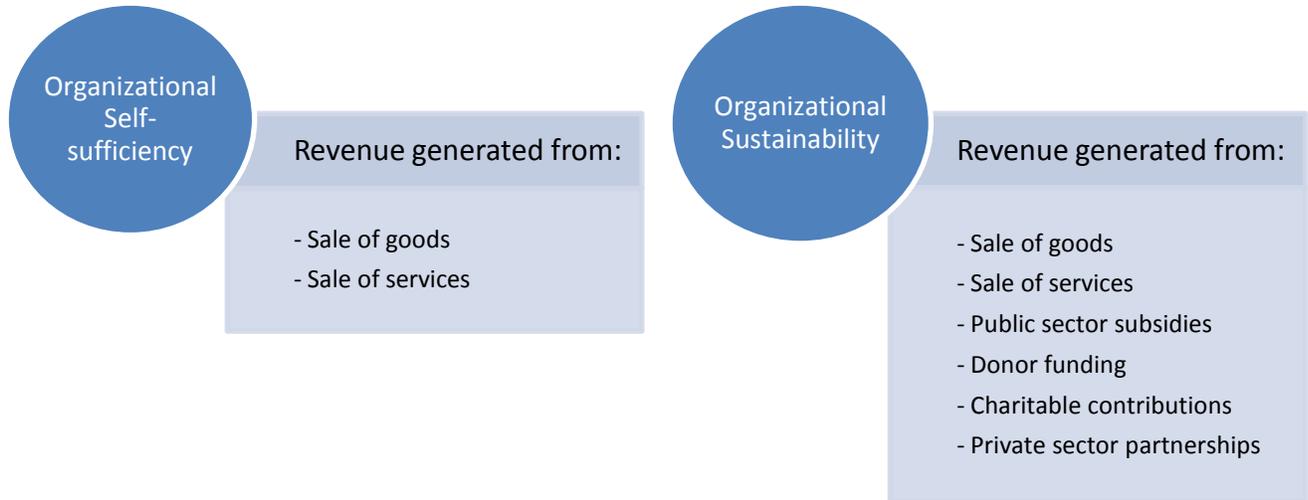
Resource mobilization includes all activities undertaken by an organization to secure new and additional financial, human and material resources to advance its mission. Inherent in efforts to mobilize resources is the drive for organizational sustainability. But this term, too, is often misunderstood. According to the Institute for Social Entrepreneurs, **self-sufficiency** denotes the ability of an organization to fund the future of its activities and endeavors through earned income *alone* - without having to depend in whole or in part on charitable contributions or public sector subsidies; while **financial sustainability** is defined as the ability

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<sup>1</sup> Venture for Fundraising. (2010). Resource Mobilization: A practical guide for research and community-based organizations, 2<sup>nd</sup> ed.

of an organization to fund future activities and endeavors through a combination of earned income, charitable contributions, and public sector subsidies. These distinctions are captured in **Figure 1** below.

**Figure 1: Key Distinctions between Organizational Self-Sufficiency and Organizational Sustainability**



For CSOs, determining whether their organization seeks *financial self-sufficiency* or *financial sustainability* is an important first step in establishing a resource mobilization strategy. It is important to note that some organizations, specifically those that address the needs of the AIDS or vulnerable populations cannot realistically recover their costs through the sale of goods and services. This does not suggest, however, that they cannot seek to become sustainable by diversifying their donor funding streams, soliciting funds from the private sector and foundations, and securing financial support in other ways.

**Resource Mobilization as Part of an Organization’s Planning Process**

Resource mobilization does not happen in a vacuum. It is directly related to an organization’s **strategic plan**. A strategic plan outlines the strategies to be implemented to achieve organizational strategic objectives over the next three to five years, maintain an organization’s programmatic integrity and achieve the organization’s mission. It also identifies business opportunities which will require new sources of funding to implement. (See **Figure 2** at right).

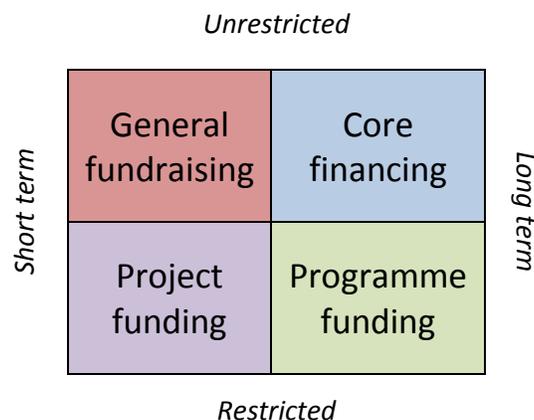
A **resource mobilization plan** complements a strategic plan and describes the resource generation

**Figure 2: The Resource Mobilization Hierarchy**



objectives, strategies and targets, for the strategic planning time horizon. Because funding opportunities are dynamic, the plan should be updated annually. The plan must take into account different types of funding. [Types of Funding \(a course in Financial Sustainability Essentials—How to Build a Financing Strategy\)](#), produced by MANGO provides a broad overview of these funding types as described in the matrix in **Figure 3** below.

**Figure 3: MANGO’s Resource Mobilization Hierarchy**



The term **unrestricted funding** is funding that comes to an NGO without restrictions on how it is to be used so long as it is used toward achieving the mission of the organization. Unrestricted funds may come from organizational fundraising events, members’ fees, board member donations and other donations. Charging a fee for services that the organization provides (e.g., health services, trainings, consultancies, etc.) can also yield some unrestricted funds for a CSO. Funding from external international and national donors usually falls under the category of **restricted funding**—funding designated for specific programs or projects that the donor chooses to fund. These projects may have a limited time horizon.

It is important for CSO managers to decide what funding mix is desirable and aligned with directions in their strategic plan. Over-reliance on one or two sources of funding and on restricted funding sources only can pose problems for a CSO.

When considering what funding mix an organization should have, a CSO manager should ask him/herself: “What types of funding mix does our CSO have at present and what type of funding mix should we seek to have in the future? How will we get there?” If the funding mix today is 95-100% from international donor funding (e.g., one or two donors), the CSO may wish to consider developing a resource mobilization plan that is more varied, including user fees for those who can afford to pay, member fees, board member donations, community fundraising events, local funding from the Ministry of Health or the Ministry of Social Services/Family Welfare or the corporate social responsibility arm of a private industry, as well as other income sources. A good strategic plan will indicate the organization’s strategic priorities and if new strategic priorities are identified for which there are no overhead or existing funds, a good resource mobilization plan is in order.

## Mobilizing Resources

As mentioned already, there are many potential sources of funding—through proposal and grant writing, fundraising from the general public, local or national government partnerships where the government contracts with a CSO to provide a particular set of services, and funding from local or national businesses, to name only a few. CSOs can also charge for their services where possible. Charging modest fees for services can assist in making the CSO more financial sustainable.

**1) Proposal and Grant Writing:** Proposals and grants are most commonly developed and submitted in response to a solicitation that is either publicly issued or requested directly of an organization. The solicitation may come from an international donor, a local or national government, or a national or international foundation. Publicly competed procurements come in several forms. The US Government, for example, uses several different mechanisms to procure services and goods competitively as shown in **Table 1** below. Other donors and funders use other language to describe their procurement mechanisms.

**Table 1: Types of Procurement Mechanisms**

Procurement	Purpose	Length
<b>Annual Program Statement (Concept Paper)</b>	<ul style="list-style-type: none"> <li>• Summary of a project that reflects the interests, experience and expertise of the organization to address a particular issue or problem</li> <li>• Donors use it as a pre-qualification process to later request a full proposal</li> </ul>	2-5 pages
<b>Request for Proposals (RFP)</b>	<ul style="list-style-type: none"> <li>• Competitive process for issuing an award to an organization that will implement a program/project to address a particular issue or problem</li> </ul>	20-25 pages
<b>Request for Applications (RFA)</b>	<ul style="list-style-type: none"> <li>• Similar to RFPs but sometimes they are required to be submitted along with certain formats or application templates</li> </ul>	20-25 pages
<b>Request for Quotations (RFQ)</b>	<ul style="list-style-type: none"> <li>• Competitive process of issuing an award to bidders when the organization is buying a specific service or product</li> </ul>	3-5 pages

Regardless of the mechanism or the donor, the process for writing a compelling and responsive proposal or grant application may be long and costly. It includes the following stages:

*Stage 1: Pre-procurement* (before the procurement is released)

- a) Gathering intelligence
- b) Making a ‘go/no-go decision’. When considering whether or not to compete for a specific award, a CSO manager should consider the following: “Will we be competitive? Are these the type of services we want to provide? Does it fit with our mission? Do we have enough time to assemble a quality proposal? Do we have a sound track record with this donor or others? Do we have good partners to propose if we want to compete together for the funding?”

*Stage 2: Proposal development process*

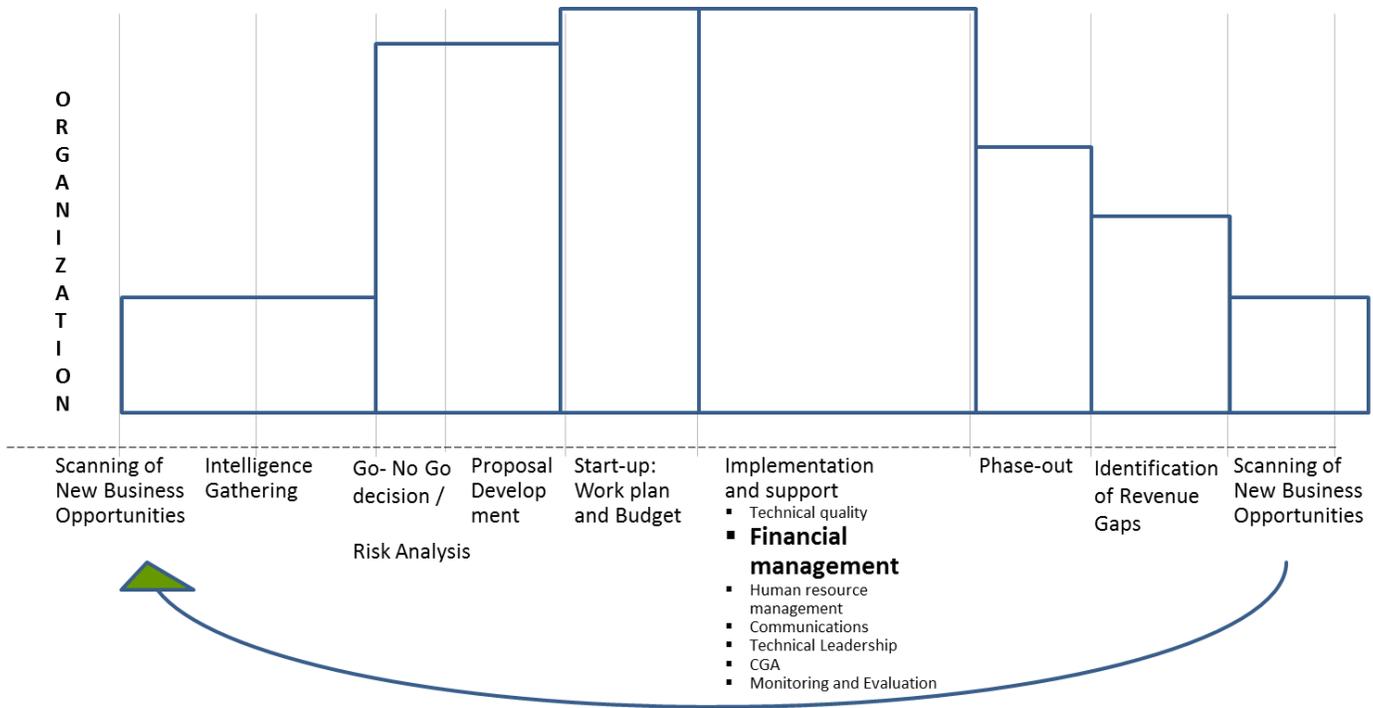
- a) Convening a proposal development team
- b) Analyzing the procurement
- c) Drafting a responsive and compelling proposal and budget
- d) Managing, producing and submitting a final bid

*Stage 3: Project start-up and implementation*

- a) Fielding the team
- b) Finalizing the annual work plan and budget and performance monitoring plan/M&E plan
- c) Setting up project management structure and systems
- d) Implementing and monitoring activities and budget

Developing a proposal is an integral part of an organization’s program cycle as shown in **Figure 4** below.

**Figure 4: Proposal Development as Part of an Organization’s Continuous Program Cycle**



It is important for CSOs to pursue this type of funding. If they decide to, it is wise to get acquainted with the donor well in advance of the release of a RFP or RFA. Strategies to learn about a particular donor include: visiting their website; reviewing other RFAs and RFPs released previously; talking to organizations that have funding from them and asking these organizations questions about the process; and enhancing internal systems and processes.

It is advisable, however, not to pursue this type of funding to the exclusion of other sources. There is tremendous competition for international donor funding globally and some donor funding is dwindling. Furthermore, it may not be advantageous for a CSO to pursue a donor grant or contract if their strategic and programmatic direction does not align with the organization's.

**2) General fundraising:** Many CSOs conduct fundraising activities locally and nationally and sometimes internationally. CSOs can consider holding a fundraising event such as a dinner or reception and feature an inspiring, well-respected and well-known speaker, to raise funds for a youth HIV/AIDS prevention program or a program serving orphans and vulnerable children affected by HIV/AIDS or a walkathon where all participants commit to raising a certain amount of money, soliciting small pledges from family, friends, co-workers and local businesses. If the CSO has an established base of individuals who give donations to the organization, they may want to approach those individuals annually and ask for an annual contribution. There are many types of general fundraising efforts.

**3) Leveraging funding from private businesses:** Many local, national or international businesses may be willing to provide financial support to a CSO that acts with transparency and accountability and whose mission and programmatic directions are compatible with theirs. This is especially true if the business has employees who live in the catchment area of the CSO or if the CSO is operating in a resource poor community near the offices or facilities of the business entity. A CSO manager should consider what international, national or local businesses are located near their CSO; if they have a corporate social responsibility policy; and if so, who and what are they funding.

**4) Board Fees/Contributions and Member Fees:** In many countries in the world, members of a CSO or NGO board of directors are required to make a small donation annually. Also, if an organization is an umbrella organization serving a network of smaller NGOs, CSOs and CBOs, they may wish to consider annual membership fees. With membership fees or contributions comes the responsibility of providing some type of useful service to the members. Examples include offering proposal writing workshops, policy development workshops, technical assistance in financial management or another needed service.

**5) Charging user fees to recover costs:** Although CSOs or NGOs may feel uncomfortable charging fees for services, this is done in many parts of the world. A CSO manager should consider the following: "Does our CSO charge a fee for health services for those individuals who can pay something? Do we charge for consultant or training services that we could offer to other CSOs? If not, could we?" Recovering costs by charging fees can benefit the CSO in three ways: 1) clients often value more something that they pay for, at least in part; 2) the level of income varies in direct proportion to the activity; and 3) fee income is unrestricted<sup>2</sup>.

The above is a summary of various resource mobilization strategies that can be used by CSOs. The next technical note in the AIDSTAR-Two eNewsletter series will be focused on **cost-recovery as a strategy for mobilizing resources** and achieving a greater degree of financial independence. If you have any questions on material presented in this technical note, please feel free to contact us at [AIDSTAR-Two@msh.org](mailto:AIDSTAR-Two@msh.org).

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<sup>2</sup> MANGO. (2010). [Types of Funding \(a course in Financial Sustainability Essentials—How to Build a Financing Strategy\)](#)