

DAY TWO: WAYS OF MOBILIZING RESOURCES

- **SESSION FOUR: REVENUE FROM EARNED INCOME**
- **SESSION FIVE: INDIGENOUS FOUNDATIONS**
- **SESSION SIX: INDIVIDUAL PHILANTHROPY**
- **SESSION SEVEN: BUILDING GRASS-ROOTS ORGANIZATIONS**

DAY TWO/SESSION FOUR: REVENUE FROM EARNED INCOME

4.1a Being 'Businesslike'

Purpose

To clarify what CSO people know and feel about business.

Text

Most people asked to define 'businesslike' would produce words like 'efficient', 'hard-working', 'professional', and 'competent'. In discussing how CSOs can operate like businesses, it is necessary to think about business behaviour and patterns of thought. Producing goods and services to sell and thus create income - either for an individual or for an organization - requires a businesslike approach, in the literal sense of the word. But this produces a problem: it is well known that most people who are involved with CSOs are not familiar with business principles and business practice. CSO people have rarely had to face the kinds of decisions and the ways of working that are common with businessmen and businesswomen. Some CSO people claim to abhor actively such behaviour. And yet, if CSOs are going to get involved in earning income for themselves, they must start thinking and behaving like business people.

Two aspects of the problem then surface:

1. How much experience do CSO people have with business?
1. Do CSO people want to behave like business people?

Consider this exercise: ask people that you know who work in CSOs to tell you what involvement they have ever had with business, either directly, or through relatives (were their parents involved in business?), and what kind of business it was. Those who have had involvement with business, ask them what problems they (or their relatives) faced in the business world.

It is likely that the results of these exercises will demonstrate that:

- very few CSO people have had experience of business (most people working in the sector have come from social work, religious life, the civil service, academia);
- very few people have any idea of the kinds of problems that businesses face

Methodology

Introduce the topic as per the handbook. Ask participants who have ever made their income from running or working in a business to raise their hands. You will only have a few. Ask participants whose parents ran or worked in a business to raise their hands. You will have a few more. Ask them what kind of business it was, and the greatest difficulties they had with the business. Reflect with the participants on the small overlap between CSO and business people. Why? Where do most CSO people come from?

Exercise 3

Involvement with Business

- 1. Raise your hand if you have made your living by running or working in a business**
- 2. Raise your hand if your parents made their living by running or working in a business**

(for those who raised their hands)

- 3. What kind of business was it?**
- 4. What were the greatest difficulties in that business?**
 - Why is there so little overlap between business and CSOs?**
 - What backgrounds do CSO people come from?**

DAY TWO/SESSION FOUR: REVENUE FROM EARNED INCOME

4.1b Being 'Businesslike'

Purpose

To find out what the participants think about business.

Text

The second exercise is to ask the same people what they would name as the characteristics of business people.

It is likely that the results of these exercises will demonstrate that some CSO people have negative impressions of business people.

It is not uncommon for people working in the citizen sector to talk about business people as ruthless, selfish, and corrupt. On the other hand some people will put forward very positive characteristics of business people – like the fact that they are hard working, good decision- makers, far-sighted. It is important for all who are working in the sector to think and talk about their perceptions of business, and hopefully to agree that there is no reason why a respectable and admirable person cannot be involved in business, and no reason why they and their organizations cannot be involved in business.

Methodology

Have prepared a sheet called 'Characteristics of Business People' divided into 'Positive' and 'Negative'. Ask all participants to write 2 cards with words describing characteristics of business people. As they finish, pin them up under Positive or Negative. You are likely to have more Negative characteristics.

Ask participants to reflect on their potential desire and ability to develop enterprises for their CSOs as a way of generating revenue, if they have negative attitudes about business.

Exercise 4

Attitudes about Business

Write two cards each with a word to give the characteristics of a businessperson.

Stick them up under 'Positive' or 'Negative'

- **Consider what the participants collectively think about business**
- **Is this a good foundation for starting an enterprise in your CSO?**

DAY TWO/SESSION FOUR: REVENUE FROM EARNED INCOME

4.2 The Issue of 'Profit' and 'Non-Profit'

Purpose

To clarify the ways that CSOs can make income, but not profit.

Text

As soon as any discussion starts on the issue of CSOs running businesses, CSO people are very likely to raise the issue of their non-profit status. This is not just a legal issue - can a CSO make a profit? - but also a philosophical one that is often based on unclear ideas about what 'profit' is. This, in turn, reflects the lack of familiarity that most CSO people have with the world of business. It is important to make a few definitions clear:

1. For an ordinary profit-making business, the word 'profit' means an excess of income over expenditure that is distributed to private hands, either to the owners of the business or the shareholders in the business.
1. For a CSO, any income is reinvested, or ploughed back into the work of the organization in line with its objectives. It is not 'profit' because the work is never finished. The income is always used for the work of the CSO, and it is not distributed for private gain.

Therefore a CSO can try hard to get as much income as it can for its operations, and this is not profit, since it is never distributed to people beyond the work of the organization. A non-profit organization can indeed (and should) raise or generate income, but this does not compromise its non-profit status.

When governments set up the laws or statutes under which CSOs are legally registered, they have usually tried to make a distinction between civil society organizations and businesses, and one of those distinctions is that CSOs are non-profit making. The statutes should state, 'non-profit distributing', but unfortunately they usually do not, and few government officials are prepared to listen to the arguments from the CSO side to clarify this point. The public, which, as mentioned earlier, has become increasingly worried about CSO pretenders masquerading behind a social purpose, is quick to be suspicious about businesses that are run by CSOs. The public is inclined to see this as another way in which CSO people are enriching themselves, rather than helping other people.

Methodology

Read the text in the handbook. Show OHT 23 section by section. Ask the participants if they understand the distinction. Ask if they think others do also. If not, which groups do not accept it? Why? Are there examples of CSOs putting income into their pockets (ie generating profits)? Ask for examples of the legal position. Do participants think the legal position can be changed?

Clarifying Southern CSOs and Profits

Profits - for businesses - mean:

An excess of income over expenditure that is distributed to private hands (owners or shareholders) - usually on a yearly basis

For CSOs

Any extra income is re-invested in the CSO's work. It is not 'profit' because the money will not be distributed to private hands

Points to remember:

- **The public and the government are increasingly suspicious of 'pretenders'**
- **The law usually refers to non-profit organizations, not, unfortunately, not-profit-distributing organizations**
- **CSOs need to educate the government law makers about the value of helping CSOs to make their own money (and thus not rely on government or foreign funding)**

DAY TWO/SESSION FOUR: REVENUE FROM EARNED INCOME

4.3 Different Ways of Earning Income

Purpose

To give an overview of the four different ways in which CSOs can earn an income.

Text

With those general problems (of 'Characteristics of Business' and 'Profits') clarified, let us look at the four different ways in which CSOs can earn income:

- Building income together - as part of a community economic activity.
- Recovering (all or part of) the costs of programmes.
- Income from enterprises linked to the CSO's mission.
- Income from enterprises not linked to the CSO's mission.

The next sections will look at each of these in detail.

Methodology

Show OHT 24, and go through them one by one. Do not try to explain them here, but say that each will be dealt with in turn.

CSO Revenue from Earned Income

- **Building income together - as part of a community economic activity**
- **Recovering (all or part of) the costs of Programmes**
- **Income from enterprises linked to the CSO's Mission**
- **Income from enterprises not linked to the CSO's Mission**

DAY TWO/SESSION FOUR: REVENUE FROM EARNED INCOME

4.4a Building Income Together as Part of a Community Economic Activity

Purpose

To describe this method of earning income.

Text

Here a CSO has helped to establish an income-generating activity (IGA) for its target group - eg chicken farming, or pottery. In the usual way of things, the target group people earn their income from this activity, and the organization's role is to set it up and provide the required training. What is suggested here is that the CSO has a share in the activity, either by way of a share of the income, or itself runs a part of the operation, just like one of the target group people. Just as the IGA earns the target group some income, so it does the CSO.

There are two incidental factors that contribute to the value of this strategy:

1. It encourages the CSO to make sure that the IGA is, in fact, generating income. This may seem obvious, but many CSOs continue to run highly subsidized 'enterprises', without checking if they are actually generating revenue in excess of costs. CSO stories are replete with unsaleable baskets, and loss-making craftware. If the IGA makes no money, the CSO makes no income.
2. If the CSO is taking a part of the income, it forces the CSO to consider what part is of the income is going to the producers. It is not unknown for a CSO to set up an IGA that is actually exploitative of the producers, either because of ignorance of market pricing, or possibly avarice. An income for the organization should not mask exploitation of the producers.

Methodology

Show OHT 25 in sections.

Ask the participants if they can give any examples of this kind of enterprise.

Can participants give examples of such enterprises that do not make profits?

Can participants give examples of such enterprises that are exploitative?

Building Income Together

- as part of a community economic activity

- 1. The CSO involves itself in an income generation activity (IGA) of its target group. It has a share in the operation**
- 2. The target group receives an income, and so does the CSO**

NB1: Reality Check on the IGA itself - is it profitable?

NB2: Reality check on the CSO - is it being exploitative of the producers?

DAY TWO/SESSION FOUR: REVENUE FROM EARNED INCOME**4.4b Building Income Together as Part of a Community Economic Activity****Purpose**

To illustrate the different ways in which the approach of 'Building Income Together as part of a Community Economic Activity' can work

Text

See the following two handouts:

- Handout 1: CORR - the Jute Works, Bangladesh
- Handout 2: Jairos Jiri Association, Zimbabwe

Methodology

Distribute one set of case studies at a time to the participants. Ask someone from the participants to read the case study out loud. Ask for any reflections on the story. Do they know any operations like that? Is it possible to do something similar in their circumstances?

CORR - The Jute Works

CORR - The Jute Works started life in Bangladesh after the War of Independence in 1972 to offer some way of providing income to the larger number of widows in the aftermath of war. It capitalized on the local crop, jute, and the skills of village women in making pot holders (thika) from the jute fibre - a skill that was purely functional in the village context where such hanging pot holders were an essential part of handling liquids. CORR -The Jute Works saw export market opportunity in this skill, by buying the thika from the women to sell overseas as decorative plant pot holders. It arranged the women in groups and gave them training in new products and techniques, bought their output, and placed it overseas through alternative marketing organizations and a mail order catalogue.

The sales of the craft work were divided: part of the income went back as a dividend to the producers (and this was used by the women's groups for a variety of useful activities like improved water supplies, or tree planting): part went to pay for the administrative costs of CORR - The Jute Works, and another part was put into a reserve fund. From time to time, depending on the size of the reserves, CORR - The Jute Works would fund development activities for the women's groups beyond the craft operations - like latrine building.

CORR - The Jute Works was living and expanding on the backs of the craft production of the women, but was doing so in a way that enabled the organization to be both self-sustaining, and a source of further funds. CORR - The Jute works has not taken foreign funding since its third year of operations (1975). The most difficult aspect of its operation is keeping up with the buying patterns of the people in the countries to which they export, and feeding these ideas back to the manufacturers. The enterprise (and the organization) will only continue if they remain smart entrepreneurs who research the market and produce for it, being prepared to change as the market dictates.

Source: The World Wide Fundraiser's Handbook – a Guide to Fundraising for Southern NGOs and Voluntary Organizations, DSC and Resource Alliance (1996)

Jairos Jiri Association

The Jairos Jiri Association, probably the largest organization of its kind in Africa, serves more than 10,000 disabled people annually in Zimbabwe. It has a wide range of programmes including schools and psycho-therapy treatment centres for children, a scholarship programme to assist secondary and post-secondary students, a training centre and farm for agricultural education, and outreach and follow-up integration programmes: altogether there are 16 centres all over the country.

One of the Association's main activities is the provision of specialized education plus vocational training for the disabled. It operates five craft shops, two furniture factories and a farm that produces food for nearby residents and graduated trainees. These craft shops provide a great opportunity for disabled people to obtain skills and to produce high quality goods including furniture, artificial limbs, wood, metal, and leather crafts and china.

In addition to serving as training centres and as a way to publicize the Association, the craft-shops generate a considerable amount of revenue for the Association. Jairos Jiri began to generate income in 1959 to support its programmes. The goods produced by the disabled clients are sold in goodwill stores to the general public, including tourists. The Association covers 43% of its expenses from the revenues of these shops. They started their operations with external donor funds (about US\$ 200,000) and have been producing profit since establishment.

One important lesson from Jairos Jiri is that the stores could not be managed as part of the charitable programmes. According to the Executive Director, they should have been operated as a separate business activity from the beginning, adopting business principles and strategies.

Source: Sustaining Civil Society - Strategies for Resource Mobilisation, CIVICUS (1997)

DAY TWO/SESSION FOUR: REVENUE FROM EARNED INCOME

4.5a Cost Recovery

Purpose

To illustrate the different ways in which 'Income from Cost Recovery' can work.

Text

Many CSOs are confused by the idea of cost recovery. They sometimes say, 'Since CSOs are meant to work with the poor, and many of them are set up to provide services to people who cannot afford to buy these services, how can they possibly expect the poor to pay (wholly or partially) for these services?' Experience has shown that the poor are not absolutely poor, and that they can pay for some of the costs of services, provided those services are services that they need and want, and provided that they are delivered in ways that they can have some control over. It is true that the very poorest may well not be able to pay, but there is room for cross-subsidizing ie charging enough from the ordinary poor, so that free (or highly subsidized) services can be offered to the poorest.

Some CSO people object to cost recovery from political or ideological convictions. They feel that just as the state should offer free services to the poor, so should CSOs. They see such organizations as an aspect of the welfare state.

Other CSO people have a different ideological perspective—that the market economy is what should be promoted, and that in a market economy everything has a cost.

The most persuasive arguments in favour of cost recovery come from some people's experience that people (poor or otherwise) do not value services that are free: if they have to pay for them, they will not only value them more, but will use them more effectively.

It is fairly straightforward to argue that services that help people to make money should be paid for, and nearly all microcredit schemes, for instance, almost as an article of faith, demand a service charge (see more on this in Chapter 13, Microcredit Programmes). Some vocational training programmes also require payment for the courses undertaken, sometimes up-front, and sometimes from the income earned following the course when the graduate is gainfully employed.

Methodology

Read the text in the handbook and introduce the approach with reference to the text. Show OHT 26 in sections. Ask if any participants are already practicing cost recovery. Does it exclude anyone? How do they handle that? Ask participants if they believe services are more valued if they are paid for. How does this square with absolute poverty?

Recovering Costs of Programmes

Origins of the idea

- **Pragmatism - people will not value free goods or services: if they pay for them, they will use them more effectively**
- **Political Philosophy - free services come from a socialist perspective: paid services from a market perspective**

What Can People Afford

- **if the CSO helps them make money?**
- **if the CSO makes them more productive?**
- **if the CSO does neither?**

What about Subsidies

- **for those who cannot afford to pay?**

DAY TWO/SESSION FOUR: REVENUE FROM EARNED INCOME**4.5b Cost Recovery****Purpose**

To illustrate the different ways in which the approach of 'Cost Recovery' can work.

Text

See the following handout:

- Handout 3: PROSALUD, Bolivia

Methodology

Distribute the case study to the participants. Ask someone from the participants to read the case study out loud. Ask for any reflections on the story. Do they know any operations like that? Is it possible to do something similar in their circumstances?

PROSALUD - Self- Financing Health Services in Bolivia

PROSALUD's objective is to function without outside support, recovering its costs from the sale of its health services and products. In the health sector, recovering costs by charging fees for health services delivered to low-income families is often considered impossible. Charging fees that are high enough to cover the costs of services appears to discriminate against the very poor, who live on the edge of subsistence and often have no money on hand to pay for services or goods of any kind.

This conventional wisdom, however, seems to be belied by the PROSALUD experience in Bolivia. PROSALUD already has a growing system of health facilities in operation that are self-financing through the fees that it charges. Clients are predominantly low-income families. Services include free preventative health care and child survival interventions. Curative services are provided free of charge to families that cannot pay (between 8-13% of PROSALUD's patients). PROSALUD has conclusively demonstrated the feasibility of self-financing primary health care services, even in a country as poor as Bolivia.

Source: The World Wide Fundraiser's Handbook – a Guide to Fundraising for Southern NGOs and Voluntary Organizations, DSC and Resource Alliance (1996)

DAY TWO/SESSION FOUR: REVENUE FROM EARNED INCOME

4.6a Enterprises Linked to the CSO's Mission

Purpose

To illustrate the different ways in which 'Enterprises linked to the CSO's Mission' can work.

Text

Here the question that the CSO has to ask itself is: 'Are there any activities related to the organization's main work (or mission) which can make money from a different market?' For instance - is it possible to market for a price to a richer group of clients the same services that the organization is providing free to its target group? If the CSO is, for instance, running a nursery to produce fruit tree seedlings, can these be sold to wealthier farmers as well as given free to the target group?

Or, for instance, is there some new saleable product or service possible using the CSO's core experience? Consider this example of a CSO working with AIDS in a central African country: most of its work was free AIDS testing and counselling to the public. It realized, however, that shame and confidentiality were an important aspect of People Living With AIDS (PLWAs) and some people did not want to be seen coming to their free down-town clinic. It therefore offered a two-tier service in two different locations - their usual free clinic which was open to the public, and a more confidential service in another more secluded site, for which people paid. The income from the latter subsidized the costs of the former.

The CSO, however, had the skills to carry out the work of both the original mission, and the new variation of the mission. It was expanding its work in order to generate revenue, but in the general area in which it had experience.

CSOs need to do some brainstorming to consider what resources they are offering, and what they own, and then think entrepreneurially if and how they can find some way in which these resources can make money for them. Is it possible that the CSO's set of skills and equipment be packaged differently and appeal to a different market? Can, for instance, the CSO's photocopier operate commercially in the evenings and at weekends? Can the CSO's computers be used in commercial training courses as well as be used for its administrative business? Can the CSO's accounting system be sold to others? Can the CSO's surveys of its working areas be sold to banks, advertising agencies, government programmes? An adventurous mind will find entrepreneurial possibilities in unlikely places: simply being in a place that others consider exotic is, for instance, a potentially saleable resource, as we can see from the handout on *Alternative Tourism*.

Methodology

Describe the approach. Show OHT 27. Ask the participants if any of them are selling their services to anyone other than the target group. Ask them to reflect on what they could sell or hire to different people - and make some suggestions to the group.

Enterprises linked to the CSO's Mission

- **Are there spin-offs from the CSO's main work which can make money from a different market?**
- **Are richer people prepared to pay for services offered free to the CSO's target group?**
- **Can the CSO's skills and equipment be packaged differently to appeal to a different market?**
- **Is there a new product or service using the CSO's core experience that can make money?**

DAY TWO/SESSION FOUR: REVENUE FROM EARNED INCOME

4.6b Enterprises Linked to the CSO's Mission

Purpose:

To illustrate the different ways in which the approach of 'Enterprises linked to the CSO's Mission can work.

Text:

See the following handouts:

- Handout 4: Pact, USA - Health Insurance for NGOs
- Handout 5: Yayasan Bina Swadaya, Indonesia
- Handout 6: Alternative Tourism

Methodology

Distribute one set of the case studies to the participants at a time. Ask someone from the participants to read the case study out loud. Ask for any reflections on the story. Do they know any operations like that? Is it possible to do something similar in their circumstances?

Pact: Health Insurance for NGOs

Pact, a US NGO, has a health insurance plan for its employees, as do many other US NGOs. The particular health plan is a good one and very well run. Pact found that other US NGOs were asking it for advice on running their own health plan, and were very receptive to Pact offering to include their organization into the Pact health plan. Soon Pact was earning a modest but important income from providing health insurance facilities for a number of other US NGOs. It knew how to do it, it could relatively easily scale up, it had a number of other interested potential customers, and it could do the work without under-mining its services to its own employees.

Source: The World Wide Fundraiser's Handbook – a Guide to Fundraising for Southern NGOs and Voluntary Organizations, DSC and Resource Alliance (1996)

Yayasan Bina Swadaya

Yayasan Bina Swadaya in Indonesia is an organization specializing in improving the lives of small farmers and fishermen through savings, credit, and the formation of co-operatives. Its early work was to encourage rural poor farmers to save their money and take out credit to expand their small self-employment possibilities. The Yayasan (which means 'Foundation') charged a service fee for the credit that went some way towards paying for the costs of the credit scheme. The Yayasan found that many of its customers wanted to raise chickens, but that obtaining day old chicks was a real problem. It therefore went into the business of hatching and producing day old chicks and selling them, making a small profit, to its customers. It found that other people apart from its target group also wanted this service and so it also started to sell day old chicks in the market place. It started a small extension newspaper for its target group on improving farming practices, and found that this newspaper filled a need for a farmer's magazine that existed beyond its immediate target group. It also geared up its production for the market place. It then found that its skill and experience of running its original savings and credit operation was at a premium for other development agencies, and that other organizations wanted to know how this could be done. The Yayasan started a consultancy service, offering its senior employees on short-term hire to other development agencies.

Through its work with foreign development agencies it realized that there was a market for the kind of knowledge about Indonesia life that was part of its essential way of working, and so it offered alternative tourism services to the supporters of foreign development agencies. Everything that it did to make money was a spin off from its original mission, based on skills developed in the course of activities connected to that mission.

Source: The World Wide Fundraiser's Handbook – a Guide to Fundraising for Southern NGOs and Voluntary Organizations, DSC and Resource Alliance (1996)

Alternative Tourism

The usual kind of tourist is one who craves creature comforts familiar back home, but likes them packaged in an exotic setting. They are often unaware of the actual environment in which they spend their holidays since hotels and tour operators decide what they see and experience is decided for them. There is, however, a small but increasing number of tourists for whom a visit to a foreign country is an 'alternative' opportunity to learn more about that country, including the reality of life 'behind the scenes'.

Basically there are two kinds of CSOs who have appreciated that they have special knowledge and experiences which are marketable and can earn money - those who offer tourists an introduction to the realities of life in a particular country - and can organize exposure tours to villages and aspects of rural and urban life that other tourists would miss (these are offered in India and Thailand, for instance); and CSOs who are involved in environmental matters who offer eco-tourism, that is specialized visits to places of particular environmental interest often combined with exposure to particular environmental problems (these are offered in Nepal and Madagascar, for instance). As with much tourism, the ethical problems arise not as a matter of principle, but when the numbers involved escalate. It is difficult for the most sensitive and committed tour guide to bring the 500th tourist to look at the misery of the rubbish mountain pickers of Bangkok, as it is difficult to preserve the wilderness conditions required for the interesting biological diversity in Madagascar under the visits of very many tourists, however pure the motives of the tour organizer.

Source: The World Wide Fundraiser's Handbook – a Guide to Fundraising for Southern NGOs and Voluntary Organizations, DSC and Resource Alliance (1996)

DAY TWO/SESSION FOUR: REVENUE FROM EARNED INCOME

4.7a Enterprises Not Linked to the CSO's Mission

Purpose

To illustrate the different ways in which the approach of 'Income from enterprises not connected to the CSO's Mission' can work

Text

Here the CSO is looking for anything that earns good returns on capital. To be successful, however, the organization should think of the following points:

- a. It should not require too high a degree of business acumen, since, as we have seen previously, CSOs are usually inexpert in this field. CSOs would not be advised to go into, for instance, the retail marketing trade or import/exports, but they might go into renting property or a meeting room. Of course, if the CSO can acquire or hire business skills, this need not be a problem.
- b. It should not be anything that compromises the existing work of the CSO. An organization working with alcohol abuse or drug addiction would not be advised to open a bar, however lucrative it might be. The public would not consider the CSO to be serious.
- c. It should not be something that drains human resources from the main work of the CSO.

On the positive side, CSOs should look for ideas that capitalize on the free skills and experience of well-wishers to the organization. If someone offers the CSO a building, then it could go into the property renting business: if anyone was able to advise the CSO reliably that there was both a source and a market for second hand clothing, then the CSO could go into that business.

A very important point for the CSO to consider is whether the income-generating activity can be compartmentalized away from its main work, and avoid interfering with it. If a CSO gets into a business unconnected with its mission, there is a strong tendency for the business to sap the strength of the organization's main work.

Methodology

Introduce the subject from the text. Show OHT 28. Ask participants if they can give any examples of CSO enterprises not linked to their mission. Does anyone have problems with this approach? What kinds of enterprise would work best? What about the danger of taking the CSO's energies away from the mission of the organization?

Enterprises Not Linked to the CSO's Mission

This could be anything that offers a good return on capital

BUT

- **Does not require too high a degree of business acumen**
- **Will not compromise the existing work of the CSO**
- **That capitalizes on free skills and experience of well-wishers**
- **Will not distract the CSO management from the CSO's main business**

DAY TWO/SESSION FOUR: REVENUE FROM EARNED INCOME**4.7b Enterprises Not Linked to the CSO's Mission****Purpose**

To illustrate the different ways in which the approach of 'Enterprises not linked to the CSO's Mission' can work.

Text

See the following handout:

- Handout 7: Zambian Red Cross and PROSHIKA, Bangladesh

Methodology

Distribute the case studies to the participants. Ask someone from the participants to read the case study out loud. Ask for any reflections on the story. Don't forget the Zambian Red Cross is a positive example, and the PROSHIKA Bangladesh is a negative example. Do they know any operations like that? Is it possible to do something similar in their circumstances?

Enterprises of the Zambian Red Cross & PROSHIKA Bangladesh

The Red Cross in Zambia raises 87% of their income from the rental of offices and flats. The original Red Cross building has been owned by the Red Cross since at least 1964. They have also, in the past, received ownership of 6 flats that they have rented out since then. In 1991 they approached Finnish Red Cross for a loan in order to build a second building. Finnish Red Cross agreed, and when the building was finished in 1992/3 the World Bank rented the office space on the third floor (they have subsequently moved to larger premises).

Rental from the office space brings in a substantial amount of money, which is usually paid for a year in advance. The rent from flats is on a monthly basis. All of their administrative and most of their continuing project support comes from rental together with smaller amounts of other domestic fundraising. For special projects of relief work, the Red Cross applies for funding from outside sources, typically their sister agencies (eg British or Finnish Red Cross, or their umbrella agencies International Committee of Red Cross and Red Crescent Societies). Mrs. Munkanta says: 'We do not have the headache of chasing funds. We are able to operate in a more secure financial environment that has allowed us to follow through with programmes and be innovative. You still have problems with flats being unoccupied or dealing with the demands of tenants, but it is generally a good experience'.

Source: 'Depending on Ourselves - Zambian Experiences in Domestic Fund Mobilisation' by Hull and Holloway, Pact Zambia (1996)

PROSHIKA, a large Bangladeshi CSO was helped by CIDA to buy a bus company that it intended to run as an income generating enterprise. No-one in PROSHIKA had ever managed a bus company before, and the inter-city bus business in Bangladesh is not only very competitive, it is also pretty lawless as businesses try and capture passengers from each other. PROSHIKA soon got bogged down in problems of maintenance, ticket collection, cash flow problems, and, in the end, found that it was taking much too much of the senior management's time - time that should have been spent on the economic and social development work that PROSHIKA was set up to do.

Added to this the business itself was not making much money - certainly not enough to justify the management time that was being spent on it. Sensibly PROSHIKA divested itself of its bus company and stuck to what it was good at. It is now generating income for itself from a service fee on its large credit programme, by running an Internet service provider, and by renting out a spare floor in its own office block.

Source: The World Wide Fundraiser's Handbook – a Guide to Fundraising for Southern NGOs and Voluntary Organizations, DSC and Resource Alliance (1996)

DAY TWO/SESSION FOUR: REVENUE FROM EARNED INCOME**4.8 Thinking Entrepreneurially****Purpose**

To push participants to think entrepreneurially of some examples of this approach they might use.

Text

CSOs need to really do some brain-storming to consider what resources they are offering, and what they are owning - and then think entrepreneurially if and how they can find some way in which these resources can make money for them.

Methodology

Explain the exercise as one in which participants come up with enterprise ideas based on the four approaches they have been introduced to.

Put up a sheet with name cards of the organizations present along the top.

Let them take time to think, then ask each organization to suggest two ideas each on two cards, and pin them up. Urge them to be as creative as possible.

Discuss these ideas with the participants.

*Exercise 5***Ideas for Enterprises for your CSO**

Try to think of two possible enterprises for your CSO, based on the ideas discussed in this session

Write the ideas up on two cards and display them

Explain the ideas to the other participants

DAY TWO/SESSION FOUR: REVENUE FROM EARNED INCOME

4.9 Issues to Consider in CSO Revenue from Earned Income

Purpose

To point out the possible difficulties with this approach.

Text

- **The Conflict of a CSO culture and a Business Culture**

As we discovered in an earlier exercise, CSO people and businesspeople have different characteristics. It is well to recognize this rather than to expect CSO people to easily move between cultures.

- **The Lack of Business Management Skills and Experience**

This has been remarked on before. CSOs need to either engage in an enterprise that does not require such acumen, like renting buildings, or hire in such expertise that will be paid from the income of the enterprise.

- **Planning/Allocating Human and Financial Resources**

If a CSO is deciding to go into business by starting an enterprise, it must decide what part of its financial resources, and what part of its human resources (ie its staff) should be allocated to the enterprise.

- **Access to Capital**

Where can the CSO hope to get the capital with which to start an enterprise? There are a variety of answers to this:

- From money raised by the CSO separately from foreign sources.
- From funds specifically requested from foreign donors.
- From gifts in kind eg a building.
- From a bank loan - just like entrepreneurs.

- **Relations with Foreign Donors**

Donors logically should be delighted that CSOs are thinking entrepreneurially, and should be very interested to invest in their enterprises in order to allow the CSOs to be financially self-reliant. Sadly very few think like this, and some back up their position by reference to previous miserable failures in this area. It is often the case that previous attempts were poorly prepared

- **Public Perception**

If your CSO's name becomes more associated in the public's mind with, for instance, property rental than working with street kids, you may have a problem with the public's perception of your organization and what it does

- **Legal Status**

Following on from the points made earlier about the government's muddled understanding of CSOs that try to earn income, there may be complications about the legal status

- **Competition with the Business Sector**

Part of the hostility to a CSO business and its requests for tax-free treatment is likely to come from the existing business community, particularly when the CSOs enter fields that compete with them - property, service provision, trading. This problem, however, may be quite the opposite: businesses may be encroaching into areas that were previously considered to be the preserves of CSOs, which seems to be the pattern emerging in the United States.

Methodology

Prepare yourself with the text from the handbook. Show OHT 29 section by section. In each case, ask for examples from the participants, and ask how these problems were handled. If there is no example, ask how participants would handle such a problem.

Issues to Consider

- **Conflict between CSO culture and Business culture**
- **Lack of business management skills and experience**
- **Planning and allocating financial and human resources**
- **Access to Capital**
- **Competition with the Business Sector**
- **Relations with Foreign Donors**
- **Public Perception**

DAY TWO/SESSION FIVE: INDIGENOUS FOUNDATIONS

5.1 What are Foundations?

Purpose

To acquaint participants with indigenous foundations.

Text

Foundations are structures that are set up so that funds can be accumulated and made available in perpetuity to specific kinds of recipients as grants and/or loans to be used for specified purposes. Some countries have foundations that implement programmes directly as well as make grants to third-parties who implement programmes.

Most cultures and traditions have created something similar to a foundation structure, very often for religious purposes. The original benefactor gives funds or a source of funds (like property or even a business) to the foundation and the income earned from that asset is available for the Foundation to spend for its specified purposes.

Depending on the legal tradition in the country concerned, such funding structures may be called trusts as well as foundations, but they are basically structures whereby an individual or organization makes available funds for on-granting, on-lending, or operations for philanthropic purposes.

Such foundations may be set up by individuals, by business corporations, or by governments, but once they are set up they have a specific governance structure and are governed by the statutes under which the foundation or trust was established. They no longer belong simply to the individual, business or government, although the statutes, to a greater or lesser degree, may keep the control with the original benefactor. The Ford Foundation, for instance, which operates all over the world as a development agency and funder, was set up by the family of Henry Ford, the originator of the Ford Motor Company. For a long time, however, neither the Ford Motor Company nor the Ford family have been in charge of the Ford Foundation. It is governed by a self-perpetuating Board of Trustees made up of citizens who have been chosen for their particular skills and experience.

Foundations and trusts, however, are not only features of developed countries in the West. Charitable and philanthropic trusts exist in Japan, Korea, India, Pakistan, Bangladesh, Sri Lanka, South Africa, and in many countries of the world. They are a valuable feature of philanthropic life and need to be encouraged. Islam, wherever it is practiced, has a well-developed version of the philanthropic foundation in *waqf* (see Accessing Foundation's Wealth).

Methodology

Introduce the approach from the text. Show OHT 30 section by section. The idea is to introduce the subject only - the next section will be an exercise to get the participant's ideas.

What are Foundations?

Foundations are funds set up within a legal structure to be a source of grants, loans or activities for religious, welfare, recreational or developmental activities

They are started by:

- Private individuals**
- Corporate bodies**
- Governments**

They are set up to give away money

BUT

The terms and conditions are very specific

DAY TWO/SESSION FIVE: INDIGENOUS FOUNDATIONS

5.2 Indigenous Foundations

Purpose

To collect information from participants about indigenous foundations

Text

What we are interested in accessing are indigenous foundations and trusts—structures that have been set up by nationals of the country to make funds available for a variety of purposes, some of which the CSO could access. In order to ascertain what foundations exist in your country, try the exercise of asking people you know who work in CSOs what foundations they know of, what their origins are, what their main interests are, and what CSOs have ever accessed their funds.

It is very likely that the majority of foundations or trusts that are known about are religious in nature - formed for the upkeep of mosques, temples and churches; but it is possible that the business community, or a few wealthy individuals, and perhaps the government, have set up independent trusts and foundations for particular purposes.

Methodology

Prepare a sheet with cards along the top saying 'Name of Foundation', 'Purpose of Foundation' and 'Origin of Foundation'.

Ask participants to fill out cards to provide information on foundations that they know about - any foundations, not just for development work.

Once the information is presented, look at it and discuss what information has been collected. What can we learn?

Has anyone put together a directory of foundations in your country?

Exercise 6

What Foundations do you Know?

Write three cards in a set giving:

- **Name of the Foundation**
- **Purpose of the Foundation**
- **Origin of the Foundation**

and pin them up in front

Is this new information?

Has anyone used their services?

DAY TWO/SESSION FIVE: INDIGENOUS FOUNDATIONS

5.3 Why Are Foundations Created?

Purpose

To help participants the reasons for the creation of foundations.

Text

It is also a valuable exercise to discuss among people you know who work for CSOs what the motives may have been for the establishment of the trusts and foundations that you have in your country. If you know what the motives may have been, it may give you an advantage when you negotiate with them.

Some motives might be:

- Individuals (particularly successful businessmen/women) coming to the end of their lives and wanting to give back to society some of the income they have earned/raised during their lives - perhaps thus earning credits for the after-life.
- Individuals who want a particular interest of their own to be enabled to continue - eg traditional music, women's education, archaeology.
- Businesses wanting to prove themselves good corporate citizens and give back to society some of the profits they have earned/accrued, and preferring a separate organization to manage this rather than operating it from inside the business.
- Governments wanting to set up a structure that will not be a political football that is dependent on which party is in power, but a structure that will continue independently.

The question of the 'particular purposes' for which a foundation or trust is set up is one of the key factors when CSOs think of accessing funds from foundations or trusts. Since it is their money, the originators of the foundation or trust are entitled to specify in the founding legal documents exactly what their money shall be spent on, and this has to be followed by the governing trustees or directors. It is essential, therefore, that CSOs interested in accessing indigenous foundation funding should find out what the declared purposes of a foundation or trust is, rather than wasting time pursuing funding which is reserved for a category (like children, or the aged), which may not be part of their work.

Methodology

Show OHT 31 section by section. Can the participants give examples of foundations started from such motives?

Why are Foundations Created?

- **Rich elders who want to pay back some of their income to society**
- **Rich individuals who want some particular interest of theirs to be continued**
- **Businesses wanting to show themselves good corporate citizens (and distance their giving from the business)**
- **Governments wanting to set up an independent, non-political body**

Any others?

DAY TWO/SESSION FIVE: INDIGENOUS FOUNDATIONS

5.4a Accessing Foundations' Wealth

Purpose

To help CSOs learn how to access the resources of indigenous foundations.

Text

Depending on the legal system in the country and how it is operated, there are usually two kinds of trusts - private trusts (often set up by families to govern the inheritance of their property, or pay for the children's education) to which the public does not have access: and public trusts that anyone or any organization who meets the purposes of the trust or foundation, can access. Such public trusts, moreover, are bound to declare publicly how their funding has been spent, thus allowing the public to check whether they are consistent with the purposes of the original statutes (and have not been hijacked by a particular interest). The problem often for CSOs is to find out what foundations exist, what their purposes are, and what their money has been spent on. It is important for CSOs to identify trusts and foundations in which there is a match between the two organization's missions so that they do not waste each other's energy.

Another tactic is for the CSO to negotiate with the trustees/directors of the trust or foundation to persuade them that the CSO's particular cause is worth supporting, even if it seems outside the original purposes of the foundation. One way to do this is to argue that the original statutes had not considered particular problems (like AIDS) and that the foundation should be made more relevant to current problems. Another way is to persuade the trustees/directors that there are a variety of ways to deal with an identified problem (like, for instance, orphans), and that your way of working (home-based care, or adoption) is as valid and worth funding as the more traditional ways of dealing with the problem (eg building orphanages).

This approach is particularly possible with foundations that have been established for religious purposes. Within Islam, for instance, believers are encouraged to donate funds called *zakat*. Such funds are often used to buy food and clothes for the poor. Modern spirits within Islam have pointed out that such contributions do nothing to build self-reliance or diminish the number of the poor - the same people are there the next year for the same kind of handouts. They have suggested that the *zakat* funds could be used to create a foundation for microcredit operations that would lend money to the poor to start their own businesses and, hopefully, escape from their poverty.

Methodology

Read the text from the handbook. Show OHT 32 section by section. Do any of the participants have any experience of trying these approaches with foundations?

Accessing Foundations' Wealth

CSOs should target Public Trusts - but need information on their purposes and their experience

It is possible that the foundations purposes may be narrowly interpreted

CSOs can argue that:

- **Their activities fit the purposes of the foundation**
- **The purposes of the foundation are not addressing contemporary problems and they need to be modified**
- **Their activities are different ways of addressing a problem identified by the foundation**

There is a need for transparency on how foundations work, and who with.

DAY TWO/SESSION FIVE: INDIGENOUS FOUNDATIONS

5.4b Accessing Foundations' Wealth

Purpose

To persuade participants of the value of encouraging indigenous foundations to be created.

Text

So far we have been talking of mobilizing resources by accessing the wealth of indigenous foundations or trusts: Another (and in the long term, equally important) strategy is to encourage people or organizations with resources in your country to establish trusts and foundations, and make available such resources for development purposes. Local foundations for local purposes are a valuable contribution to the philanthropic culture of a society, and CSOs could well benefit from them if they are set up. The USA has nourished a tradition of the community foundation which is a foundation focused on community needs and supported by local contributions from individuals, businesses, and local government. Many Central and Eastern European countries have seen this model as being relevant to their own situations.

Depending on the way that religious practices are observed, it may be possible to persuade those responsible that religious trusts set up to advance religion (often by building churches, temples or mosques) should also use their money for more developmental purposes (like health or education).

One example of an indigenous form of foundation in Islamic countries is the tradition of *waqf*. *Waqf* is a donation made by someone of property to Allah, and managed on that person's account by a group of trustees. It is often a gift of land or property, and the bequest is frequently rented out so that the income can be used for a charitable purpose. *Waqf* donations are frequently used to pay for the running costs of orphanages, religious schools, and clinics. The institution has many advantages - the donation is registered by a waqf board and is tax-free and the management is recognized as being a charitable duty for which no fee is charged.

Methodology

Talk about the twin approaches of (a) accessing wealth from existing foundations and (b) persuading more individuals, companies and government offices to consider setting up indigenous foundations, or expanding the use of indigenous foundations.

Show OHT 33 in sections. Discuss the possibilities of encouraging indigenous foundations in your country. Ask for supporting and non-supporting factors and note them on flip charts.

Encouraging the Formation of Indigenous Foundations

Indigenous foundations are valuable because:

- 1. They establish a focal point for organized and structured giving in the country**
 - 2. They create new sources of funding for CSOs**
 - 3. They encourage the enabling environment for formal philanthropy**
-
- What factors would encourage the formation of indigenous foundations in your country?**
 - What factors would discourage the formation of indigenous foundations in your country?**

DAY TWO/SESSION FIVE: INDIGENOUS FOUNDATIONS**5.5 Case Study****Purpose**

To illustrate the different ways in which the approach of accessing indigenous foundations can work.

Text

See the following handouts:

- Handout 8: Fundacion Para la Educacion Superior (FES), Colombia
- Handout 9: Healthy City Foundation (Banska Bystrica), Slovakia

Methodology

Distribute the case studies to the participants. Ask someone from the participants to read each case study out loud. Ask for any reflections on the story. Do they know any operations like that? Is it possible to do something similar in their circumstances?

Fundacion para la Educacion Superior (FES), Colombia

FES was founded in 1964 to help a public university meet its cash flow and programme expenses. Given that government disbursements were habitually late, the University was forced to borrow from local banks at high interest rates. At the same time funds received from foreign foundations were deposited in local banks without earning interest. These donors advised the university to set up a mechanism to promote donations from alumni and the local business community. The president and trustees selected 12 prominent civic and business leaders in Cali to establish a private foundation and an office for fundraising and development.

FES became independent in the early 1970s and its reach broadened. A Vice-President for Social Development was established to make grants, conduct research, and create seed programmes outside the original university.

FES's programmes provide financial support to CSOs and research organizations in the form of donations directly, and donations to Permanent Endowment Funds. These typically consist of money ear-marked for a specific purpose which FES matches with a 50% contribution, and for which it serves as a financial manager. In 1994 there were 400 such funds, worth nearly US\$ 22 million. FES's programmes focus on health, education, economic, and social development, environment, children and youth and civil society support. To date, FES has distributed more than US\$50 million in grants

Source: Sustaining Civil Society - Strategies for Resource Mobilisation, CIVICUS (1997)

Healthy City Foundation, Banska Bystrica, Slovakia

The Healthy City Foundation grew out of an earlier foundation in Banska Bystrica that went through an organizational crisis and survived through re-birth as a community foundation. Initial funding came from the city government which was persuaded that a community government would serve the public interest. Other support has come from external foundations, local corporations and individuals. The Foundation's budget is small - about US\$ 30,000 per year and it has an endowment of some US\$50,000. It is estimated that an endowment of US\$500,000 is needed to support its programmes completely and sustainably.

The Foundation provides support to local civil society organizations that are working to improve the quality of life in and around the city. The amounts given are often small - less than \$300. Its programmes include environmental, neighbourhood, rural, women's and youth programmes. The youth programme is particularly innovative in that a programme advisory committee has been established from high school volunteers.

Source: Sustaining Civil Society - Strategies for Resource Mobilisation, CIVICUS (1997)

DAY TWO/SESSION SIX: INDIVIDUAL PHILANTHROPY

6.1 Who Do You Give To?

Purpose

To gather information from participants about their giving behaviour.

Text

CSOs are interested in accessing contributions from individuals to help their organizations, but if CSO staff, board and volunteers have never solicited funding from individuals, they should be aware that it involves interesting new psychological dynamics and a variety of learned skills. In order to understand something of the dynamics and skills involved in individual giving, it is useful for those who are soliciting gifts to reverse roles, consider themselves as givers, and examine what happens when they are asked to give.

A useful exercise is to ask people you know who work for CSOs to tell you of all the approaches that they have received formally and informally from people and organizations for donations over the last six months. They should say what was the organization, (or person) and what they were asking for. From this exercise, we can get a picture of the ways in which individual philanthropic giving is carried out in your country, and what are people's motivations. This may provide some interesting ideas.

Following that exercise it is both interesting and useful to discuss the ways in which philanthropy is culturally understood in your country. It is likely to be a combination of religious principles and kin, clan or tribal affiliations. Probably people in your country will feel that it is legitimate both to be asked to give and to give for the disadvantaged (particularly the disabled, and the victims of natural disasters) and for extended family members. How much farther traditions of giving extend beyond that will probably be culturally specific to different countries. Possibly people in your country do not have a well-developed tradition of giving money, but are much more comfortable with giving food, shelter or in-kind gifts.

It will be interesting to see whether giving to organizations (as opposed to people) is an accepted cultural tradition in your country, and, if so, to what kinds of organizations, and under what conditions.

Methodology

Prepare a sheet called 'Personal Solicitation'. Ask all participants to think how many times they were approached for donations and by whom, in the last six months. Ask them to write the names of the organizations which approached them on cards (one organization, one card) and pin them up on the sheet. Once they are all up, ask which they considered to be particularly persuasive and impressive.

Ask if they were persuaded enough to give.

What were the common elements in the solicitations? Write on flip chart.

Who are participants prepared to give to, and who not? Discuss philanthropy within your culture. How is giving understood and handled?

*Exercise 7***Personal Giving Experience Sharing**

Who have you been approached by in the last six months (all kinds of approaches)?

(write one card for each organization that approached you)

Which were the most impressive and persuasive? Why?

How is philanthropic giving handled in your culture?

DAY TWO/SESSION SIX: INDIVIDUAL PHILANTHROPY

6.2 Organizations Soliciting For Funds

Purpose

To clarify the differences between traditional and new philanthropy.

Text

When the discussion moves to organizations soliciting individuals for money, you are departing to some extent from traditional practices. You are asking for the disinterested giving of someone's own resources to an organization (not a person, and not necessarily a person you know) as an expression of solidarity with fellow human beings, even though they may be strangers (and may not be people who you have ever thought of helping before). This is, in many countries, a new way of thinking.

In some countries the joint family and the community have been the traditional caring mechanism. In other countries, particularly those that have evolved from a centrally planned economy, the state has been considered to be the agency that looks after the needy beyond the extended family, and foreign donors to be the agency which helps the state to do so. In the past funding from both governments and donors has blocked both the need and the opportunity for people to give to people.

If you consider it possible in principle in your country for organizations to solicit funds from individuals, there are skills to be learnt. In order for you to make a good income for your organization from individual philanthropy, you will need to:

- Deal with large numbers of potential and actual donors.
- Learn special techniques required for identifying them and asking them for resources.
- Have many people working for your organization as volunteers to solicit donations.
- Nourish and sustain those who have given in order to persuade them to give again.
- Have a simple and understandable message.

While CSOs are interested in receiving money primarily (because there are so many things that money can be used for), solicitations for individual philanthropy can equally well result in people being prepared to give your organization personal time, their sweat, goods and materials, or their good advice.

Methodology

Go through OHT 34. Ask participants if people in their country are prepared to make this move (or have already done so).

Ask if they accept that government and donors have blocked the need and the opportunity for personal giving.

What are subjects that people are prepared to give to?

Creating a New Culture of Individual Philanthropy

New philanthropy is asking for the disinterested giving of:

- **someone's own resources (money, time, sweat, advice) to an organization (not a person, and not necessarily a person you know)**
- **as an expression of solidarity with fellow human beings**
- **even though they may be strangers (and may not be people who you have ever thought of helping before)**

In the past funding from government and donors has blocked the need and the opportunity for personal giving

DAY TWO/SESSION SIX: INDIVIDUAL PHILANTHROPY

6.3 Asking for Funds is not Begging

Purpose

To clarify the difference between begging and fundraising.

Text

Many people consider that fundraising means begging individuals to give to something that you are committed to, while they may not be. Most people consider that this involves some form of persuasion of otherwise uncommitted, or even reluctant people. Many people feel unhappy and uncomfortable with the idea that they are trying to persuade others to give something against their wishes. But this is not the case; what is needed for many people who are thinking of fundraising from individuals is a mind switch, a new way of thinking, a paradigm shift in their approach.

Actually what they are doing is offering individuals a chance to be involved in something worthwhile. They are offering people a chance to get involved in their organization's mission - and the tactic is to offer that chance to people who are likely to be interested in it. Most people in the world are concerned about the plight of people worse off than themselves. To a greater or lesser extent they worry about such people, and they would like to help them. Many people do not know how best to help them, and, under pressure of their own problems and their own working lives, their concern is shelved or forgotten.

Your organization then approaches them and says: 'We are offering you a chance to express your concerns practically. We think you are as worried as we are about street children (or AIDS orphans, or battered women, or landless peasants—or whatever is your particular cause). We know that you cannot do a great deal yourself because of your other work, but we have decided to work on this full time, and we would like to offer you a chance of helping street children through helping our organization'. You are not begging someone to do something they do not want to do, but are offering people a chance to support something that they would like to support, but do not know how to.

Methodology

Show OHT 35. Ask those who have solicited whether they liked doing so. Did they think they were begging? Reflect on the difference between them and a beggar. Have they experienced enthusiastic acceptance or only grudging agreement? What words do people use when accepting or refusing?

If the facilitator feels the dynamics are right, suggest role plays of solicitation and response to solicitation, and ask people to discuss their feelings in these roles.

Asking for Funds is not Begging

- **You are giving a chance to someone to be involved in something worthwhile that you believe in**

They may also want to believe in it

- **You are offering people a chance to support something which they would like to support, but do not know how to**

DAY TWO/SESSION SIX: INDIVIDUAL PHILANTHROPY

6.4a Knowing How and Whom to Ask

Purpose

To help participants understand what skills they will need to access individual philanthropy.

Text

Now, of course soliciting funds from individual philanthropists will only make sense if you are able to get donations from considerable numbers of people. Thus the skills involved in accessing individual philanthropy lie in:

- Knowing how to identify likely potential donors.
- Knowing how to ask them for their donations in ways that unlock their desire to help.
- Knowing how to organize the solicitation process.
- Knowing how to present your request for funds in a persuasive way.
- Knowing how to get both one-off and long term commitment from people.

CSOs that have been used to writing project proposals to foreign donors will not be accustomed to the very different ways of soliciting funds from the man or woman in the street, or the man or woman on the footpath. We need some practice.

A very useful exercise for CSO people to get such practice is to think how they would explain their organization to the man/woman on the street/footpath, and how they would ask for funds, using a basic pro forma kind of fundraising brochure whose outlines appear on the opposite page. CSO staff can use this format (or something like it) to try and write a sample fundraising brochure. They should try and be persuasive and informative. Other staff members can then look at the brochure and see what they feel about the brochure's power to persuade them to give.

This exercise really reveals the differences between appealing to a foreign donor, and appealing to the man or woman in the street. Once you have tried out this exercise, and seen which approach at this kind of brochure seems most convincing, you need to think about how such a fundraising brochure could be targeted, and how you can identify likely donors.

Methodology

Show OHT 36.

This lists skills that people will need - it does not offer to teach them. Ask participants who has such skills, or where such skills could be learnt.

Skills Required for Accessing Individual Philanthropy

In order for you to make a good income for your organization from individual philanthropy, you will need to:

- **Deal with large numbers of potential and actual donors**
- **Learn special techniques required for identifying them and asking them for resources**
- **Have many people working for your organization as volunteers to solicit donations**
- **Nourish and sustain those who have given in order to persuade them to give again**
- **Have a simple and understandable message**

Not just money but also giving your organization personal time, their sweat, goods and materials, or their good advice

DAY TWO/SESSION SIX: INDIVIDUAL PHILANTHROPY

6.4b Knowing How and Whom to Ask

Purpose

To help participants to decide to whom their solicitation should be directed.

Text

Some suggestions may come from the answers to the following questions:

What Sorts of People are Likely to Support our Mission?

Think whether there is a particular group of people within the public who are likely to be enthusiastic about an organization that is working on the particular problem or issue that we are concerned about. If it is anti-corruption, perhaps students and churches would be most enthusiastic: if it is women's emancipation, then women and women's organizations are likely to be concerned.

Who Should Support our Mission?

Here you need to think of the kind of people who are likely to be enthusiastic about your mission, but have not yet been made aware of what can be done, and of what you are doing. This implies some public education and social mobilization before they are ready to be approached for a donation. If your organization is working with people living with AIDS, it is likely that relatives would be interested in your mission, but need to be educated that organizations like yours exist and that anything can be done.

Who Do We Want to Support our Mission?

Here you are talking strategy—what groups within society are important for you to convince of the value of your work? Probably high on many CSOs' list would come the business sector, and perhaps the organizations of organized religion, and political parties?

You need to be aware of the cultural traditions in your society, but you need not be bound by them. Certain societies seem to be keener to support education, while others are more interested in promoting the arts, but all of them can be made aware of the current problems of society, and the work your CSO is doing to help with them. Do not think that your fundraising must be directed only towards the rich people in your country. In most countries the poor give proportionately more than the rich, usually because they can identify with the problems you are describing better than the rich can. Fundraising from individuals works best when there are lots of small contributions that together make a significant amount. It is possible, of course, to dream of a single huge benefactor, but that hope often stays at the level of dreams. While of course it is the money that primarily interests your organization when you are mounting a fundraising effort targeted at individuals or the public, there are also important non-monetary reasons for this kind of resource mobilization.

Methodology

Show OHT 37 in sections. After each section, explain what is meant by the question, and ask participants to consider which groups in society might be interested in their organization. Ask them to think and write on their note pads, by organization, the answers to the three questions.

Identifying Potential Philanthropists

- What sorts of people are likely to support our Mission?
- Who should support our Mission?
- Who do we want to support our Mission?

DAY TWO/SESSION SIX: INDIVIDUAL PHILANTHROPY

6.4c Knowing How and Whom to Ask

Purpose

To introduce participants to solicitation skills through a brochure.

Text

Now, of course soliciting funds from individual philanthropists will only make sense if you are able to get donations from considerable numbers of people. Thus the skills involved in accessing individual philanthropy lie in:

- Knowing how to identify likely potential donors.
- Knowing how to ask them for their donations in ways that unlock their desire to help.
- Knowing how to organize the solicitation process.
- Knowing how to present your request for funds in a persuasive way.
- Knowing how to get both one-off and long term commitment from people.

CSOs that have been used to writing project proposals to foreign donors will not be accustomed to the very different ways of soliciting funds from the man or woman in the street, or the man or woman on the footpath. We need some practice.

A very useful exercise for CSO people to get such practice is to think how they would explain their organization to the man/woman on the street/footpath, and how they would ask for funds, using a basic pro forma kind of fundraising brochure whose outlines appear on the opposite page. CSO staff can use this format (or something like it) to try and write a sample fundraising brochure. They should try and be persuasive and informative. Other staff members can then look at the brochure and see what they feel about the brochure's power to persuade them to give.

This exercise really reveals the differences between appealing to a foreign donor, and appealing to the man or woman in the street. Once you have tried out this exercise, and seen which approach at this kind of brochure seems most convincing, you need to think about how such a fundraising brochure could be targeted, and how you can identify likely donors.

Methodology

Give each organization a sheet of flip chart paper folded into quarters, like a 4-page brochure. Mark the pages 1,2,3,4.

Ask them to write a brochure following the format given. For 'photos' either ask for a drawing or a description of the photo that would go in that place, written.

Once they have done the task, ask them to display the brochures for all other participants to look at/read. Have a list of the organizations already written up, and ask participants to mark their three highest rated.

Then see which ones have the highest marks, show them to all, and ask what it is about these three that is most attractive or communicates best. Ask if any of them would persuade you to give.

Exercise 8

Creating a Fundraising Brochure

1 Name of Organization	2 About the Organization	3 A Case Study	4 How You Can Help
Photo	----- ----- ----- -----	----- ----- ----- Photo	1----- ----- 2----- ----- 3----- ----- 4----- -----
Mission Statement ----- ----- ----- -----	Facts explaining why the organization is needed: 1----- 2----- 3----- 4----- 5-----	Endorsements and Quotes about your work ----- -----	Address ----- ----- -----
Slogan			

Produce a 4-page brochure for your organization, on flip chart paper folded in 4, using your marker pens and following the format above.

Display them, show them to each other, and choose the 3 most persuasive.

Critique them.

Would any of them persuade you to give?

DAY TWO/SESSION SIX: INDIVIDUAL PHILANTHROPY

6.5 Non-Monetary Reasons for Supporting Individual Philanthropy

Purpose

To clarify other than monetary reasons for supporting individual philanthropy.

Text

There are many reasons, apart from the actual money that is collected, for involving your organization in individual philanthropy:

- Many hundreds (perhaps thousands) of supporters gives your organization stability, particularly if you are clever enough to make sure that they move from a one-off contribution to a regular contribution.
- Individual philanthropy supplements and balances unstable funding from foreign donors or governments.
- Individual donations give the CSO untied funds that it can programme as it wants (within, of course, the fiduciary responsibility it has to the donors). Such funding is not tied to particular expenses as is funding from foreign donors.
- Individual donations do not require elaborate proposals. As we saw from the fundraising brochure, we are persuading people on the basis of our mission, our reputation and our experience - not on the basis of an elaborate proposal as with foreign donors.
- Following the same track, our financial reports are simply the reports of any responsible CSO- they do not need to follow the sometimes tortuous and complicated reporting conditions of some foreign donors.
- Individual donations mean that the CSO is now responsible and accountable to a large constituency of local people who have, in effect, voted for the CSO by their donations, and are your supporters for the future (unless you disappoint them).
- Individual donations mean that people have made a personal decision to help - not leave it to the government or foreign donors, or someone else - and this is beneficial for your society as a whole.

Methodology

Introduce the topic and ask participants for ideas on non-monetary advantages of individual philanthropy. Write them on flip chart.

Show OHT 38 section by section, and discuss.

Non-Monetary Reasons for Supporting Individual Philanthropy

- **Many hundreds (thousands?) of supporters gives stability**
- **Individual giving supplements and balances irregular giving from other sources**
- **The CSO gets untied funds and autonomy**
- **Proposals are simple**
- **Income is easy to administer**
- **The CSO is accountable to a large constituency which has voted with its donations**
- **People act for themselves, not leave it to others to act for them**

DAY TWO/SESSION SIX: INDIVIDUAL PHILANTHROPY

6.6 The Enabling Environment

Purpose

To help participants understand some of the factors affecting the environment for individual philanthropy.

Text

There are other issues that determine the likely success of attempts to raise funds from the public. These are:

The Economy: In times of boom, or at least relative prosperity, people are likely to be able to give more. In hard times, people will probably give less.

The Culture: As we have mentioned before, there are likely to be cultural traditions about giving. However, few cultures remain static—they are changing, and changing dramatically. There is likely to be a new middle class in your country with money to spend, and they will be open to new influences. There are people exposed to foreign influences (like people returning after studying overseas) who will be open to new ideas. A smart fundraiser is a close observer of new cultural patterns.

Public Awareness of Society's Needs: If the public is unaware of some of the things that are happening in your country that need to be reformed, then part of your job will be the kind of public education which will create, in effect, your market for fundraising.

The CSO's Credibility: However good your idea is, however sincere your commitment, this will not result in donations from the public if there is some serious problem with your organization's credibility. If scandal has hit your CSO, if it is too closely linked to a political party, if it is seen as a vehicle for one person's glory, people will not put their hands in their pockets. Another point to consider is the 'standard of living' of your organization and its staff. If your organization is conspicuous by its expensive four-wheel drive vehicles and computers (what has been called 'the Pajero and PC Syndrome'), the public may not want to respond to appeals.

The Helpful Context: Simply asking people face to face to give money to your organization is the simplest form of fundraising; however, that requires large numbers of people to go out and do the asking. A society that allows people to pay by cheque, a society that does not condone stealing collection boxes, and a society that allows tax concessions for those who give to CSOs, are all societies which enable CSOs to collect from the public more easily. Part of this is a legal and fiscal environment in which people who pay tax can expect tax relief on their donations to non-profit organizations. In many countries the tax base is very small.

Methodology

Introduce the topic. Ask participants to suggest elements in the external environment that are conducive to individual philanthropy.

Show OHT 39. Go through each section and explain.

The Enabling Environment

- **The Economy**
- **The Culture**
- **Public Awareness of Society's Needs**
- **The CSO's Credibility**
- **The Helpful Context**

DAY TWO/SESSION SIX: INDIVIDUAL PHILANTHROPY

6.7 Methods of Individual Fundraising

Purpose

To introduce participants to eight methods of individual fundraising.

Text

After this discussion about the nature of individual fundraising, how do you go about it? There are eight different methods discussed below, all of which will be possible in different ways in your country, and all of which need to be put through your own country's cultural filters. A ninth possibility is Internet fundraising, which is a new and growing field, and is treated separately in chapter 15.

In Person: Here, people, usually volunteers working to help your organization, ask members of the public for donations. There are traditions of collection boxes, or envelopes left to be collected later, of static collection boxes left in shops, at airports, in public places.

At the Workplace: While individual collecting drives can be mounted in factories or other workplaces, an important strategy for collecting at the workplace involves persuading the whole workplace to make a regular donation by agreeing a certain cut from their salaries every month.

At Events

Most countries have a tradition of fundraising events—dinners, concerts, sponsored sports events, sponsored walks, fairs, etc. Many events will become more attractive if a celebrity is involved - like a film star, a musician, or a sports personality.

Through Direct Mail: Direct mail means sending a letter to someone asking for a contribution to your CSO. In some countries it is quite common, in other countries unknown.

Through the Telephone: Just as it is possible to make a solicitation through the mail, it is also possible to make a solicitation through the telephone, but it is much more difficult.

Through the Media: Many CSOs have had success by advertising their organization in the media (papers and TV or radio) and through such advertisements, asking for contributions.

Through Imaginative Ideas: People who are fundraising from the public must think of creative ways in which large numbers of members of the public can be separated from small amounts of money that they will not notice, and can be persuaded to send them to your CSO.

Legacies: When people are making their wills, and deciding how their estate or their income should be divided, it is often possible to suggest to them that they leave a certain proportion of their estate to worthwhile causes.

Methodology

Go through the handbook to get the information for this section. Use the examples provided Show OHT 40 section by section. At each topic ask if participants know of people in their country doing this, and with what results.

Methods of Individual Fundraising

- **In Person**
- **At the Workplace**
- **At Events**
- **Through Direct Mail**
- **Through the Telephone**
- **Through the Media**
- **Through Imaginative Ideas**
- **Legacies**

DAY TWO/SESSION SIX: INDIVIDUAL PHILANTHROPY**6.8 Best practices****Purpose**

To suggest to participants likely successful practices.

Text

Lessons from professional fundraisers suggest the following best practices:

- See your fundraising as a way of offering people an opportunity to do something worthwhile: go for the heart - the purse will follow.
- Wherever possible listen to donors and get feedback from them - they will advise you, through their reaction to your appeal, about the strengths and weaknesses of your fundraising efforts.
- Tell them about the people who are being helped by your organization - again an appeal to the heart.
- Sincerely thank donors many times for their contributions.
- All donors - big as well as small – are valuable. Small donors can be cultivated to become large donors over time.

Methodology

Show OHT 41 section by section. This is a summing up section, so do not expect much discussion. Ask participants if they have any comments.

Best Practices

- **Offer people an opportunity for doing something worthwhile**
- **Listen to donors - spend time with them**
- **Tell them about your beneficiaries or target group**
- **Appeal to the heart as well as the head**
- **Thank donors regularly and frequently**
- **Both major and minor donors are important - minor donors can grow**

DAY TWO/SESSION THREE: INDIVIDUAL PHILANTHROPY**6.9 Case Studies****Purpose**

To illustrate the different ways in which the approach of accessing Individual Philanthropy can work.

Text

See the following handouts:

- Handout 10: HelpAge, India
- Handout 11: Al-Amal Centre for Cancer Care, Jordan

Methodology

Distribute the case studies to the participants. Ask someone from the participants to read each case study out loud. Ask for any reflections on the story. Do they know any operations like that? Is it possible to do something similar in their circumstances?

HelpAge, India

HelpAge India is the largest secular voluntary organization working at the national level in India for the welfare of elderly individuals. Projects supported by the group include old age homes, rehabilitation programmes, day care centres, and medical outreach programmes. Funding for these projects has been possibly only through the generosity of the public.

Direct mail is one of the fundraising techniques used by HelpAge India. The organization is constantly looking out for and acquiring addresses of potential donors through such means as newspaper advertisements. Relevant data are computerized and updated regularly. Potential donors are kept on the mailing list for up to 5 years. Since direct mail involves only written communication, a good appeal letter is critically important. The appeal letter is sent first to a small segment of the target audience to test both its effectiveness and the mailing list being used. If the response rate is over 2%, a large-scale mailing follows.

A first time donor is a 'hot prospect' who must be nurtured. He or she is sent newsletters, annual reports, birthday greetings, brochures, project lists, and personal letters. The aim is to develop a close relationship with each donor and keep the person as informed about HelpAge India as possible. The budget for direct mail is closely monitored: HelpAge India has been able to keep the cost/benefit ratio at 1:5 - that is, for every dollar spent on a mailing, five dollars is generated in donations. Each direct mail campaign is coded so that the response rate can be measured and analyzed. Donors are then assigned a priority according to their income, frequency of giving, and the size of each donation: a donor profile is compiled based on these varying factors, and subsequent mailings are targeted so as to increase the donation revenue per mailing.

HelpAge India now provides 15% of HelpAge India's funding. The donor base has increased from approximately 3000 donors in 1990 when direct mail started, to more than 50,000 donors in 1997. The organizers attribute much of this success to careful planning, constant testing, and evaluation of the mailing lists, and increased public awareness of the organization's objectives

Source: Sustaining Civil Society - Strategies for Resource Mobilisation, CIVICUS (1997)

Al-Amal Centre for Cancer Care, Jordan

The Al Amal Centre for Cancer Care provides comprehensive cancer care to the people of Jordan and the surrounding region, including early detection, treatment and rehabilitation of cancer patients, public awareness and education and research.

The General Union of Voluntary Societies, under the guidance of its president, Dr. Abdullah Al-Khatib formed a national task force for the establishment of Al-Amal Centre in 1984. Following the death of his daughter, Dalia, from leukemia at the age of 13, Dr. Al-Khatib recognized the urgent need for a cancer centre to provide effective cancer treatment then available only in industrial countries and at high cost.

Dr. Al-Khatib and the Task Force developed a capital campaign to raise the estimated US\$30 million needed for the Centre. With the help of the media and word of mouth, Jordanians became aware of the Centre's goal. Many wealthy individuals began to donate generously, and other contributions flooded into the General Union of Voluntary Societies, which also contributed a great deal. About 25,000 students joined a nation wide 'Knock on the Door' fundraising campaign. Construction began in 1989, after some US\$2 million had been collected.

An Al-Amal Centre Support Week held in 1992 under the patronage of His Late Majesty King Hussein and Her Majesty Queen Noor was one of the largest fundraising efforts ever. It included another 'Knock on the Door' campaign, as well as a charity march of thousands of people from Al-Hussein Sports City to Al-Amal Centre. The week ended with a 16-hour live telethon, in which Jordanians donated more than US\$10 million, the largest amount in the nation's history.

Almost 26,000 donors contributed to the Al-Amal Centre, 6500 of whom did so in the memory of a loved one lost to cancer. Obviously important to the success of the capital campaign was the commitment to the cause and the excellent preparation and planning by all involved. A clearly defined goal gave potential donors something to aim for, and the fact that so many people had friends and loved ones with cancer helped create a special sense of national sympathy and unity.

Source: Sustaining Civil Society - Strategies for Resource Mobilisation, CIVICUS (1997)

DAY TWO/SESSION SEVEN: BUILDING GRASS-ROOTS ORGANIZATIONS

7.1a What are Grass-roots Organizations?

Purpose

To clarify what are grass-roots organizations for participants.

Text

Grass-roots organizations are village (or urban neighbourhood) level membership organizations formed for self-help and self-improvement purposes. The premise of this section is that third party CSOs have frequently tried to raise the funds they think are required to carry out activities at the grass-roots level, and have often found this difficult. CSOs often operate by trying to form (or encourage) grass-roots organizations (GROs), also called community-based organizations (CBOs), and, all too often, they feel that they have to raise the funds necessary for the activities of such GROs/CBOs. Many resources, however, can be mobilized at the grass-roots level by grass-roots organizations themselves - resources that an outside organization would not be able to access. Grass-roots organizations are also often indigenous and traditional organizations. As they are encouraged by CSOs to take on new tasks for development purposes, they sometimes have access to indigenous and local resources. Not only are these indigenous resources inaccessible by outside CSOs, but it means that CSOs do not have to try to raise those funds if the GROs are raising them themselves. GROs can also generate funds for themselves, and depending on the activity, CSOs can help them to do this, and by doing so:

1. save themselves the need to try to mobilize such resources for GROs
2. empower GROs to mobilize their own resources, and control these resources themselves

GROs and CBOs were originally formed to address concrete problems of their members in social (eg ritual, dispute resolution), economic (eg production, marketing), or natural resource (eg water, fodder, trees, fish conservation) fields, and to address these problems within the circumscribed world of that community. Now, as communities open up to the influences of the outside world, they are able to ensure that their members' interests and problems are represented to power holders and representative bodies outside the community. As they take on such new roles they can mobilize resources for themselves—both raising funds from sources available to them, and generating their own resources.

Methodology

Introduce the subject. Show OHT 42 in sections.

This is different from other approaches. You are talking about how the CSO can acquire resources, but how it can be prevented from spending its resources (because the funds can be raised by the GROs). CSOs can thus save money that would otherwise be spent. The point is that CSOs can help GROs to build their own capacity - and part of that capacity is to raise their own funds - funds that the CSO would otherwise have to raise itself.

Building Citizens' Grass-roots Organizations

- **More resources could be raised by the GROs/CBOs that you work with - thus freeing the CSO from needing to raise those funds**
- **GROs/CBOs were originally formed to address the concrete problems of their communities**
- **Now they can do more - they can engage with development problems, generate resources from their community and access resources from outside**

DAY TWO/SESSION SEVEN: BUILDING GRASS-ROOTS ORGANIZATIONS

7.1b What are Grass-roots Organizations?

Purpose

To illustrate the kinds of organizations that fall into this category.

Text

Here are some examples of GROs that interact with agencies beyond the original community - often national government departments, but also CSOs, donors, and local government:

- **Social**
 - PTAs (Parent-Teacher Association)
 - Mothers' clubs
 - Drinking water committees
 - Village health management committees
 - Early childhood development groups
 - Village pharmacies
 - Nutrition clubs
 - Neighbourhood watch groups
 - Peace & conflict resolution committees
- **Economic**
 - Producers' groups
 - Credit unions
 - Women's income-generating groups
 - Cooperatives
 - Savings and credit clubs
- **Natural Resource Management**
 - Irrigation users' groups
 - Community forestry associations
 - Grazing associations
 - Fisherfolk associations

Originally GROs mobilized resources that were needed for production and marketing, and the maintenance of livelihoods. Now increasingly they are being asked to mobilize resources for various social safety-net functions as the state reduces its ability to provide, or indeed fails to provide, services in the field of education, health, and welfare. Indeed, in many places the state, rhetoric to the contrary, has never provided education, health, and welfare services, and it has been left to the community to handle such matters themselves.

As GROs evolve from traditional tasks to ones that interface with the more modern world and outside forces, they often change. Community groups in the past were often managed autocratically by traditional leadership (which was predominantly male), and they were directed to very local problems. Such groups are now more likely to be democratic, to involve women more in leadership roles, and to involve the community in larger social and economic problems.

Methodology

Show OHT 43 in sections. Ask participants if such kinds of organizations exist in their countries, how they started, and how they are operating now. Many of these will be 'induced' organizations - ie introduced by outsiders, and may only exist as long as incentives exist.

Examples of GROs

- **Social**
 - **PTAs (Parent-Teacher Association)**
 - **Village pharmacies**
 - **Mothers clubs**
 - **Drinking water committees**
 - **Neighbourhood watch groups**
 - **Village health management committees**
 - **Peace & conflict resolution committees**

- **Economic**
 - **Producers' groups**
 - **Cooperatives**
 - **Credit unions**
 - **Savings and credit clubs**
 - **Women's income generating groups**

- **Natural Resource Management**
 - **Irrigation users' groups**
 - **Grazing associations**
 - **Community forestry associations**
 - **Fisherfolk associations**

DAY TWO/SESSION SEVEN: BUILDING GRASS-ROOTS ORGANIZATIONS**7.1c What are Grass-roots Organizations?****Purpose**

To identify GROs in your country and their different functions.

Text

The first task in this section is to identify what grass-roots organizations exist in your country which have evolved into having new functions. It is likely that in every country there are mutual assistance associations of some kind or another, and in some countries there are more specialized traditional organizations. Try to make a list of all organizations that you know together with their original functions and any new functions that they may have taken on.

Methodology

Prepare a chart with three columns titled 'Grass Roots Organizations', 'Original Functions', 'Present Functions'.

Ask participants to fill in three cards for whatever grass-roots organizations they are aware of and stick them up. No matter if the original and present functions are the same in some cases.

Ask participants to read their contribution and explain the organization to the group.

Ask participants what has been lost and what has been gained as traditional organizations take on new functions. Particularly ask about who is in charge, and whether this has changed over time.

Exercise 9

Identify Grass-roots organizations and their functions

Grass-Roots Organization	Original Function	Present Function
1		
2		
3		
4		
Etc.		

Individually write three cards for each Grass-roots organization that you can think of, and pin them up

What has been lost and what gained as these organizations take on new functions?

Who is in charge of these organizations?

DAY TWO/SESSION SEVEN: BUILDING GRASS-ROOTS ORGANIZATIONS

7.1d What are Grass-roots Organizations?

Purpose

To help participants to understand the strengths of GROs.

Text

GROs are, above all, membership organizations in which the membership provides the governance of the organization, and the members are the beneficiaries of whatever improvements or benefits the GRO brings. Usually they are formed locally to address a locally identified problem, although sometimes their formation is induced by outsiders (like government community development workers, or CSO animators). However, once they have been formed they need to accept and indigenize the identified problem as one that they recognize as important (for instance child spacing and birth control). Because they are voluntarily formed to address a local problem that requires the provision of a local good or service, they have strengths that an outside body, be it a government agency or a CSO, does not have. They are able to:

- charge fees from their members;
- mobilize and earn income from the resources that they control;
- get voluntary donations in cash and kind;
- lobby for and attract resources available to local groups from local government.

Moreover such GROs are unlikely to have expensive overheads - they are likely to operate at a modest level of administration and management.

Moving into the political sphere, such GROs (particularly if they federate with other GROs into groupings that are larger than the village or urban-neighbourhood community) can:

- confront powerful interests from the state or the market which impinge on their lives;
- through their use of collective power and numbers overcome outside influences that are harming them;
- make sure that influences helpful to them are supported.

In many places in the world, as the power of central government shrinks, there is a de facto or de iure increase in the power and activities of local government. Foreign aid is being directed increasingly at local, municipal, and city governments, and such governance structures are looking for organizations to work with. Local governments' natural partners are GROs, representing a logical counterpart to decentralized government, rather than CSOs that are not usually so local. CSOs, however, can build up GROs to take on that role, and help them to command the new resources that will be available.

Methodology

Ask participants to identify the strengths of GROs. Note these on flip charts.

Show OHT 44 in sections. Ask for examples of how GROs they know carry out these functions.

Strengths of GROs

- **charge fees from their members**
- **mobilize and earn income from the resources that they control**
- **get voluntary donations in cash and kind**
- **lobby for and attract resources available to local groups from local government**

and politically

- **confront powerful interests from the state or market**
- **overcome harmful outside interests**
- **make sure that outside interests helpful to them are supported**

DAY TWO/SESSION SEVEN: BUILDING GRASS-ROOTS ORGANIZATIONS

7.2 GROs Mobilizing Resources

Purpose

To illustrate the ways that GROs can mobilize resources.

Text

GROs can mobilize resources in the following ways:

- They can map and analyze community resources, and discover what they as a community own and can utilize. Techniques such as Participatory Rural Appraisal/Participatory Urban Appraisal (and their successor, Participatory Learning and Action (PLA)) have shown the ability to help communities to realize their own resources (both physical and skills).
- They can set up membership structures that can institute savings procedures and mobilize fees, subscriptions, and special levies (in cash and in kind).
- They can generate resources by offering the following services to their members for a fee:
 - administering credit;
 - adding value through crop processing or marketing;
 - providing social services (eg school or clinic).
- They can access resources from:
 - local government;
 - from members of the community who have left and are in good jobs;
 - local businesses that operate in their areas (eg seed and fertilizer companies, timber extraction firms, fish-processing plants) either as donations or levies.

Methodology

Ask for suggestions from the participants about how GROs can mobilize resources.

Show OHT 45 in sections and ask for examples.

Ask participants to consider whether anyone else (particularly CSOs) could mobilize these resources as well.

GROs Mobilizing Resources

- **Mapping and analyzing community resources**
- **Membership strategies**
- **Generating resources by providing goods and services for a fee**
- **Collecting from home-town associations**
- **Collecting from businesses**
- **Collecting from local government**

DAY TWO/SESSION SEVEN: BUILDING GRASS-ROOTS ORGANIZATIONS

7.3 Federations of GROs

Purpose

To illustrate the greater impact that can come from federations.

Text

All resource possibilities mentioned above can be multiplied many times through federations of GROs. Very large amounts of money can be generated by federations of GROs that have thousands of subscriptions, savings deposits, fees and levies. Such organizations can own their own banks, their own processing companies, and/or their own heavy equipment. Such federations can organize, as credit unions do, cross-subsidies to help poorer areas with funds from more prosperous areas. They can also make available venture capital for new enterprises, and, perhaps most importantly of all, can put pressure on elected officials, councillors, and other kinds of local representatives to make sure that government services are relevant and useful rather than irrelevant and harmful.

This section - on GROs and their ability to mobilize resources for themselves - is predicated upon the view of CSOs as intermediary organizations that work to build citizens' membership organizations, and thus does not view CSOs as organizations that themselves implement work at the grass-roots. If a CSO is seeking to implement the work itself, usually it has to find the funds itself, if a CSO helps to create and build up a GRO, it is likely that the GRO can mobilize substantial amounts of its own funds.

Methodology

Ask participants if they know of any federations of grass-roots organizations in their country. Show OHT 46 and go through it. Ask for examples of how local federations have done the things illustrated.

Federations of GROs

If GROs federate at sub-district, district, provincial - and even national level, they have tremendous potential financial and political power

- **Multi-thousand subscriptions to common funds**
- **Ownership of their own assets**
- **Ownership of their own transport**
- **Possibilities of cross-subsidies for poorer areas**
- **Venture capital for new investments**

They are also in great danger of being bought, suborned, or controlled by politicians, and political parties

DAY TWO/SESSION SEVEN: BUILDING GRASS-ROOTS ORGANIZATIONS

7.4 Non-Financial Aspects of GROs

Purpose

To illustrate the non-financial aspects of GROs.

Text

But apart from the matter of funds, by building the GRO, the CSO is also building:

- citizens' ability to organize themselves;
- citizens' ability to access resources from government;
- citizens' ability to negotiate with government;
- social capital (trust, conflict resolution, tolerance, collaboration).

And: if possible;

- the citizens' ability to federate and form larger groupings.

Methodology

Show the 47 section by section. Emphasize that the growth of political power of GROs is very likely to lead to economic power.

Emphasize again that this section - on GROs and their ability to mobilize resources for themselves - is predicated upon the view of CSOs as intermediary organizations who work to build citizens membership organizations, and thus does not view CSOs as organizations that themselves implement work at the grass roots. If a CSO is seeking to implement the work itself, it usually has to find the funds itself: if a CSO helps to create and build up a GRO then it is likely that the GRO can mobilize substantial amounts of its own funds.

Make sure that participants understand that the funds raised by the GROs do not go to the CSOs - they save the CSOs from spending money on GROs.

Non-Financial Aspects of GROs

- **citizens' ability to organize themselves**
- **citizens' ability to access resources from government**
- **citizens' ability to negotiate with government**
- **social capital (trust, conflict resolution, tolerance, collaboration)**

and, if possible,

- **The citizens' ability to federate and form larger groupings**

DAY TWO/SESSION SEVEN: BUILDING GRASS-ROOTS ORGANIZATIONS**7.5 Case Studies****Purpose**

To illustrate the different ways in which the approach of Building Grass-roots Organizations can work

Text

See the following handouts:

- Handout 12: Jardim Shangri-La, Brazil
- Handout 13: Credit Unions in Lesotho

Methodology

Distribute the case studies to the participants. Ask someone from the participants to read each case study out loud. Ask for any reflections on the story. Do they know any operations like that? Is it possible to do something similar in their circumstances?

Jardim Shangri-La, Brazil

The shanty town of Jardim Shangri-La is a haphazard cluster of small scale shacks made of scrap lumber and cardboard, with no running water or sewage, perched alongside a putrid, garbage-strewn river. Taking advantage of the headway generated by a local branch of the Citizen's Campaign against Hunger and Poverty and for Life (the Acao da Cidadania Contra a Fome, Miseria e Pela Vida) from a nearby shanty town, 16 families in Jardim Shangri-La banded together to tackle long-standing community problems. For years they had waited for government help, now they realized that with limited outside help and their own sweat and ingenuity, they could take effective action. They established the Cooperative Habitacional Jardim Shangri-La to upgrade their housing and generate much-needed income.

Cooperative members began by holding bingos and raffles and pooling their money to buy land for a brick-making factory. Next, they received a US\$ 7000 grant from the Fundo Inter-Religioso, a small projects fund operated by an ecumenical coalition of church groups and CSOs, to purchase a simple motor-run press to produce cement blocks and concrete slabs. Eight local residents were hired to work at the factory, which would cover their salaries from the profits of brick sales. Soon the factory was turning out 600 bricks a day. Others members of the community, including women and children, volunteered their labour on weekends to boost production and construct houses in the community.

The Coop has also used its bricks to renovate the community centre where meetings, sewing courses, and catechism classes are held, and residents built a 7000 litre storage tank that supplies potable water to the community for the first time. Now the cooperative plans to pool profits from its brick-making with a small donation from the Catholic archdiocese's social service center to start a restaurant to feed poorer members of the shanty-town and to earn extra, steady income by selling prepared meals to workers of nearby factories.

The experience of Jardim Shangri-La vividly portrays the remarkable accomplishments and potential of the Citizens' Campaign. With only limited outside cash donations, and a good deal of volunteer support, complementary institutional partnerships, and a newfound sense of purpose, 16 families are vitally improving their community.

Source: Sustaining Civil Society - Strategies for Resource Mobilisation, CIVICUS (1997)

Credit Unions in Lesotho

In an attempt to increase local investment in agriculture in Lesotho, the National University of Lesotho Extension programme - a partnership between the National University of Lesotho and the Canadian-based St Francis Xavier University, CIDA and Misereor - suggested that credit unions be formed. Village leaders organized community meetings at which the extension service explained how a credit union worked. After this orientation the community members were responsible for deciding whether they wanted a credit union, and, if so, they had to take the initiative to invite the extension service back to provide training. The commitment of time, effort, and resources on the part of the community firmly rooted the project at the local level.

Once the decision to form a credit union is made, villagers form study groups and commit a year of study to become thoroughly knowledgeable about the concepts and operations. Then several members are selected to participate in an intensive course on book-keeping and financial management. They were required to pass qualifying examinations in order for the credit union to be formally established and officially registered with the Ministry of Agriculture and Cooperatives. Each credit union is managed and administered entirely by its members, who are responsible for all decision-making. The members also elect a nine-member Board of Directors, an Auditing Committee, and an Education Committee. Once the Credit Unions are established, it is government's responsibility to conduct an annual financial audit.

The World Council of Credit Unions and the Canadian-based Caisse Populaire provided training materials and assistance in establishing an umbrella organization - the Lesotho Cooperative Credit Union League (LCCUL). At one point, when the government announced its intention to take over the credit unions and use them as a base for a national bank, the cooperation of the communities with LCCUL proved a formidable force in fighting this government initiative.

The movement eventually led to the formation of more than 70 credit unions throughout the region. Membership has increased steadily over the years: given the extended families of the average member, the credit unions reach more than 250,000 direct beneficiaries. Their programme has diversified to include a number of income-generating activities such as communal gardens and craft cooperatives, and some unions have even constructed their own facilities, which can be rented out to earn income. Due to its success, Lesotho has been selected as the site for the African Cooperative Savings and Credit Association training centre for Southern and Eastern Africa.

Establishing a credit union gives members an opportunity to save regularly, borrow in times of need, learn how to manage their own finances, and develop habits of thrift and honesty. They use the skills they acquire and their access to capital to start their own small enterprises. Approximately 30% of credit union members hold leadership positions throughout the village in development committees, churches and political parties. In addition, at least 45% of the credit union members have learned how to read and write. And since many of the men are absent from the village for long periods working in South Africa, women have played a dominant role within the

credit unions, which helped to give them visibility as capable and responsible leaders.

Source: Sustaining Civil Society - Strategies for Resource Mobilisation, CIVICUS (1997)