Fundraising at the Grassroots level in Cambodia: *Using Strategy for Prosperity*

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According to the Council for the Development of Cambodia (CDC), as of 2010, Cambodia had registered more than 1500 local NGOs, with another 300 international NGOs registered with the Ministry of Foreign Affairs.

For a sector containing so many organizations, fundraising is often simultaneously the most important and most frustrating aspect of management.

To date, few studies have been done to evaluate fundraising methods employed by such organizations. We have also noted that there is little communication within the sector in regards to what works; what does not; what saves time; and what is simply a drain of resources.

To this end, Pari believes that sharing knowledge, lessons learnt, experiences and challenges across the sector is vital to creating a dynamic and successful grassroots community. Moreover, with increased information and interaction, NGOs can run more efficiently and better serve the communities they seek to support.

Among the issues this report aims to address are:

- What different sources of funding exist and how organizations secure them?
- What benefits and challenges accompany various methods of fundraising?
- To what extent do organizations strategize in regards to fundraising?
- How are fundraising decisions made and who makes them?
To explore these questions further, Pari conducted a series of case studies to better understand and analyze how different methods of fundraising are utilized and which are generally considered the most successful in given circumstances.

Interviews were conducted in an informal fashion between representatives from participating NGOs and Pari, and these interactions served as an open forum to analyze fundraising trends and freely discuss issues and achievements experienced by each organization.

All material garnered from these interviews is confidential and, as such, no references are made to specific NGOs in this report. Rather, responses and data collected during the interview process have been used to draw conclusions about, and recommendations for, the sector as a whole.

THE PARTICIPANTS

Interviewees were selected based on their unique approaches to fundraising. Focus areas included the fields of human rights, gender equality, education & life skills development, arts & culture, human trafficking, and health care & rehabilitation services.

Most participants were foreign/international organizations working in Cambodia and based in Phnom Penh, with the exception of one working in Siem Reap province. Also included were two organizations established and mostly staffed by Cambodian nationals.

Organization size was also a factor taken into consideration during the selection process. Care was taken to choose groups with a variety of budget sizes, which ranged anywhere from $100k to upwards of $1M per year.
When thinking about how to raise funds, there are several possible sources, all of which require different approaches to produce the best results. For the purposes of this report, the different sources of funds have been broken down as follows:

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**Diversification of Funding Sources is Good**

An important tactic that was substantiated by these case studies is the long-term benefit of having a variety of different donors and donor types.

Many of the organizations surveyed considered an ideal budget to be one composed of funding from both grant-making bodies and individual donors. Even better is a budget that can include income generated by the organization itself, via income generating activities (IGAs). That being said, there is no one formula for the perfect ratio of funding sources, and every organization should find the combination that works best for them.

From our sample, we determined that almost two-thirds of organizations are reliant on institutional donors. However, 60% of those same organizations expressed a desire to expand their donor base to include more substantial individual giving. That means overall, 38% of surveyed organizations are actively looking to diversify their funding.

The most noteworthy benefit of diverse funding is the inherently lower risk. If an organization derives income from a variety of sources, it is less likely to be threatened should a donor withdraw their support. This also increases resilience against global factors that could affect one ‘sector’ of donors (i.e. stock market downturn, etc).

Moreover, it is not only the different revenue categories that are important, but also how many donors / sources within each category an organization has. For instance, if an organization has one institutional donor and one individual donor, that does equate to having diversified funds. Having as many donors as possible, from as many different sources as possible, is ultimately the most desirable outcome.
We recognize that many NGO teams know how important diversification is, but how many actually put that into practice? Not many, from our experience. To rectify this, map out the current donor base of your organization and set specific targets for how you want it to evolve over the next 2-5 years. Creating a broad-based, diversified foundation for resource mobilization increases sustainability and security and allows a greater level of programme autonomy.

Another benefit of diversified funding is that it enables an organization to be more selective when dealing with donors who may have restrictive specifications or require program alterations. An organization with diversified funds would be in a better position to reject donations that come with too many strings attached. This will be discussed more in-depth later in the report.
As mentioned, 63% of organizations surveyed attribute at least half of their income to grants made by institutional donors.
It appears that there are two predominant reasons why so many organizations rely on institutional grants. The first is that there is a wide range of institutional donors, which presents NGOs with a significant amount of choice as to which to approach. Participants surveyed during this research often utilized grants from each of the three broad categories identified. Examples of institutions that have supported organizations surveyed or other NGOs in Cambodia are shown below.

**THE BENEFITS OF INSTITUTIONAL DONORS**

- **Private Foundations**
  - Gates Foundation
  - Parthy Family Foundation
  - Roland Berger Foundation

- **Government**
  - USAID
  - GIZ
  - AusAid

- **Other Agencies**
  - Action Aid
  - CARE
  - Oxfam

Having a variety of choices when applying for institutional grants is very beneficial to grassroots NGOs, as it allows them to approach a number of different donors—all with different interests—and raises their chances of securing a grant.

Additionally, institutional donors frequently provide long-term grants to their beneficiaries, which typically last for 3-5 years. This gives organizations some level of security, as they can plan for a certain amount of funds each year for the duration of the grant.

Other less cited benefits of institutional donors include the knowledge that can be gained from working with a wider organization with global experience in a particular sector.

Another benefit actually arises from a challenge: the high level of reporting that accompanies many grants. While these are often time-consuming exercises, it sometimes helps to be accountable to an external body, as it provides quite a bit of structure. One participant claimed that organizations that do not rely on institutional donors have a tendency towards more lax programming, as their services are not as vigorously monitored.

**KEEP UP TO SPEED**

Keep a close eye on institutional donors’ priority areas as these have a tendency to change in line with changing development principles… keep up with new ideas and vocabulary but don’t change your mission to fit with a donor’s new focus – this only serves to make your mission look redundant.

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**Private Foundations**

- Gates Foundation
- Toyota
- Global Fund

- Parthy Family Foundation
- Thai Airways
- Asia Foundation

- Roland Berger Foundation
- The Body Shop
- Open Society Institute

**Government**

- USAID
- GIZ
- AusAid

**Multilateral Programs**

- European Union
- United Nations
- World Bank

**Other Agencies**

- Action Aid
- CARE
- Oxfam

**(I)NGOs**

- World Vision
- CARE
- Oxfam

**Religious**

- American Jewish World Service

**Government**

- USAID
- GIZ
- AusAid

**Multilateral Programs**

- European Union
- United Nations
- World Bank

**Other Agencies**

- Action Aid
- CARE
- Oxfam

**(I)NGOs**

- World Vision
- CARE
- Oxfam

**Religious**

- American Jewish World Service
Despite the many benefits institutional donors provide, there are several major challenges faced by organizations seeking institutional grants. We've profiled some of these challenges below.

**THE CHALLENGES OF INSTITUTIONAL DONORS**

One participant said that out of 90 grant applications submitted in a yearlong period, approximately 25% were successful. In our experience, that's an extremely high rate.

Pari's research, aggregated over 3 years, shows that grassroots NGOs are only successful 10% of the times they submit an unsolicited application for funding. This figure falls to 6% when the applications are for a request for proposal in a competitive pool.

Submitting a successful grant application has become an ever more elusive feat, particularly due to cutbacks resulting from the global economic crisis. Many large institutions have had to reduce the number of beneficiaries and some smaller grant-making bodies have ceased grant-making entirely.

This unpredictability is compounded by the intense competition that accompanies a market saturated with NGO activity, which is particularly prevalent in Cambodia. As a result, organizations are forced to compete with numerous others—many from the same sector, or more established groups—for the same limited funds.

Once a grant application has been successful, that does not necessarily mean it is smooth sailing. Oftentimes, large institutional grants come with numerous addendums that must be fulfilled in order to receive funding.

Occasionally interviewees felt that the amount of staff time required to complete these requirements actually outweighed the value of the grant.

**Pari Recommendation**

Assess the amount of reporting required BEFORE applying for or accepting a grant. If the workload outweighs the benefit, it certainly counteracts the time spent applying as well.

**HOW TO DEAL WITH THESE CHALLENGES** (plan around them)

While these are prominent drawbacks of institutional funding, they are difficult to avoid, as they are inextricable parts of the grant application process. Therefore, to ease the effects of these challenges, they must be factored into the overarching operating plan of an organization.
To do this effectively, it helps to estimate ahead of time how many grant applications are required to achieve a certain level of stability, along with the necessary number of staff hours needed to complete them. This often includes applying for more grants than explicitly needed, to account for rejections.

**Pari Recommendation**

To formulate a strong fundraising plan that further addresses these issues, please see the Strategic Plans & Fundraising section of this report.

These factors should be considered even if an organization has already secured a long-term grant. One interviewee in particular was critical of the grassroots sector—his own organization included—as it can operate very shortsightedly.

“[My] organization had previously relied on only a couple of 3-5 year grants and we perhaps became complacent in the interim. When grants run out like that, that’s when services get cut”

This participant urged organizations to be aware of such behavior and to make active changes, stating that this complacency is often the cause of neglected or abandoned programs. Therefore, team members responsible for fundraising should always be looking to the future to secure additional funding.

He also offered these words of advice:

“[You should] act as if] your large donors are not going to renew their support. Try anyway, of course, but always look for other options.”
The other major category in the fundraising realm is individual donors, which naturally constitutes a significant portion of funding received by participating organizations.

**Your Individual Donors Are Yours to Lose**

“Almost 80% of all gifts made by individual donors are ‘100%’ loyal, meaning there is virtual certainty that these gifts will be repeated next year”

(‘Money for Good’, Hope Consulting, May 2010)

While a reliance on individual donors may likewise have its own challenges—to be discussed shortly—having a strong individual donor base can also be extremely beneficial to an organization.
One participant, whose organization relies almost exclusively on major gifts, claims that this arrangement can be ultimately desirable if executed well. He claims that if you have a sufficient individual donor base, it leaves more time for developing programs rather than completing grant applications. Though he also admitted that their system of fundraising was “an anomaly in Cambodia”.

Additionally, there are several avenues that can be utilized when attracting individual donors. Moreover, there is also a great deal of variety in regards to how individual donors can support an organization.

These include:

- **Major gifts** — large donations from organization sponsors
- **Planned-giving programs** — collecting small donations on a predetermined basis
- **One-time small donations** — collected through a website or outreach program.

## THE CHALLENGES OF INDIVIDUAL DONORS

Again, individual donors have no shortage of drawbacks, and in many cases, they can be more unpredictable than institutions.

Even if an organization secures a number of major patrons, there is rarely a signed agreement in place that guarantees donor support.

This is especially pertinent in tough economic times, when even affluent patrons may need to rescind their usual donations.

Likewise, there are very few ways an organization can be sure of how much they will receive from onetime donations or that planned-giving donors will not suddenly cancel their support. Many of these situations are also near impossible to plan for, as they can occur with little or no warning and are difficult to anticipate.

One participant suggested monitoring the stock market or similar economic markers to attempt to predict trends in individual support.

This can present an extremely stressful and awkward situation for an organization, which may have already committed the promised funds and must scramble to fill the discrepancy with alternate emergency fundraising.

**Pari Recommendation**

For major gifts, try drafting a contract between the donor and receiving organization. It can provide peace of mind for both sides: organizations will have a committed amount of funds, and donors will know how their money is being spent. It presents the whole transaction as a more professional relationship.
Another common challenge that presents itself is when the values of a donor differ from those of the receiving organization.

Several descriptions were given of situations in which organizations were asked to alter their missions or programs to be in accordance with those of the granter, at risk of losing funding. While more affluent groups may have the option to reject such donations, many smaller organizations unfortunately do not have that luxury and must concede to donor demands.

What results is a near impossible choice between values and funds. Many organizations do not want to accept grants that would lessen the effectiveness of their programs, as the provided funding is not worth making irrelevant program changes. One representative provided these words of encouragement to smaller NGOs who may be caught in a similar predicament:

Principle position is the main point; the key thing is to be strategic and stick to your mission when dealing with donors. Funding is one issue, but principles are more important...don’t be greedy; don’t focus only on the funds.

INSIDE DONOR BEHAVIOR
A 2010 study by Hope Consulting showed that donors site being solicited too often as their key area of frustration. The report also concluded that few donors actually research the organization before they give. Those that do are looking for high scores in efficiency, ala Charity Navigator’s rating system.

Pari Recommendation
This is yet another example of why an organization should not be over-reliant on one donor or donor type. If you have alternate sources of funding, you can be more stringent.

HOW TO ATTRACT INDIVIDUAL DONORS

As previously noted, many organizations that rely heavily on institutions expressed an interest in expanding their donor base to include increased amounts of individual giving. Fortunately, there are several options that have proven successful in attracting individual donors to an organization and, more importantly, gaining their renewed support.
PERSONAL NETWORKING

Of the groups surveyed, two thirds came in contact with donors initially through the personal networks of the Founder, Executive Director, or Board of Directors. This applies to all of the organizations surveyed that do not rely primarily on institutional grants.

Exploiting the personal connections of the team is thus a common and often effective means of attracting individual donors to an organization.

Make sure that your organization does not have what a participant described as a “truck factor of one,” meaning that should your most important employee “get hit by a truck,” the rest of the team would be able to continue building relationships with donors and providing services.

Given the unpredictability of individual giving, an organization should try to avoid solely relying on one or two employees to make personal connections with donors. Every team member has a network of potential supporters—large or small—so include it when building a donor base.

Additionally, should a key player in the fundraising department choose to leave an organization, measures should be taken to ensure that existing donor relationships will be maintained in spite of the departure.

Finally, with an expanded individual donor base, it is increasingly important to keep track of donor relationships and how they have progressed. Keeping a history of donations, communications, visits, etc. will help facilitate the passing of information between team members.

SOCIAL MEDIA

The expansive reach of social media is undeniable, but how can it extend into the grassroots sector? Social media is now considered a highly effective tool for reaching potential individual donors.

Several interviewees expressed a desire to use more social media sites to their advantage. One participant hailed sites like Facebook and Twitter as ideal forums for sharing updates and news, while another discussed the utility of organizational blogs for discussing issues and initiating dialogues.
However, participants were divided regarding the overall effectiveness of social media in drawing and retaining individual donors. Many concede that using social media to its full potential is extremely time-consuming and requires significant monitoring.

Moreover, there are few viable measures in place that can actually analyze how visitors and donors really use social media sites.

Overall, it seems that social media is most useful for connecting and interacting with the community, not just potential individual donors, but anyone who is interested in an organization. Unfortunately, as social media is still a burgeoning phenomenon, it remains to be seen how effective it actually is when trying to raise funds.

As such, it is vital that before dedicating a significant amount of time to social media, an organization should determine its target market and develop the strategy accordingly. Each social media site—and social media in general—is aimed at different demographics. For instance, if an organization is looking to interact with a younger audience, social media is ideal. But for higher net-worth individuals, it becomes more challenging.

If social media is in line with the goals of an organization, then it is a great tool; otherwise, it is not prudent to devote too much time and energy to its cultivation.

Additionally, donor location is also an integral part of a social media strategy. If an organization frequently communicates with donors in the West, then social media interaction is essentially compulsory. However, if an organization is primarily focused on raising awareness from within Cambodia—where internet penetration is still limited—then the costs of social media will generally outweigh the benefits.
Even though the jury is still out on social media, all participants stressed the importance of a strong and user-friendly website, particularly one that allows individual donors to donate simply through the click of a button.

**LOCAL MEDIA**

*An organization should utilize* as many available avenues as possible when raising awareness. This includes exposure in local media outlets—even small-scale publications—as it calls attention to the organization and likewise draws the attention of potential donors.

One organization stated that they try to be featured in the news as much as possible, primarily because it leads to increased visibility in the community. They explain that:

Additionally, in today’s globalized world, local media stories can occasionally filter out to a larger audience. There have been several stories initially published by local newspapers, such as the Phnom Penh Post, which were picked up by international news agencies like the New York Times and the Guardian.

One representative also recommended using current events to an organization’s advantage. To do this effectively, he says:

*Cambodia’s prevalence in the global media goes through cycles; recently, there has been an increase in media exposure due to the floods and Khmer Rouge trials,...*[organizations] need to use these connections to bring awareness to their own cause.*

A more specific example: everyone is familiar with the Khmer Rouge tribunal, as it is making headlines worldwide. An organization working with education and the welfare of street children can publicly discuss the devastating toll the regime took on those sectors, and how they are working to ameliorate those effects.

This takes the extensive attention generated by a newsworthy event and harnesses it to likewise bring increased attention to the organization; and with it, the potential for new donors.

That being said, it is also necessary to strongly emphasize the importance of media savvy when interacting with news organizations, as bad publicity can be very damaging to an organization. It is important to remember that journalists are often looking for a ‘juicy’ story which will generate more public interest. Such a story can be generated simply by misrepresenting quotations or views. It is thus advisable to have in-house media or human-relations expertise before actively approaching media outlets.

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**Pari Recommendation**

Keep yourself aware of current events taking place locally and nationally that could pertain to the work of your organization, as well as which headlines, if any, are making international news.
Income-Generating Activities

SECTION FOUR

In examining the role of income generating activities within the realm of fundraising, 62.5% of groups surveyed indicated that they regularly took part in some form of IGA, 80% of which involved selling a marketable product related to the organization’s services.

It is interesting to note that within the sample of organizations surveyed, funds from IGAs rarely benefit the organization itself, but rather go directly to the beneficiaries. In many instances, these activities were treated more like programs than an actual means of fundraising for the organization.

An example that was frequently repeated consisted of an organization teaching beneficiaries how to make particular goods. The key idea behind this type of IGA is not to focus solely on selling a product, but also to teach an important life-skill or trade to community members or beneficiaries.

For instance, one organization focusing on health care and rehabilitation sells medical supplies to generate income, but concentrates more so on helping the survivors make compost and grow vegetables to sell in markets. This brings in revenue, but rather than supplementing the sustainability of the organization, these funds help the patients gain a degree of personal financial freedom.

Social business, also called social enterprise, is another important emergent trend in income generation, and one that is at the forefront of many organizations’ strategies. The obvious benefit being that social business can make money and finance programs. The ideal model for a social business was nicknamed “The Tree” by one participant, as it should help to make a venture sustainable and be easy to replicate in a variety of contexts. The breakdown of this particular funding model is as follows:

**THE BUSINESS OF INVESTMENT**

A majority of individuals are open to impact investment (‘Money for Good’, Hope Consulting, May 2010) but they view such ‘investments’ in a different light to charitable giving – it is seen through a ‘business lens’.

Communication and marketing materials around social investment should, therefore, be tailored to the target market needs and have the look and feel of investment/business products.

**FORMS OF INCOME GENERATION**

program vs. organizational fundraising

| Program vs. Organizational Fundraising | 50% Institutional | 40% Income-Generating Activities | 10% Individual |

As depicted, when executed successfully, this social business model can constitute up to 40% of the organization’s income. This same organization hopes its venture will become entirely self-sustaining by 2020.
One participant who employed a strong social business model recommended having a clear structure with regards to how its funds will be allocated amongst the rest of the organization. In this case, different departments within the NGO had to ‘apply’ for funds originating from the business arm of the organization.

Another bonus of social business is that it is a great way to attract more people to the parent NGO, build relationships, and raise awareness. Each customer who buys a product, eats at a restaurant, or participates in a tour is a potential patron.

**Pari Recommendation**

*Organizations that want to successfully exploit a social business should make it as easy as possible for customers to connect to the work. Supply the business with informational materials about the NGO and secure customer information for future communication.*

When executed successfully, a carefully crafted IGA such as this will highlight the intersection between generating profit and serving the community—bringing both funds and awareness to the organization. This is a service that few other means of fundraising can accomplish.

**For every organization** that deftly utilizes IGAs, there are several that want to implement them, but find they are often difficult to do well in actuality. One participant exclaimed that he believes IGAs and social businesses are the new “sexy” trends in fundraising, but are only really successful if you have a viable product or concept.

This seems to be true, as we found that apart from a few well-known exceptions, IGAs rarely constitute a significant proportion of an organization’s income. This can perhaps be attributed to the expenses required to create a product.

If production costs are subtracted from the revenue of an IGA, there is often little leftover. Thus, many organizations expressed that the low profits are not sufficient to counteract the amount of work needed to carry out a successful IGA.

Even the more notable examples of social business are not completely self-sustainable. Therefore, the discrepancy needs to be covered by other means of fundraising. This is why many examples cited as IGAs are, in actuality, another service offered by an organization.

**Pari Recommendation**

*Before embarking on a new IGA, do your research! Thoroughly develop a concept that fits with your mission and utilizes your pre-existing knowledge and infrastructure. Plan properly ahead of time! Consider partnering with another organization or business that can help.*
**Donor Relations**

**Donor relation programs are vital** components to keep in mind during all stages of the fundraising process. Securing donors – whether individual or institutional – is only the first step. Relating to donors plays just as an important role in retaining funding from one year to the next. Nurturing the relationship between grantor and grantee is vital to the success and sustainability of an organization.

To this end, donor relations is an area that must be handled delicately, as any serious conflicts that arise could potentially compromise future funding opportunities. Conversely, a well-fostered relationship can open doors and provide new fundraising opportunities.

Building and maintaining a loyal donor base of individuals and institutions (especially individuals affiliated with them) helps ensure that major gifts and donor support will continue year after year.

Research shows that once you have loyal donors, they are yours to lose. That is to say, if an organization dedicated the time to fostering a good relationship with their donors, it will ultimately be mutually beneficial.

The best way to ensure strong donor relations is through a **donor stewardship program**, which lets patrons know how much they are appreciated and how much they have contributed to your development.

A strong tenet of donor stewardship is communication. Send donors reminders about upcoming services and news, or follow-ups on the progress of programs to which they have already donated, or shown interest.

Reward your loyal donors by acknowledging their contributions. This can be done publicly in an organization website or annual report, or privately should the donor prefer to remain anonymous.

Some organizations have used gift programs that both encourage and reward donations. For example, for every $20 given, a donor receives a t-shirt; for every $50, perhaps a t-shirt and DVD; and so on.

Finally, it is also important to remember those who have donated not just money, but time as well. Establishing a gracious relationship between volunteers often plants the seeds for future donors.
When approaching any communication with donors, one of the main priorities should be effective marketing.

The challenge here lies in determining what about the work will appeal most to a particular funder. Frustratingly, the programs or services that need funding the most do not always perfectly fulfill guidelines set forth by donors. Thus, to secure these funds anyway, fundraising teams need to alter how their organizations are portrayed accordingly.

One participant expressed frustration in this process, stating that in order to secure funding:

She went on to criticize this system as being far too time-consuming and bordering on disingenuous.

Interestingly, when participants were presented with a hypothetical unlimited, unrestricted grant, 75% stated they would use it to develop and perfect their existing programs rather than start new services.

This seems to indicate that when approaching donors, organizations are rarely looking to begin afresh, but to supplement the existing structure. Many participants wished donors would be more open to funding existing services, rather than having to create ‘projects’ to meet grant qualifications.
The same frustrations can arise when appealing to individual donors. In these cases, a fundraising team should be adept at fluidly portraying their organization to attract a variety of patrons.

No matter which tactic is used to attract donors, it is universally important to reflect on the motivations of potential donors and why they choose to fund certain organizations. Once a team has a sense of its desired donor audience, it is easier to target outreach accordingly and effectively communicate how their organization matches with donor interests.

It is also wise to find commonalities between granter and grantee. Organizations should find what aspects of their work are shared amongst donors and highlight them. This can be especially useful when trying to establish ties with particular prominent industries, such as tourism and hospitality, which can lead to very beneficial future partnerships.

Finally, do not be afraid to sometimes be honest and a little candid with donors, regardless of the potential outcome. Too many organizations try to mold their programs completely to fit within what they think donors want. Occasionally drawing boundaries and not crossing them will ultimately lead to more security and program integrity in the long run.

**LOCAL VS. OVERSEAS DONORS**

**OVERSEAS DONORS: AVOID GAPS IN DONOR UNDERSTANDING**

Many challenges with donors are compounded by the fact that virtually none reside in Cambodia, but typically in North America or Europe. Whilst some institutions do have international branch offices, most communication between granter and grantee is bi-continental.

This can be problematic as donors often struggle to visualize or understand the contexts of their donations when they have not traveled to the region or visited the project.

Similarly, organizations working with rehabilitation or similar long-term projects often find that the results of their services are difficult to quantify or summarize in a short paragraph. Thus, it can be a challenge to convey the effects of their work to external donors who are not able to experience the work first-hand.
To ease this conflict, it is important to get donors to see your project is worth it by:

- Encouraging loyal donors to make site visits and see for themselves where their money is going
- Establishing and nurturing a personal relationship with each one through frequent communication and hands-on participation.

Those actions combined help to ensure renewed support. In the words of one interviewee, “if you take care of your donors, they will take care of you”.

LOCAL DONORS: AN UNTAPED MARKET

In addition, one organization expressed an interest in developing the charitable process from within Cambodia by attempting to establish a network of affluent Khmer donors.

It remains to be seen whether this will take hold, as this participant has tried to court local donors in the past and found that many are still suspicious of formal institutions and do not understand the benefits of supporting local NGOs.

Another participant expressed a desire to reach out, not so much to Cambodian individual donors, but rather to Cambodia-based businesses to sponsor their work. At the time of publication, however, this strategy was still in development and had not yet been implemented.

Another participating organization has experienced challenges with their corporate collaboration. They warned against corporate collaboration in Cambodia and stressed wholeheartedly the need for an extremely thorough contract between the business and NGO to ensure the organization receives the entire amount which had been agreed and to which they are entitled.

VALUE YOUR VOLUNTEERS

An organization’s volunteers are disproportionately likely to give to that organization. By creating opportunities to volunteer, and by incorporating past volunteers into your Donor Stewardship Program, the organization has a good chance of accessing any future charitable funds they donate.
One of the additional focuses of this study was to identify the ubiquity of strategic plans in the grassroots sector as well as to evaluate how they are utilized by various organizations in regards to fundraising.

It was determined that among the organizations surveyed, while many maintain a clear strategic plan for programmatic needs, very few consulted it when making fundraising decisions.

In fact, only 37% had concrete fundraising plans, all of which were considered to be large, international organizations. This indicated that the smaller, locally based organizations are generally not utilizing fundraising planning as a strategic method.

Nevertheless, many participants claimed they know they should have a long-term fundraising plan in place, but currently do not; reasons for this range from a lack of manpower or capacity, to resources, time, etc.

**FUNDRAISING PLANS: WHY?**

As summarized in the previous sections, fundraising today can often be stressful, messy, time-consuming, unpredictable, haphazard, and in a word, frustrating. So the question is: how can organizations improve this?

In fact, many challenges presented by institutional and individual donors alike can be solved by simply planning ahead. Even if an organization only has an organizational strategy, it can start using it in a fundraising respect as a supplement to the grant application process. One participant insisted that:

“Having a clear strategic plan helps secure funds! [It] helps staff spend less time focusing on fundraising [and] saves time with proposal writing.”

Well said. As fundraising is always a complex process, establishing a plan that consolidates all necessary program information saves time and plenty of potential headaches. Strategic plans can also be used to develop existing and proposed services, which in turn, can also improve the fundraising process.
A document that clearly outlines an organization’s current programmatic structure and future plans is invaluable when approaching potential donors. It communicates that you are organized and know where your organization is headed.

A fundraising plan forces personnel to prioritize the development of potential new services and/or the strengthening of existing programs. Organizing this information in advance is very important, as it helps determine how much funding will be needed in the future to achieve goals set forth in the plan.

While a strategic plan is invaluable to the fundraising process, organizations should nonetheless have a separate fundraising plan, or at the very least, include fundraising as its own section in an organizational plan. Developing both is the ultimate way to plan for the future of your organization.

Furthermore, a fundraising plan should be written to cover a multi-year period, as it provides a marker against which an organization can measure where it is succeeding and where it needs to improve.

One participant even claimed that the past two years have been a period of expansion for his organization and their budget has almost doubled. This came as a result of what they explained to be “more conscious fundraising and focused grant application writing.”

Initially, compiling a fundraising plan or strategy may seem like a daunting task. Remember though, whilst it may be time-consuming at first, it will ultimately save time in the future.

✓ **Pari Recommendation**

*Include both program and fundraising team members in the strategic planning process. Programs and funds are inextricably linked, thus it is important that the two teams understand and work well together. Plus, you never know what fresh eyes can contribute!* 

✓ **Pari Recommendation**

*Once a fundraising plan is written, remember to revisit and revise it—at least annually—to monitor your progress and set new goals.*

✓ **Pari Recommendation**

*Make sure your fundraising plan includes some quantifiable elements so you can track the efficacy of the new strategies.*
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FUNDRAISING PLANS: HOW?

Pari recommends that the following information should be included in a fundraising plan:

- **Clear prioritized list of funding needs for current operations and future plans**

- **List of funding sources appropriate for various organizational needs (institutional, individual, etc.)**
  - Within that list, include a list of specific prospects to target (i.e. names of particular grants you are going to apply for)

- **Communications matrix for each prospect (i.e. what is the ‘pitch’ to each potential donor)**

- **Activities plan (e.g. grant applications, newsletters, social media calendar)**
  - Include timescales and names of team members responsible; make sure to incorporate time spent researching funding opportunities.
  - Use an organization chart (if appropriate) to show a clear division of labor

- **Budget for fundraising, including staff salary but also miscellaneous expenses (e.g. communication, printing, etc)**

- **Any plans for IGAs, including production costs and anticipated profit margins.**
FINANCIAL DECISION-MAKING

Among the organizations surveyed, 50% make fundraising decisions (i.e., what donors to approach, which programs need funding, etc) in a collaborative fashion. The remaining 50% relies primarily on the Executive Director, or equivalent, to make these decisions and inform the staff.

It also became apparent that many organizations did not focus on long-range decisions, but concentrated simply on a day-to-day basis, which—as mentioned previously—can result in a shortsighted system of management.

It is important to keep the future in mind when making decisions, because most processes that fulfill goals and solve problems cannot be implemented entirely in the short-term, but also must be sustained through the long-term.

Moreover, a majority of organizations surveyed do not have independent teams dedicated entirely to fundraising. Instead, it is often a task that is incorporated into the roles of the executive management team.

By relying almost exclusively on higher-ups in the organization, who already bear most of the responsibility, the team risks not dedicating adequate amounts of time to fundraising.

Several organizations attempted to resolve this by utilizing the services of temporary interns or volunteers to develop financial strategies and focus solely on fundraising. A challenge to bear in mind is ensuring that all the work completed during the internship will be maintained once it has concluded.

From our experience, there is also a visible correlation between how organizations make fundraising decisions and those who utilize a strategic plan.

As depicted above, 50% of organizations surveyed make fundraising decisions in groups. Of the organizations that make decisions via group consensus, 75% also implement fundraising strategic plans. Thus, 100% of groups that make decisions based on executive order do not use fundraising plans.

Furthermore, the participants who make decisions together typically do so at team meetings that take place on a predetermined basis (quarterly, bi-annually, etc).

This system was cited as providing all team members with a structure that allows them to partake in the decision-making process and to have a clear knowledge of what is going on within the organization.

This research shows that combining a predetermined financial plan with a team driven environment ultimately leads to a more organized and stable means of fundraising.

Paro Recommendation

It is beneficial to have at least one permanent staff member who can focus a significant portion of his/her time to fundraising and use intern/volunteer hours as supplements.
Lessons Learned

At the conclusion of this project, there are several lessons that the team at Pari and the grassroots sector as a whole can take away.

Firstly, we learned that the majority of funding—amongst the organizations surveyed—comes from institutional donors that are based outside of Cambodia. The second largest source of funding comes from individual patrons and major gifts, in addition to planned giving but this is to a lesser extent.

Whether an organization derives most of its income from institutions or individuals, we also learned that many of the challenges that arise could be ameliorated or solved by more intensive planning in regards to fundraising.

Furthermore, we discovered that at present, very few organizations actively utilize a fundraising plan when approaching donors. A more ubiquitous presence of strategic fundraising plans would greatly benefit the grassroots sector in coming years.

In regards to additional challenges faced by the organizations surveyed, we also found that many of these conflicts could be eased by diversifying donor bases. Many participants acknowledged that they needed to expand into other categories of fundraising that are described herein. As noted, diversification of funds ultimately not only increases long term security, but also allows an organization to be more selective when approaching and deciding between donors.

From a donor perspective, we also learned about what needs are prevalent among grassroots organizations. Mainly that many participants expressed a desire for more unrestricted funds to ensure they have sufficient funding for programming and operating costs.

It was also expressed that organizations would like donors to realize that many services provided are not individual ‘projects.’ In the future, many participants would like to see increased general, overall funding, rather than specific allotments to arbitrarily designated programs.

On behalf of the entire Pari Project team, we would like to extend our deepest gratitude to those organizations and representatives who participated and agreed to meet with us. For more information about this research project, or about the Pari Project and the capacity strengthening services we offer to grassroots and social organisations, please feel free to contact us: info@thepariproject.com

THE FEEL GOOD FACTOR

Remember, donors give money, in part, to make themselves feel good. Make sure your organization is making your donors feel good.

And make donating easy!