

Global Member Meeting

Casablanca, Morocco 19-21 May 2015

Fundraising Essentials

Session 2:

- how to apply to and approach donors
- systems and processes to put in place to respond to donors

- List of Handouts –

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HANDOUTS

1. Objectives of session
2. Four stages in making approaches
3. Donor mapping
4. GIFTED – advice for informal meetings
5. Managing donor meetings and donor visits
6. Ten tips on effective proposal writing
7. Selling ideas to donors and writing a winning proposal
8. Advice on hard-to-write sections of a proposal
9. Example of a due diligence framework
10. Due diligence – notes from the Asia Foundation
11. Theory of Change – elements and processes

Fundraising Essentials: Objectives of Sessions

1. Session 1 - 19 May, 16.10 – 17.45

- *How to go about successful fundraising (i.e. developing a plan or strategy).*
 - *Why? – why a fundraising plan/ strategy is useful*
 - *What? – what it covers – internal resource mobilisation issues as well as donor mapping and targeting*
 - *How? – how to develop a funding strategy; what tools and processes might be used*

- *How to identify different sources of funding.*
 - *Identifying different types of income stream and how they might be relevant (project/ research grants, development funding; intermediary funding – e.g. partnerships/ sub grants from INGOs; earned income (enterprise); use of social media (crowdfunding etc)*
 - *Existing resources to help identify funders and their priorities (including the GnB resource); pros and cons of using consultants; tools such as donor mapping, competitor analysis*

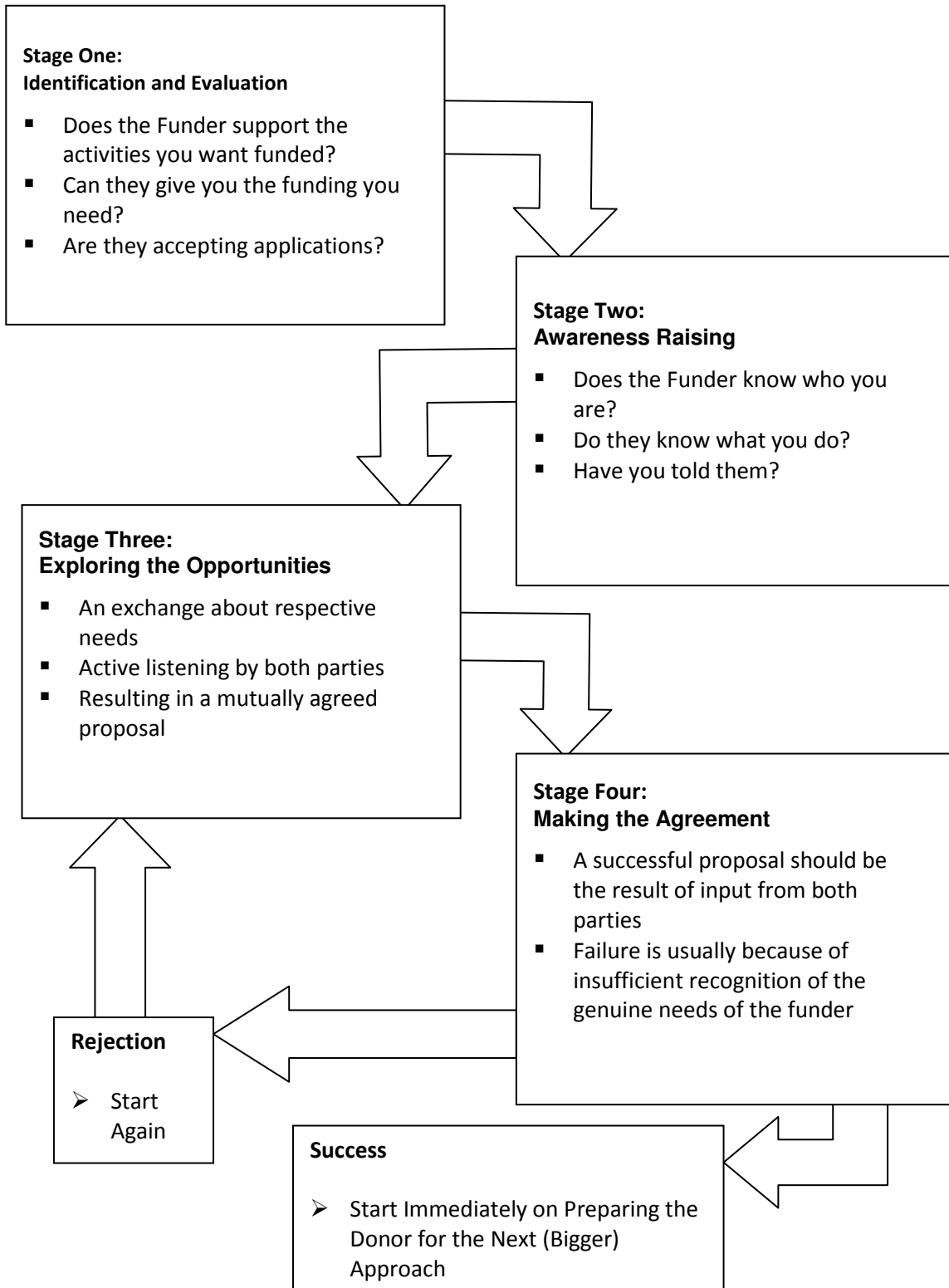
2. Session 2 – 20 May 11.00-12.30

- **How to apply to and approach donors (i.e. how to build relationships with donors).**
 - **Relationship mapping; relationship cultivation and management; donor compliance and grant management; the importance of all-round relationships – beyond the proposal/ compliance cycle**
 - **How to make the “ask”**
 - **The key components of a funding proposal**
 - **Tips on effective proposal writing – including addressing the “hard to write” sections (e.g. monitoring systems; impact; value for money; risk/assumptions)**

- **What systems/processes need to be in place in order to apply/respond quickly to donors (i.e. due diligence, developing a core case for support).**
 - **The importance of a robust funding cycle and internal review/ approval processes**
 - **Due diligence – what is it, and how to prepare standard responses, e.g. on legal status; governance; policies; systems; finances; human resources, partnerships etc**
 - **Building a corporate c v – Mission, Vision Values; Theory of Change; Demonstration of track record; Key personnel bios; Case studies/ success stories; Endorsements; Capacity Statements (technical capacity), etc**

The Four Stages in Making Approaches

Source: Bill Bruty – BOND Associate



Donor Mapping - example

Understanding the funding environment involves bringing together knowledge of donors at country level and at “home office” level. It also involves understanding the overall trends in aid and development cooperation, and how these might impact on funding prospects.

The process brings together the knowledge of a range of people in the organisation and partners, and is one that should continue to be developed through the life of the funding strategy as part of the process of donor relationship-building.

The matrix below was developed with an international NGO with head office in Europe and a number of country programmes. It can be easily adapted for use by other types of organisation.

Robert Wilkinson, Associate, BOND

COUNTRY LEVEL FUNDING PROSPECTS: [COUNTRY]

DATE: COMPILED BY:

Please share your knowledge and experience on funding prospects, ideally by using the matrix suggested below:

1. **New donors:** which donors do you see as potential funders for your country programme that are not already donors to [NGO]? [Include bilateral/ multilateral agencies, trusts and foundations, corporates]
2. **Existing donors:** identify donors on [NGO]'s current list that you know are funding relevant work in your country for other organisations, but not for [NGO].
3. **Why do you think that [NGO] has not accessed these donors in your country?**

| DONOR AGENCY | WHO/ WHAT/ WHERE THEY FUND | TRENDS | [NGO] SECTORS RELEVANT | PAST/ CURRENT RELATIONSHIP | CONSTRAINTS | PROSPECTS |
|---------------------|--|--|-------------------------------|---|---|---|
| Example: Donor A | Funding only in X region Prefer to fund local NGOs; will support capacity building programmes by INGOs | Reducing staff next year | All | None | We do not have experience in capacity building in-country | Good if we can recruit expertise in organisational development to strengthen local partners |
| Example: Donor B | Funds INGOs - Save, Oxfam Has announced new programme for health system strengthening [deadline for proposals xx/yy/zz] | 20% Global aid budget cuts taking effect 2014/15 | All | CD has good personal contacts from previous job | We have little track record with MoH in this country Time/ capacity constraints to meet proposals deadline | Worth following up contacts; would need technical inputs and examples from other programmes |

GIFTED - A formula for managing informal meetings

Greetings

At the start of any meeting it is you that can make the difference, lead the meeting. “People give to people” is the foundation of resource mobilization and as an individual you need to take control of the meeting. Make sure that there is an informal exchange at the beginning, which should be relaxed and give an opportunity for you to engage with each other as real people.

Interest Creator

The spark of initial conversation - always about the potential donor.

Fact Finding

The NGO acquires knowledge about the potential donor. It involves asking a lot of questions and **listening** to the answers.

Turn Them On

This is when the NGO presents ideas on what it could do for the donor. This is always a dialogue, an exploration of different options.

Evidence

Providing information to support the benefits being proposed by your project or programme. There must be evidence and facts to support any assertion.

Decision

Ask for the commitment - even if that is to continue discussions. It is fatal to ever leave a negotiation without a reason for it to be continued or concluded.

Guidance note on meeting with donors

Robert Wilkinson, Associate, BOND

Preparation - What should I research?

- Where the donor works, and in what sectors
- What other organisations they fund
- How they work with NGOs – e.g. do they have special funds for NGOs; do they prefer to work with local NGOs; do they use grants, or contracts?
- The types of funding programmes they have - emergency, development, small grants, co-financing, contracts, etc. and the terms applicable to each
- Whether they have funded [organisation] before – in [Country] or in other countries
- If the donor is new, has it been “cleared” as an acceptable donor?

Where to get the information?

- Donor websites, and their “business” pages
- Colleagues who may have a relationship with the donor, in [Country] or in other countries
- Donor coordination meetings and other networks

Setting up the meeting

- Make it clear what the purpose is: information sharing; presenting a concept note; dealing with problems on an existing grant.
- Check availability of colleagues to accompany you, especially if have existing relationship.
- Ensure you book enough time for a good meeting – try to get at least one hour.

What to take to the meeting

- If there is an existing funding relationship, make sure you have all relevant information about the project, any problems and any “live” issues the donor is concerned about.
- Clear information (factsheets) about your Organisation and Programmes/ Projects
- A concept note for the project you want to promote
- Info. on other priority funding needs (in case the donor cannot fund your project).
- Don't use a powerpoint in a 1:1 meeting – a personal presentation is more effective

What to do in the meeting

- Check how much time you have
- Let the donor start – explain their priorities first, so you can adapt your presentation to fit.
- Ask questions: who else do they fund? what are the trends? will their policy change?
- Be clear – are you asking for support? Are you only sharing information?
- Introduce yourself – impress the donor – be confident
- Describe project; the partners; the beneficiaries; use your materials – incl. the concept note
- Explain the funding needs
- Clarify any follow up/ action points

After the meeting

- Thank the donor for their time and follow up on any of the agreed action points
- Make a clear note of the meeting and circulate it to relevant colleagues

Guidelines for Preparation of Donor Visits

Who is the 'visit manager'? Always identify one senior level staff member who has responsibility for arranging the visit. The manager should set the priorities of the visit and ensure everything is well planned. The manager should accompany the donor on site visits.

What is the purpose of the visit? What are the donor's policies -why are they funding this project? Ask the donor what they are interested to see and discuss. What issues has the donor raised previously? What do we know about the individuals who are visiting? What is their job title?

What do we want from the visit? What understanding do we want the donor to gain that they could not gain from narrative reports and meetings in [the capital]?

Read the proposal, work plan and narrative reports: This is what the donor will read before their visit. Ensure we are prepared to answer questions on any issue that is discussed in the proposal or reports. Be prepared to discuss reasons for delays.

Availability & briefing of staff: Ensure a range of staff is available to talk to the donor and that staff know key points about the donor and the project.

Security briefing: provide a good security briefing to donors on arrival in the office. This will help to assure donors of the quality of our overall security management. Explain how the security situation is affecting our every-day ability to operate.

Inform the beneficiaries and ask them to prepare: Give them the opportunity to prepare for the visit so that they can decide what they want to communicate and have all relevant documentation to hand.

Focus on impact as well as outputs: what are the visible indicators of our results? E.g. showing the donor our schools is good but can we also demonstrate the number of children how are receiving an education as a result of our work?

Selection of sites and communities: as well as showing the most "successful" - also visit communities where we have faced problems. This shows the context in which we are working and may help us when requesting project amendments & extensions.

Visibility: what does the proposal and / or contract say about visibility? Do the communities know which donor is funding their projects?

Coordination with local government: If our strategy is to work with local government, it will be interesting for the donor to meet relevant local government staff, to see the context in which they are working and discuss how they work with us.

De-brief: always hold a de-brief session to understand the donor's assessment, answer any further questions, and discuss any recommendations. Feed this back to relevant staff. Ask the donor for a written report of the visit and be sure to carefully document the discussions yourself for internal reference.

Ten tips on effective proposal writing

Robert Wilkinson, Associate, BOND

1. **Follow the format:** Follow the donor format exactly; respect space limits and provide all the information required. Pay attention to donor's own evaluation grids (scoring systems) where they publish them – and ensure the proposal is weighted to score the most points. If anything is not clear – check with the donor.
2. **Use a good precedent:** use an example of a good proposal with the same donor to guide you. If you don't have one, perhaps a partner will share with you.
3. **Style:** avoid jargon; use clear headings and numbering; include an executive summary; use annexes for detail and supporting information.
4. **Donor priorities:** Understand and reference the donor's priorities and viewpoint. Be explicit about how your proposal meets them.
5. **Link problem and solution:** Include clear situation analysis - identify the problem, and the key actors. Make it clear how your proposal tackles the main problems identified (re-formulate if "problem" and "solution" do not match!)
6. **Project design:** Use a logframe or similar tool to ensure the proposal logic is strong – even if the donor does not require it.
7. **Budget as part of the fundraising proposal:** make your budget clear and persuasive, not just a list of numbers. Use budget notes to explain, justify and demonstrate Value for Money.
8. **Involve partners and beneficiaries:** do this at an early stage; Partners should present a strong core case too.
9. **Teamwork:** Involve your colleagues (policy/ project/ finance team) at an early stage and at all review stages. Ensure enough time for review and final proofreading.
10. **Connect:** connect at a human level: include direct testimony, use success stories, case studies, powerful images.

Selling Ideas to Donors and Writing a Winning Proposal

This handout includes two annexes from the excellent resource: **Resource Mobilisation - A practical Guide for Research and Community - Based Organisations**, produced by IDRC (Canada) and Venture for Fundraising. The full publication is available online at: <http://www.idrc.ca/EN/Documents/Donor-Partnership-guide.pdf>

These extracts have been included in the Handouts package with the permission of the publishers.

Annex 4:

Selling Ideas to Donors

*Adapted from workshop materials prepared by Katherine Hay,
International Development Research Centre*

Context

The author, Katherine Hay, generally sits at both the donor and recipient sides of the table: working for a funding organization who reviews proposals, meets recipients, and at the same time a part of a process for selecting and working with recipients. She spends about half her time working with recipients and the other half working with a team at IDRC that is tasked with managing its own resource mobilization and partnership activities.

Tips in Selling Research to Donors

The following tips focus on selling research to international donors, which would be one part of any resource mobilization strategy.

1. Do Your Research

Find out which donors are most promising and working in your area.

Try to find out the following about your donors:

- ◆ Geographic and thematic focus (where they work)
- ◆ New interest areas (donors are often attracted to projects in areas where their interest is growing and they do not necessarily have expertise or have existing partners)
- ◆ Buzzwords/how they use language (example: governance, livelihood)
- ◆ Funding modalities (how they fund, what are their mechanisms/ modalities for funding)

The web can be a great starting point. Annual reports and local embassies can also be a way to get started.

6. Be Flexible but Focused

You need to understand where you have flexibility and where you do not. You may be able to allow for some room in some elements (e.g., sub-topics, involving other researchers, etc). This may allow donors more scope for getting involved given their own constraints.

But you can lose credibility if you jump to make major modifications to meet perceived donor interest. This may also mean you lose the interest of other possible donors.

7. Don't Stop at "No"

Try to go beyond "No." Make sure you are clear why they say no. If it is a question of money try to find ways of getting into the pipeline for upcoming years. If you get a rejection letter, follow up. Thank them. Ask a few more questions: was it a lack of funds, is this somewhere the donor might focus next year, should you re-submit?

You can also ask whether they have any suggestions about other funders who might be interested. If they feel your proposal is strong they may provide some of their own intelligence about other donors working in this area and even give you contact names or forward your proposal. They may not be able to provide this information, especially if they rejected the proposal because it was not in their area, but it is worth a try. Again, try to think of donors as part of your overall strategic partner network whether they fund you or not.

Keep them involved and informed. Try to keep other non-funding donors in the picture. Look at them as strategic partners who don't happen to be funding you right now.

8. Think Long-Term

Think long-term and don't give up. Many donors may not respond at first. We have many examples of that. Some donors move from emerging partners to forward planning partners to core partners.

Many may be interested and may engage with you in various ways but not actually fund you immediately. Building partnerships take time. Plan on a long-term strategy, around two to four years, not on immediate funding success. Think about incremental milestones.

9. Hang on to your Donors!

This is probably the biggest mistake that partners make. Whatever you do, once you finally get a donor on board, don't lose them!!!!

Don't risk losing them by putting all your energy trying to engage other donors. Don't think that your work is over because they have signed a contract, otherwise it may be the last one they do sign with you! Give them short but detailed and frequent reporting and visit them when possible. Try to be open to their inputs even though they may be frustrating to work with at times! Meet your deadlines and deliver what you say you will deliver. Don't let your professionalism start to wane as you get comfortable in the relationship.

This also applies to individual donor contacts you may have. Through your networks you will probably find that you have personal contacts working in various donor agencies. Use these contacts wisely. You still need to do all the steps, such as research, plan, and focus. The contact may get your foot in the door, but you now have to perform even better than your competitors since many donor agencies will want to avoid any semblance

of favoritism. Also, it is hard to recover if you do take this relationship too casually, make a poor pitch, or present an under-researched proposal. Use your contacts wisely.

10. Don't take it Personally

You need to have persistence and a sense of humor. Try to look at your resource mobilization as a way of expanding your strategic network. You will definitely get a lot more rejections than acceptances so do not let it discourage you. Expect it will take time and look at it as long term and ongoing and linked with your overall research planning at all stages from development to dissemination.

A final suggestion: most of the time you'll be offered a cup of coffee or tea. TAKE IT!

The next section presents the elements of a good proposal, as discussed by Liz Fajber and Katherine Hay of the International Development Research Centre.

Katherine Hay is a Senior Program Officer in IDRC's Regional Office for South Asia (based in New Delhi, India). She is experienced in social and gender analysis, participatory monitoring and evaluation, and project management and she is also a skilled trainer and facilitator. Katherine facilitates strategic partnering and dialogue with international agencies, foundations, governments, and the private sector, to promote development research and improve donor coordination.

Annex 5:

Writing a Winning Proposal

Adapted from workshop materials prepared by Katherine Hay and Liz Fajber of the International Development Research Centre

The following tips and ideas on proposal writing are based on experiences of IDRC's Liz Fajber and Katherine Hay. They suggest that the grant proposal writing process begins even before anything is written down, and discuss how thinking through the proposal as the very first phase. Then they give practical tips on the actual writing of a proposal, defining each of the components that can be found in more generic ones, and points to consider when creating content. The writers do not claim to be writing experts but have substantial experiences to share from reviewing proposals.

Overall Strategy and Your Proposal

Proposal development is part of an overall resource mobilization strategy, and is linked with all the other elements of financial sustainability planning. As such, remember to:

- ◆ Know your organization (SWOT, track record, accountability)
- ◆ Engage in strategic planning (mission and vision)
- ◆ Develop a resource mobilization strategy
- ◆ If your organization's strategy includes targeting donors: understand your donors (what kind of agency? what person? goals?)
- ◆ Develop a proposal
- ◆ Sell your proposal to donors
- ◆ Follow up with donors

Phase 1

Before Writing, Plan Your Project Proposal

It is very important to take the time to think out ideas BEFORE writing out the whole proposal. This could entail discussing the overall objective of the proposal with relevant team members, then developing an outline. The important part is you think through the following elements first:

Define Your Project Goal and Objectives

Ask yourself the following questions:

- ◆ What do you want to achieve (your ends)?
- ◆ How do you want to achieve it (your means)?
- ◆ Who are the main beneficiaries?

Projects need two kinds of objectives: a general objective, and a specific objective. A general objective is usually not measurable. Organizations or projects cannot achieve general objectives, only contribute towards it. A general objective should be compatible with your organization's mission, and that of the donor, and is usually longer to achieve than specific objectives.

A specific objective, is more operational — on what you *will* accomplish. The more specific the objectives are, the easier it is to design a process for achieving them. Specific objectives are measurable, and can be the basis for evaluation; are comprehensive; need to be feasible in time frame

and scope of project; and should contribute to the general objective.

Developing Your Arguments

The next stage is to start developing your 'arguments' or case. Consider these questions, and back up your points. Use evidence, and cite sources and previous studies (including your own).

- ◆ What is the main need this project is trying to address?
- ◆ What is the potential impact of this research? Who will benefit and how?
- ◆ What does this research bring or add to the scientific and development communities?
- ◆ What is new, innovative, and creative about this project?
- ◆ What do your organization and researchers bring to the project?

Think About the Process

Think about the process: the why, for whom, what, where, when, how, and who questions. These questions draw out more details on the project.

- ◆ What will you do? (activities)
- ◆ Where? (general and specific)
- ◆ How? (methods)
- ◆ Who will be involved?
- ◆ What outputs will there be?
- ◆ When will activities and outputs happen?
- ◆ How will progress be monitored and evaluated?
- ◆ What resources are needed? (financial, human)

The clearer you are on who you are, who you are writing for, and what you want to achieve, the better the proposal will be — more coherent, logical, appropriate, and successful. Remember, thinking through is the hardest part, and the most demanding. Commit time to it. Writing it down is actually the easier part if your ideas are clear!

Phase 2

Writing a Winning Proposal

Writing a proposal depends on the format of donor. Generally, a proposal contains the following elements:

Cover Letter

Introduces the proposal and establishes rapport between the grant applicant and the funding agency staff. The cover letter should:

- ◆ State why you are approaching this funder
- ◆ Mention any prior discussion of the proposal
- ◆ Describe the contents of the proposal package
- ◆ Briefly explain the project
- ◆ Offer opportunity to set up a meeting and to provide additional information
- ◆ Provide the name of the specific contact person within your organization responsible for the grant application, and contact information of your organization

Executive Summary

This is a one-pager that sums up the key points in your proposal. It is designed to be quickly read and absorbed, and sets the tone for what the proposal reviewer can expect to find in the body of the proposal. It covers the short version of:

- ◆ What the key problem is and its context
- ◆ What your organization plans to do to address problem; this can include objectives
- ◆ Why this is important
- ◆ Who will benefit, and how
- ◆ Project duration

Background/Rationale

This section should answer the following questions:

- ◆ What is the problem/need/research issue you are trying to address?
- ◆ What is the nature of the problem confronting the target or service community area?
- ◆ How will your project build on work previously done or address the research gap and add value?
- ◆ How does this project fit into the grant making agency priorities as well as your own organization? Make these linkages here.

Do not focus only on the problem, but point to the potential opportunities and possibilities (solution) to address the problem that will lay the foundation for your objectives. Most donors now request multidisciplinary projects; try to consider the problem through an integrated and interdisciplinary lens. Do not assume that the reader is familiar with the issues or the geographical area. Be clear and concise – this cannot be emphasized enough.

Objectives

Well written objectives should clarify for the donor what your main strategy is:

- ◆ State what you expect the project to achieve
- ◆ Describe the beneficiaries or recipients of the proposal
- ◆ Describe potential impact

Process Description: Activities and Methods

This section should detail how you will accomplish the objectives and should be presented in sequential form with a clear link of activities with objectives. This details the nuts and bolts of the project proposal. It should have six subsections:

- ◆ Methods
- ◆ Activities
- ◆ Staffing/administration
- ◆ Monitoring and Evaluation (M&E) procedures
- ◆ Impact and output
- ◆ Research use and uptake

This section should discuss dissemination strategies (target groups, multiple audiences at multiple levels and the different strategies and methods to reach these groups). It should describe the monitoring and evaluation (M&E) strategies; define the meaning of evaluation (external, participatory); and detail how the monitoring process will be conducted.

Management Description

This is comprised of three elements:

- ◆ **Organization:** information on your organization, brief history, relevance of proposal to priorities/mission, technical expertise to show capacity to manage project, programs and services offered to audiences or communities served.
- ◆ **Project team:** who they are; their roles and responsibilities, and why this team is appropriate for the project.
- ◆ **Managing risk:** institutional risks include organizational capacity to manage project, technical competency, and fiscal skills; other risks that can be addressed in the description of the organization are political, security and social risks.

Be honest even though it can be a challenge to be transparent and identify risks. It generally is better to identify the risk, but emphasize how your project is addressing (and will overcome) them, or what alternative arrangements will be made if you cannot adequately address the risks.

Impact

Consider what impact the project could have:

- ◆ Think at multiple levels
- ◆ Direct and indirect impact
- ◆ Potential to influence policy
- ◆ How will results be scaled up and out

Budget

Be realistic and upfront. Make sure the size of the request is possible for the donor. Show other contributions from your own organization and other donors. Essentially, this section should contain:

- ◆ Budget categories
- ◆ Detailed budget notes
- ◆ Organization contribution
- ◆ Other donors' contributions

Present the financial blueprint of the entire project. The budget should cover all operational and administrative expenses (personnel and nonpersonnel items) associated with the implementation of the project.

Conclusion

The conclusion should answer the following questions:

- ◆ Why the project is necessary and important
- ◆ Why your organization is the right one to implement the project
- ◆ Why the donor should consider the proposal
- ◆ What could be achieved

This section summarizes the proposal's main points, reiterates what your organization wants to do and why it is important, and underscores why the organization needs funding to accomplish it. Draw arguments together, but do not be repetitive.

Appendices

Additional information like the following can go in appendices:

- ◆ Bibliography, references
- ◆ Detailed explanations on points from earlier sections
- ◆ Use of planning tools such as the Logical Framework Approach or other formats specific to donors
- ◆ Organization reports and information

Writing Trips

Differentiate between content (the ideas) and style (presenting the ideas). Do not lose your ideas in poor style! Also, remember not to make your proposal too long. If the grant making institution has not specified a limit to the number of pages, 10-15 pages are fine. However follow instructions if they do specify the maximum number of pages.

Some writing/layout tips:

- ◆ simple, jargon free
- ◆ active voice
- ◆ spell check please!
- ◆ revise, rewrite, revise, rewrite....
- ◆ consistency
- ◆ ease of reading (numbering, headings etc)
- ◆ white space
- ◆ readable font

Have at least two other people proofread the proposal.

Dos and Don'ts in Proposal Writing

- DON'T** Expect to write and get a proposal funded in one week.
- DO** Give time for planning, feedback and revision of the proposal.
- DON'T** Be over ambitious: "Global Warming will be eradicated by the end of this one year project!"
- DO** Be realistic. What is achievable – in the timeframe?
- DON'T** Send so much documentation that your reader gives up.
- DO** Be concise and easy to read. Keep it simple and as short as appropriate.
- DON'T** PAD your budgets or try to hide information.
- DON'T** Be vague: This project will help women get on the internet.
- DO** Be specific, show detail, and show that you know who else is working in the field.
- DON'T** Go overboard on emotion.
- DO** Show that you care about the work but use arguments to substantiate statements (pitch the tone correctly).
- DON'T** Be shy to show your proposal to others.
- DO** Send drafts to colleagues, get feedback from peers.
- DON'T** Take a one-size fits all approach.
- DO** Tailor and target your proposals according to donor's requirements and preferences.

Katherine Hay and *Liz Fajber* are both Senior Program Officers in IDRC's Regional Office for South Asia (based in New Delhi, India).

Effective Funding Proposals: “Hard to Write” Sections

Robert Wilkinson, Associate, BOND

Contents:

- I - Rationale/ problem analysis
- II – Sustainability
- III – Monitoring and evaluation
- IV- Scaling up and replication (multiplier effects)
- V – Value for money

“Hard to Write” sections: I - Rationale/ problem analysis

A note on donor formats:

Some donor application formats require the problem analysis only at the Concept Note stage. It is important, therefore, to have a sound understanding of the situation for beneficiaries, and related policy of governments and other actors at the earliest stage, since there is no opportunity later to re-formulate the analysis.

Getting the balance right:

Because the situation analysis is usually the first section of a proposal format, it tends to be one that is addressed first, and often in too much detail. It is important to be aware of how many “points” this section is worth in the evaluation criteria of the donor, and to ensure that it is not over-written.

Linking analysis to action:

Try to ensure that the problems identified are actually the problems that your project is addressing. This sounds obvious, but it is a common weakness for proposals to describe in detail a range of issues that the activities and objectives have little connection to.

Describing the process:

Donors are interested to know that local stakeholders – partners and beneficiaries – have been involved in identifying both problems and solutions. It is important therefore to describe the process of consultation and planning that has led to this proposal. Ideally, you will refer to the sorts of planning techniques that donors expect to be followed in Project Cycle Management – e.g. stakeholder analysis, problem/ objective trees, alternatives analysis, risk analysis and logical framework.

Levels of analysis:

You should try to cover situation analysis at the national level, the beneficiary-specific level, and linkage to the priorities of the donor. Indicate the sources you are using at different levels of your analysis: government reports, official statistics, your own situation analysis, project evaluations and the reports of other actors – UN, INGOs, local NGOs, in similar fields. The donor will expect you to have done the research to establish clear baselines for your project, so do not say that your first project activity is to do a baseline study; your indicators are weak if not rooted in baselines.

“Hard to Write” sections: II - Sustainability

The European Commission (EC) asks for three aspects of sustainability to be addressed – financial, institutional and policy. These categories are useful for describing sustainability for any donor.

a. Financial sustainability:

- Include a plan for future fundraising as one of the activities
- Explain that the project does not involve ongoing maintenance costs – there are no buildings, vehicles etc. to maintain
- Explain that core salaries of partner staff, government units, are all already covered
- Can you say with confidence that you will be long term committed to support future phases?
- Describe the replication strategy as one which involves government applying the model and replicating with its own resources

b. Institutional sustainability:

- Describe partners'/ beneficiaries' role in project management – how it will increase through the period of the project, so that they can handle management of future work themselves (sustainability)
- Describe “ownership” through participation, empowerment
- Describe the long term impacts of working to change some negative societal attitudes, to generate a more supportive environment in the communities and in wider public opinion

c. Policy level sustainability:

- Describe benefits of focus on specific laws, policies
- Benefits of better coordination between protection mechanisms at different levels and across government/ schools/ community actors – leads to coherence in policy formulation and implementation
- Potential to influence national level, including processes such as MDG reporting
- Show links to any global advocacy work
- Describe events aimed at influencing public opinion, behaviour, attitudes

“Hard to Write” sections: III- Monitoring and Evaluation

I advise that you make it clear throughout the proposal that M&E is an integral, planned and budgeted part of project management activities, including:

- in the activities section (I favour a separate category of project management activities)
- in the description of roles of partners, associates, beneficiaries etc. in project implementation and management
- in the description of the Objectives and Results – this is an opportunity to spell out and describe the SMART indicators

If the donor format has a specific section on M&E, you should show there is a clear M&E plan:

- Refer to logframe for detailed “SMART” indicators, and means of verification
- describe how data will be collected – participatory methods; visits, reports etc.; disaggregation by gender
- explain involvement of partners in M&E – e.g. management committee meetings
- describe Evaluations – mid/final term; how done – participatory, External consultant.

“Hard to Write” sections: IV- Scaling up and replication (multiplier effects)

Some donor formats have specific questions about replication and multiplier effects. They may appear in different places in different formats. The issues are closely linked to other sections of the proposal, for example:

- description of objectives (which should describe the high level impact the project aims for)
- activities – which should include replication strategies, for example work with government, other NGOs, international organisations, linkage with other programmes, specific replication plans, capacity building,, provision of technical assistance to replicators etc etc

My main advice is that these issues should be specifically addressed in detail in the project activities. You should explain how replication works – what you and partners will actually do to make it work, for example:

- systematic M&E, documentation of “model” or “pilot” approaches under project
- policy, advocacy and exchange of ideas and experience with government/ other replicators
- development of specific budgeted replication plans with relevant actors
- capacity building of replicators
- provision of technical expertise to support replication

Useful cross - references:

Refer to successful experiences of replication in the country programme, to demonstrate that you have a track record.

Refer to your cross-organisational expertise, methodologies and approaches to demonstrate you have organisational commitment and understanding of the dimensions of scaling up, e.g.:

- “theory of change” – linking advocacy, innovation, partnerships and policy work
- Capacity Statements – for examples to show how similar projects have been scaled up.

“Hard to Write” sections: V- Value for Money

Value for Money (VfM) or cost-effectiveness is a growing concern of all types of donors and should be addressed even if the donor format does not specifically refer to it. VfM could be addressed in different places:

- in the activities, where you should use it as one of the factors to justify choosing specific activities
- in the description of equipment and other inputs
- in sustainability – to explain that use of cost-effective methods will make it more likely for replication by other actors and long term sustainability
- in the Budget Notes

Some ideas for demonstrating VfM are:

- showing a high ratio of beneficiaries to budget (low per capita spend)
- effective dissemination and communications strategies – outreach to wide audiences
- use of cascading methodologies, e.g. training of trainers, peer approaches
- use of volunteers and contributions in kind (e.g. partners' time, facilities etc.)
- robust procurement policy, competitive quotes, sourcing inputs locally
- use of local experts, trainers, researchers
- adaptation of existing resources – communications materials etc.
- synergies with other projects and programmes (including those of other actors)
- justifying HR costs by emphasising the importance of expertise over “infrastructure” especially in capacity building oriented proposals.

Example of a Due Diligence Framework

Source: This example is extracted from a very useful overview of due diligence as seen from the perspective of Australian funders in: Due Diligence: making philanthropy work for you. (Helen Chadwick article in SVA Quarterly – published by the Australian consultancy SVA Consulting). <http://svaconsultingquarterly.com/2014/03/13/due-diligence-making-philanthropy-work-for-you/>

The extract relates to the conduct of due diligence on shortlisted organisations, following a process of review and selection which is not included here.

EXTRACT:

The shortlisted organisations are assessed against specific criteria that fall into five key areas.

1. Clear strategic direction
2. Evidence of impact
3. Governance and leadership
4. Financials
5. Organisational readiness

The detail and emphasis placed on each area is tailored to the preferred approach of the funding strategy and preferences of the funders themselves (see an example in Table 1). Each funder will have different assessment criteria.

For example, if the preference is to fund a well-established organisation or program as opposed to a start-up initiative, greater emphasis will be placed on area 1. ‘Evidence of impact’ to be sure that the organisation/program has been effective.

Drawing on these five key areas, specific evaluation criteria can be developed in line with the funder’s objectives, strategic focus and preferred approach (see table below).

Table 1. Example of assessment criteria for organisations

| | |
|---------------------------|---|
| Clear strategic direction | <p>Does the organisation/program share funder’s strategic focus?</p> <p>Can the organisation provide a clear and consistent statement of its goals or mission?</p> <p>Is there a clear program logic or articulation of the issue</p> |
|---------------------------|---|

| | |
|---------------------------|---|
| | <p>the organisation is addressing and how its activities achieve its goals?</p> <p>What are other organisations doing to tackle this problem? How does this organisation work with and/or distinguish itself from these organisations and their approaches? Is there any evidence that this organisation's approach is superior?</p> <p>Is there a robust strategic/ business plan in place with clearly defined financial aims?</p> |
| Evidence of impact | <p>Is there evidence of the organisation/program bringing about positive change for a significant number of participants? (Is it a third-party impact evaluation or internal?)</p> <p>To what extent are you able to compare the program results against what 'would have happened' in the absence of the program</p> <p>Is there a focus on consistent monitoring, learning and improving?</p> <p>Is there existing and future demand for the organisation's services?</p> <p>Is there a desire to scale the organisation?</p> |
| Governance and leadership | <p>Is there a strong, efficient and committed leader in place?</p> <p>Is he/she supported by a strong, efficient and committed leadership team?</p> <p>Is the organisation/program's leader capable of managing a process of growth?</p> <p>How are they viewed by others in the sector?</p> |
| Financials | <p>Does the organisation/program have a solid financial history and a viable trajectory?</p> <p>What are its sources of funding? Is it reliant on one source?</p> |
| Organisational readiness | <p>Will supporting the organisation/program result in significant impact for the targeted recipients against the amount invested?</p> <p>Will the investment lend to scaling impact and building</p> |

| | |
|--|--|
| | <p>sustainability?</p> <p>Does the organisation/program have basic finance, marketing, communications, fundraising and HR processes in place?</p> <p>Does the organisation/program have basic physical and technological infrastructure in place?</p> <p>Is the organisation/program willing to partner and collaborate?</p> |
|--|--|

The questions are answered by assessing each of the organisations through desk research, interviewing the CEOs and or senior managers, talking to their partners and reviewing relevant documentation including financial statements, program plans and evaluations, organisational strategic plans and annual reports. Public media may also be available.

Each program is evaluated against the criteria and scored for each of the five areas using the following system:

- Green – strongly meets criteria
- Amber – partially meets criteria
- Red – does not meet criteria.

This method allows the funder to clearly identify which organisations meet the criteria and to what level.

For example, with the corporate conducting due diligence on four organisations, the assessment identified one rating for each criterion making it clear which organisations would fit the funder’s strategy and intentions.

Figure 3: Tabulation of the evaluation criteria results

In the project mentioned above where nine organisations progressed to due diligence, any that scored red for a criterion were eliminated as were those that scored four or more amber ratings.

| | Evaluation criteria | | | | |
|---------------|---------------------------|--------------------|------------|------------|--------------------------|
| | Clear strategic direction | Evidence of impact | Leadership | Financials | Organisational readiness |
| For purpose 1 | ● | ● | ● | ● | ● |
| For purpose 2 | ● | ● | ● | ● | ● |
| For purpose 3 | ● | ● | ● | ● | ● |
| For purpose 4 | ● | ● | ● | ● | ● |

Due Diligence – The Asia Foundation’s approach

The following illustration of a funder’s approach to due diligence is taken from the website of the Asia Foundation at <http://asiafoundation.org/about/duediligence.php>

DOWNLOAD:

Since its inception, the Foundation has paid close attention to the due diligence process for prospective grantees, and regularly monitors grantee programs and finances. The Foundation operates through a network of 18 offices in Asia. Through these offices, we conduct due diligence locally, with site visits to prospective grantees and extensive discussions with their principal staff throughout the life of every project.

The Asia Foundation is committed to ensuring that any grants made to on-the-ground partners are not used to support any form of violent political activity or terrorist organizations. We enforce our commitment by conducting rigorous due diligence of prospective grantees. Although The Asia Foundation is a public charity as defined by the Internal Revenue Service, our due diligence process conforms to the more rigorous expenditure responsibility rules required of private foundations. In addition, the Foundation closely monitors and is in full compliance with the U.S. Government’s recent regulations and guidelines regarding anti-terrorist financing practices.

Organizational Due Diligence

- Review of prospective grantees’ articles of incorporation, by-laws, and other documentation to ensure the organization’s charitable purpose and that it has an appropriate governance structure;
- Confirm registration with government authorities where this is required by local law;
- Automated checking of organizations and individuals against lists of ineligible recipients published by the U.S. Department of the Treasury and other federal agencies;
- Review of annual and other program reports to determine organizational experience, capabilities, and track record;
- Assess organizational reputation in-country, before local audiences;
- Review of financial information;
- Current and past budgets showing sources/uses of revenue;
- Periodic reports on operations and use of Foundation-granted funds; and
- Internal or independent financial reviews and audits depending on size of grant.

Project Due Diligence

- Pre-grant inquiries to determine the prospective grantee’s ability to comply with the terms of a grant and fulfill project objectives;
- A written grant agreement with specific provisions setting forth mutual responsibilities, signed by both parties;

- Grantees are required to maintain grant funds in a segregated bank account;
- Periodic written reports from the grantee to the Foundation are required through the life of the project, typically on a semi-annual basis; and
- Disclosure to the IRS of basic information about the grant, in the Foundation's annual 990 submission (as well as in a separate Foundation publication).

Contact

For more information on The Asia Foundation's due diligence capabilities and accountable grantmaking, please contact:

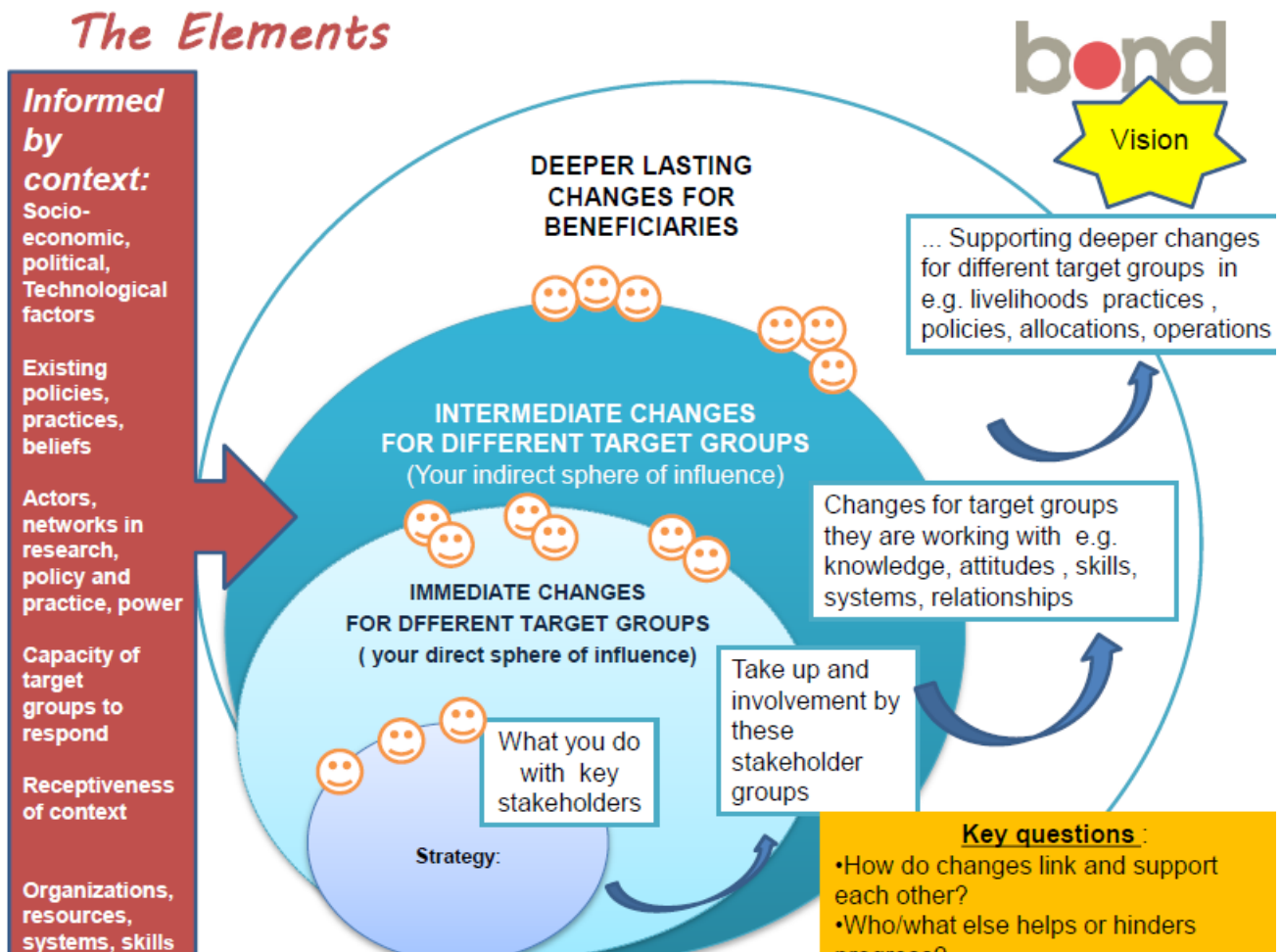
Oliver Petzold

Assistant Director, Resource Development

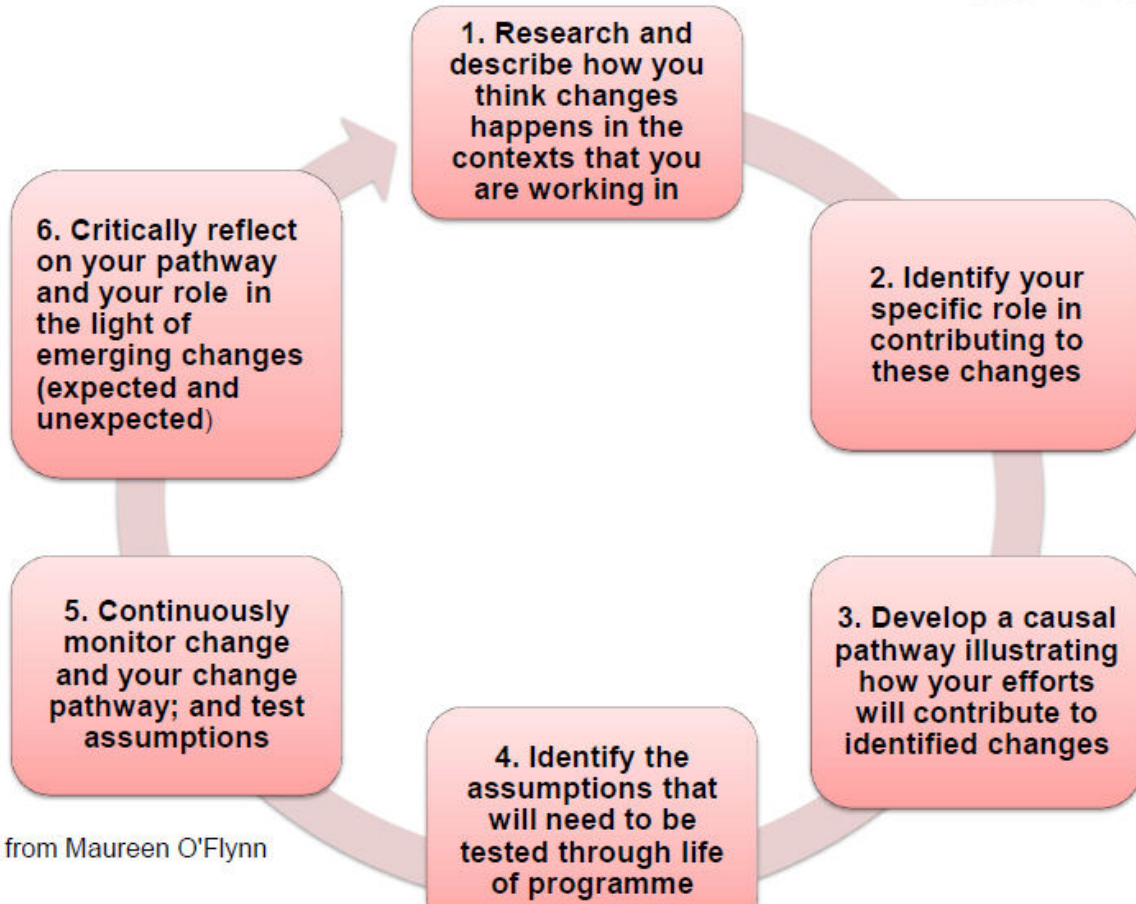
oliver.petzold@asiafoundation.org

Theory of Change – Elements and Process

Source: extracts from BOND course materials March 2015 “Theory of Change Essentials”



The process (which works at all levels)



Slide from Maureen O'Flynn