

# Getting your funding strategy right



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# About us



We build better NGOs



We help them be better funded



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# What will we cover today?



- What is a funding strategy?
- Elements of a funding strategy
- 10 steps to developing your own funding strategy

What is a funding  
strategy?

# What is a funding strategy?

- Compass to financial sustainability based on your organisational strategy
- A comprehensive and relevant funding strategy includes strategic perspectives and practical recommendations
- It highlights the unique selling points and helps an organisation to decide where to focus its (human) resources to achieve financial sustainability
- A working document which will help guide the path towards successful resource mobilisation
- Concrete targets and step-by-step guide



# Elements of a funding strategy

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## MUST

- Goals & Targets
- Context
- Positioning (Case of Support/ Value Proposition)
- Funding approaches (Donor types & Funding instruments)
- Internal processes and stakeholders “how”
- Action Plan
- Budget

## NICE to HAVE

- Engagement strategy
- Metrics for success
- Donor mapping exercise

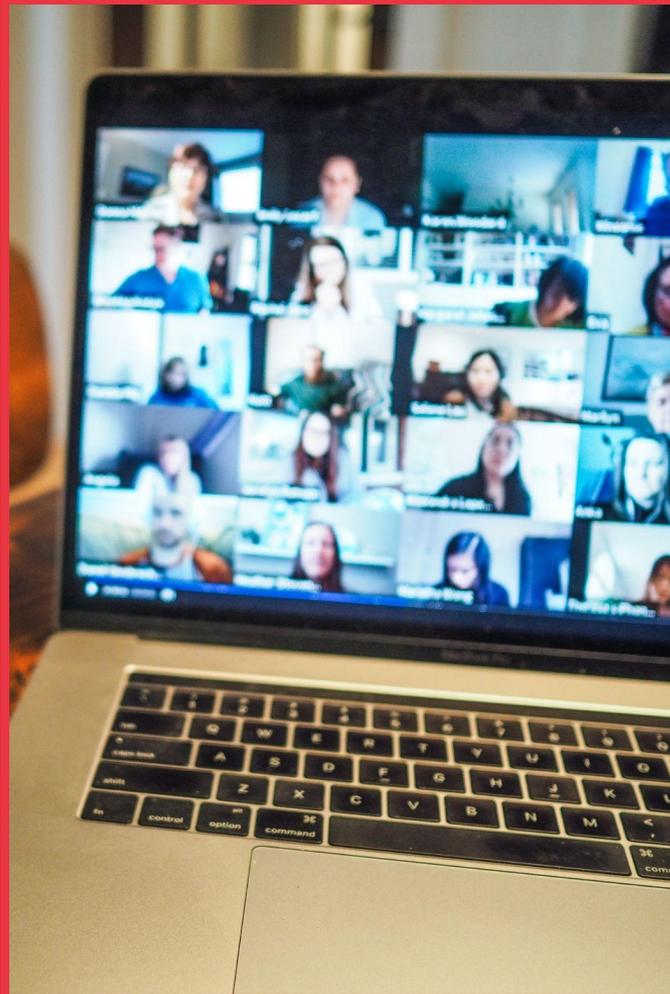
# 10 steps to develop your own funding strategy



## 1. Have your organisational strategy sorted

Even though it is tempting to let available funding or funders' priorities lead your strategic direction, avoid it by all means.

The funding strategy has to serve/give realisation to your strategic ambitions. It will also help you to focus the development of a funding strategy.



## 2. Get the right people in the (zoom) room

Like your organisational strategy, you want to make sure that you have broad buy-in from various stakeholders in the organisation.

Besides the funding team, ensure that there is representation from the various departments/sections of your organisations participating in the development of the strategy.

**MUST** - Finance, Management and the head of programmes (if you have one)

Split the development of a strategy in various short sessions.

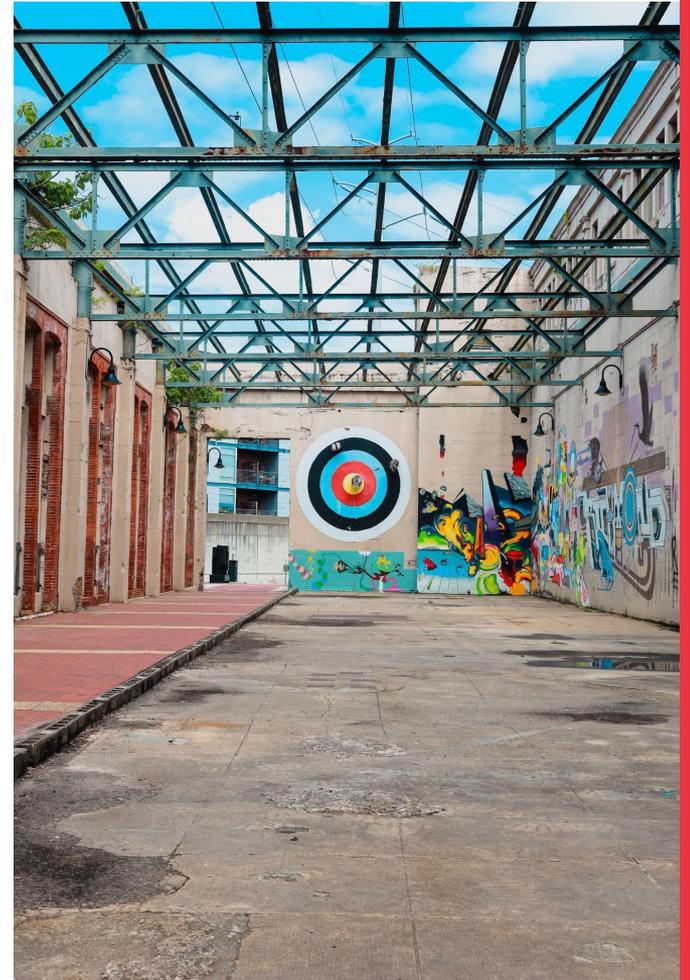
### 3. Goal setting

Set realistic financial targets based on your past success rate, available (human) resources, the programmatic and core cost needs. DATA!

Outline goals about the type of funders and funding approaches

What is the ratio of restricted and unrestricted funding?

Are there any internal goals you want to set?



## 4. Understand your funding context

**Try and answer the following questions:**

- What is the socio-political operating environment of your organisation?
- What are the external factors might influence your funding?
- What are the internal factors that might influence your funding?
- What are the global, regional and national funding trends for your country/area/thematic focus/target group?
- How are your competitors funded?
- How relevant is the focus of your organisation in your context? Is it a niche area or are many organisations working in this field?

## 5. Types of funders and funding instruments

### Types of funders:

- Bilateral and multilateral funders
- International Foundations and Trusts
- National Foundations and Trusts
- Alternative Finance Institutions and Development Banks
- Corporations and private sector → CSI
- Individual giving (HNI, Crowdfunding)
- New types e.g. cryptofunder

### Funding Instruments:

- Grants
- Tenders and commercial contracts
- Consortia
- Social investment and impact investing
- Value-added partnerships
- Crowdfunding

**Data is queen** - understand each type and instrument that is relevant for your organisation

## 6. Positioning

Gaining the sustained interest from different types of donors has a direct link with the strategic positioning of the organisation.

Formulate a **value proposition**

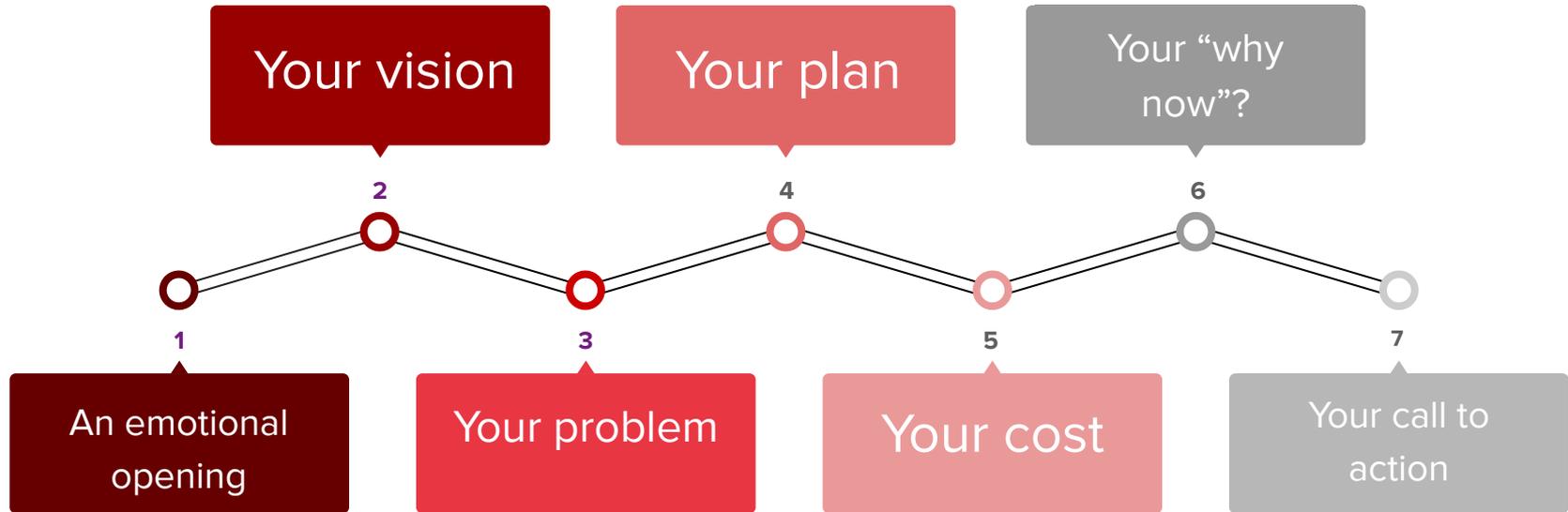
- **Definition:** a promise of value to be delivered, communicated, and acknowledged. It is also a belief from the customer about how value will be delivered, experienced and acquired.
- For your NGO, the value proposition is the **promise of impact** that the organisation will make.
- “Steve Blank formula” - clearly describe how your organisation offers value to your ‘customers’ - the actual benefit they gain. **“We help (X) do (Y) by doing (Z)”**. We help youth to matriculate by offering after school mentoring

## 6. Positioning (cont'd)

Develop a or multiple **case(s) for support**

- It is an **emotionally-compelling document** that casts a vision for your organisation and tells donors why they should invest in your work.
- The case for support is a **philanthropic investment prospectus**: a straightforward document that tells prospective donors what your organization hopes to accomplish with their philanthropic gifts.
- Your case for support **both tells your story and sells your idea**. In clear and concise ways present all the key facts that make your organisation/ project worthwhile to potential funders and supporters so they can understand the benefits of your work and how it compliments their own mission.

# 7 steps towards a case of support





## 7. Role clarity - funding is everyone's business

Outline who is responsible for what in the funding process: From prospecting to donor engagement, proposal writing, submission, contracting and reporting.

Draw process maps

Have systems in place that make funding work accessible, and transparent

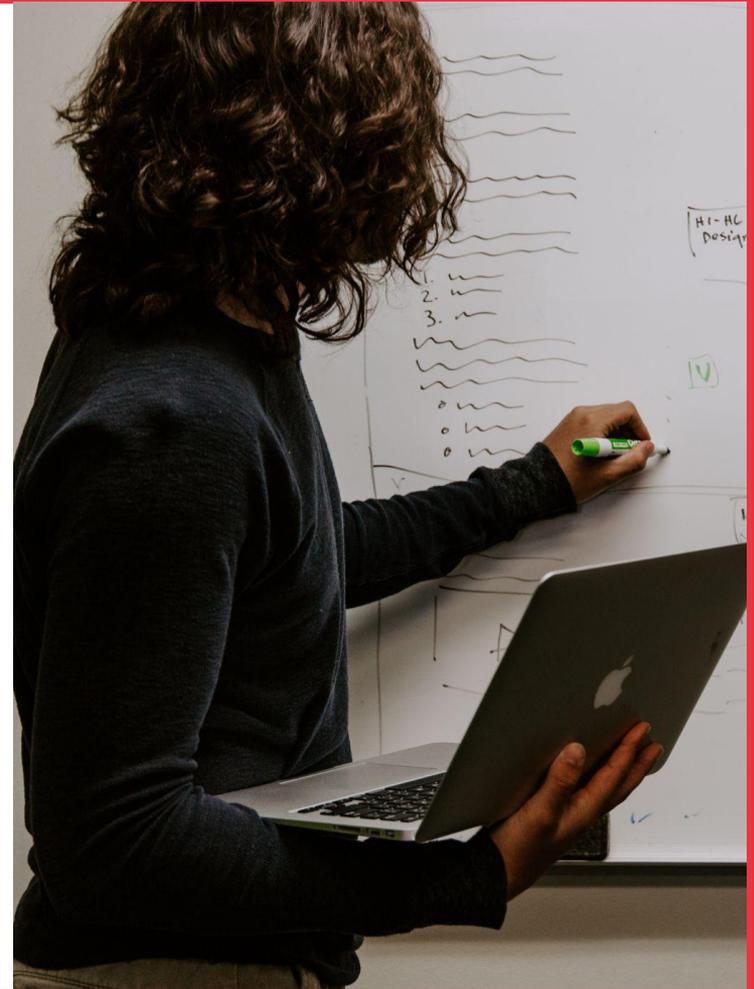
## 8. Action Plan

Unlike an organisational strategy, a funding strategy should have an action/operational plan.

Similar to a project plan outline, who will do what by when.

What is the overarching objective?

What are the resources required?



## 9. Funding needs funding

This is often the hardest part of a funding strategy but an important realisation.

You need a budget for your:

- Human resources
- Donor engagement
- Systems



## 10. Share!

Celebrate your strategy

Present and share it widely within your organisation and with your board

You might even have some funders who are interested in your strategy



# Thank you!

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