

MANUAL 9

HOW TO FINANCE YOUR PLAN



TEACH
A MAN TO FISH
Education that pays for itself

ABOUT THIS SERIES

The SCHOOL IN A BOX Guide Series is designed as a 'one-stop shop' for anyone interested in establishing their own financially self-sufficient school.

The series is made up of nine individual manuals which between them cover all of the key areas which will need to be considered in detail in the creation of any Self-Sufficient School.

Each manual offers a step-by-step guide to building your understanding of key concepts and mastering a range of planning and management tools, as well as providing a wealth of case studies and real-life examples to illustrate both best practice and easily avoided pitfalls.

The full listing of manuals in the series is as follows:

1. Getting Started: An Introduction to Financially Self-Sufficient Schools, 2. How To Evaluate Your Organization, 3. How To Organize Your School, 4. How To Generate School Income, 5. How To Run A Self-Sufficient School, 6. How to Educate Successful Rural Entrepreneurs, 7. How to Organize Student Life, 8. How to Write A Business Plan for a Self-Sufficient School, 9. How to Finance Your Plan

CREDITS

The SCHOOL IN A BOX Guide Series represents the knowledge, experience and hard work of a dedicated team of authors and editors at Teach A Man To Fish and the Fundacion Paraguaya.



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Celsa Acosta, Lorenzo Arrua, Martin Burt, Luis Cateura, David Charles, Jose de Domenico, Nik Kafka, Mary Liz Kehler, Nicola Radford, Jose Luis Salomon, Luis Fernando Sanabria, and Jim Stephenson.



Visit www.teachamantofish.org.uk and www.fundacionparaguaya.org.py for more information

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Contents

1. Introduction	3
2. Overview & Basic Concepts	5
3. The Product: Your Organization, Your School and its Needs	11
4. The Funding Market:	24
5. Funding Strategies	33
6. How to prepare a funding proposal	39
7. Financing a Financially Self-Sufficient School: A Case Study	50
8. Teach A Man To Fish: What it can do for you	56
9. Summary & Self-Evaluation	60

1. INTRODUCTION

***How To Finance Your Plan* builds upon earlier manuals and explains in clear and simple terms how to begin securing the finance needed to turn your plan into a reality.**

As with other manuals in the SCHOOL IN A BOX this guide is designed to meet the needs of a wide range of readers, ranging from individuals with no previous experience in fundraising, to organizations with an established history of financing large scale projects.

For this reason, not every approach outlined will be relevant to every reader, nonetheless, the general process of analyzing your project from the point of view of the funder will be common across all organizations.

This process begins in Chapter 2 with an overview of basic concepts, followed in Chapter 3 by a discussion on understanding your school as a 'product' and the key features that will help 'sell' your plan to funders.

Next, in Chapter 4 of ***How To Finance Your Plan***, we consider the funding 'market' – who are the major players, and what financing options may be available to different organizations. Chapter 5 then covers how to identify and research prospective donors and social investors, and the information sources that can help in this process.

Putting together a successful funding proposal is a mix of art and technique. Chapter 6 includes a step by step approach to developing your proposal. This is followed in Chapter 7 by a case study on funding a self-sufficient school from scratch.

Finally, ***How To Finance Your Plan*** concludes with a chapter on the UK education non-profit organization **Teach A Man To Fish** and how it can help support members' efforts to finance their plans.

As with each manual in the SCHOOL IN A BOX series, there is a final section summarizing the material covered, and a self-evaluation survey offering the reader a chance to test their understanding of the information contained in each chapter.

2. OVERVIEW & BASIC CONCEPTS

***The objective of this chapter is** to provide you with an overall view of what it means to run a self-sufficient agricultural school and the elements that are needed for effective and efficient administration.*

When you finish reading this chapter you will be able to:

Clearly identify the elements necessary to run a self-sufficient agricultural school effectively.

Make the best use of the elements already available within your organization - economic resources, human resources, technology, etc. - and identify those which are lacking.

FINANCE: THE MAGIC INGREDIENT

The very word 'finance' can be enough to strike fear into the heart of individuals looking to create social change. It can seem a huge mountain to climb - one where the path is uncertain, and where the risk of broken dreams is high.

This is a shame. Viewed from another perspective, **finance represents the final magic ingredient to making change happen.** The strange thing is that by itself finance achieves nothing. But, when added to experience, research, and thorough planning, it can transform a project from words on a piece of paper, into a school capable of changing lives. Finance has the magic to make things happen. **This manual lays out the foundations for understanding how to find it and use it to make your plans happen.**

THE BASICS

Let's start by looking at some of the basic terms we will use in this manual – and which may be defined differently by other people

DEFINITIONS:

Finance / Funding – Money used to support an initiative. This can take many forms from grants or loans to income generation. For the purposes of this manual we will treat the terms finance and funding as having the same meaning.

Funders – Individuals or organizations which provide finance. Whether any return is expected or not will depend on the type of funder.

Investors – Individuals or organizations which provide finance **with the expectation of receiving a return** - i.e. making money from providing finance.

Social Investors – Individuals or organizations which provide finance with the expectation of achieving a direct social return (e.g. increasing the number of students receiving an education).

Donors - Individuals or organizations which provide funding with no expectation of directly receiving any return

Although the above definitions may seem quite similar the differences between them have important implications.

Firstly, it will affect who to approach for financial support for a project.

Secondly, it can alter aspects of how a plan is put into place – i.e. a project where a financial return is expected may need to start work on income generation from day 1, whereas a similar donor supported project might choose to begin first with looking at educational content.

Despite the fact that many of the individuals and organizations who you will approach may not think of themselves in terms of such categories, there are other good reasons for being aware of these differences.

If you are clear about what type of support you are looking for it can help to avoid misunderstanding, and improve your ability to be targeted in terms of seeking that support.

As a manual on finance, the main focus of this guide will be to look at how to attract *financial* support for your project. It is worth remembering however that there are other forms of support which may be equally important in ensuring the success of a project - particularly in its early stages.

Non-financial, or ***'in-kind' support***, can bring a number of benefits which go beyond the most obvious one, i.e. reducing the need to spend money on goods and services needed by the project. This issue will be covered in more detail towards the end of the manual.

Finally, while the material covered in this manual is aimed at assisting you to develop your own financially self-sufficient school, the same concepts and processes apply across the whole spectrum of social change. Whether you work next on a water management or healthcare project, ***your ability to navigate the business of attracting finance will be directly related to your effectiveness at creating social impact.***

COMMON FEARS

Success in attracting finance requires confidence and a willingness to throw yourself at it whole-heartedly. ***It is never easy, but it is always possible.***

So, before we look further at the 'how to' of finance, it's worth setting some common fears to rest, so that you tackle the rest of this manual with a 'I can!' attitude.

EXPERIENCE

You've never tried to finance a plan on this scale before.

You'll quickly gain experience as you start to spend more time focusing on finance as an activity. Asking others with experience for advice and taking advantage of manuals such as this one can help to ensure you head in the right direction.

SKILLS

There are technical and personal skills required for finance that you don't have.

Many of the skills you need are just common sense, but others will have to be acquired through practice. Where more specialist skills are needed it's worth considering enrolling on a training course from a trusted provider.

TIME

Your existing work requires almost all your time. There's not enough time to look at finance as an activity in itself.

One way or another for your project to happen ***you'll need to free up some time specifically to dedicate to finance issues.*** Sending out project plans to anyone you can think of won't work. A targeted proposal is a worthwhile investment of time – and one which you need to make.

CONFIDENCE

With little experience you're not confident you can achieve the outcomes expected of you. Confidence is an important success factor in attracting finance.

If you're naturally outgoing, and you've put together a well thought out finance strategy you'll find that you get positive responses - even if you don't achieve all your targets on day one!

As long as you can keep going till the first results come through you'll find your confidence will grow naturally.

WHERE TO START?

The scale of the task is just too big, the competition too intense, and the barriers to overcome too many!

Everyone has to start somewhere. It's a question of building on your talents, and those of your organization, while avoiding common pitfalls. This manual is designed to help you focus in these key areas.

You can do it – sometimes there really is nothing to fear but fear itself!

THE PROCESS OF GETTING FINANCE

Financing your plan can be broken down into six key stages.

1. UNDERSTAND YOUR OWN POSITION

At the very core of the process of attracting finance is a firm understanding of your position as an individual, and that of your organization. **Credibility is everything.** No matter how good your plan is, unless those with financial resources have a reason to believe that you and your organization can implement the plan, you will not be able to find the finance you seek.

Taking a realistic view of your own position will determine how you approach the next steps towards financing your plan.

2. UNDERSTAND THE PROJECT

If you've spent a considerable amount of time putting a project plan together you should have a clear picture of how you intend the project to work – e.g. budget, beneficiaries, goals etc.

However, in terms of attracting finance, you'll need to 'understand' your project in a broader sense, and look at it from an outsider's perspective. What are its strengths and weaknesses? What are the risks? How have you incorporated the views of key stakeholders? This stage will allow you to do more than explain what your plan *is*, **it will help you make a compelling case for why this plan *deserves* to be financed.**

3. UNDERSTAND THE MARKET

From social investors to grant-makers there exists a well established 'marketplace' for financing social projects. By learning about the different organization types that make up this market, their constraints, and their institutional needs, you will acquire the necessary knowledge to begin shaping a viable financing strategy.

4. DO YOUR RESEARCH!

Once you feel you understand the finance & funding market sufficiently you should have a good idea what type of finance will best meet your needs. The next step is to start looking at which specific organizations or individuals exist that are able to offer this type of finance.

The more widely and deeply you are able to research these potential sources the better positioned you will be when it comes to actually developing your finance strategy.

5. DEVELOP A FINANCE STRATEGY

All the steps leading up to this point are primarily designed to allow you to be strategic in your quest for finance. Time and money are always in short supply, and the finance process can be expensive in terms of both.

Being strategic should save you time and money - increasing your effectiveness and efficiency at attracting the resources you need.

Building relationships with your strategic targets is also part of this process, so that when it comes to the next step you can feel confident your proposal will at the very least be looked at – something that is by no means always the case!

6. WRITE YOUR PROPOSAL!

The final stage is to actually put the proposal together that you will submit to your strategic targets. No matter how good your planning and research have been, unless this proposal is well structured, compelling, and complete, your previous work will not yield the results hoped for.

Even if you follow our advice religiously it's not guaranteed that you will be successful the first, or even second time. But by asking for feedback from your earliest proposals you should ensure that later efforts generate the results you've been working for.

These six steps form the basis for the following chapters in this manual, each of which will break down each stage of the process in greater detail.

3. THE PRODUCT: YOUR ORGANIZATION, YOUR SCHOOL AND ITS NEEDS

The objective of this chapter is to provide you with an overall view of what it means to run a self-sufficient agricultural school and the elements that are needed for effective and efficient administration.

When you finish reading this chapter you will be able to:

Clearly identify the elements necessary to run a self-sufficient agricultural school effectively.

Make the best use of the elements already available within your organization - economic resources, human resources, technology, etc. - and identify those which are lacking.

In this chapter we'll look at the first two stages of the finance process mentioned in the overview, i.e. Understanding your Organization, and Understanding your Project.

Of course, building this understanding isn't enough in itself - it is designed to help you think through the elements needed to effectively 'sell' your organization as a credible partner, and your project as a viable model for education.

Why the sales analogy?

Businesses depend on making sales to survive and grow. In the same way, for your school to become a reality, you'll need to 'sell' it, and yourself.

But the analogy goes further than this. In the commercial world there are always two sides involved in a sale; the seller and the customer. It's also not enough for the seller to have a great product - ***the customer has to be aware that the product exists, in what way it meets their needs, and that the price is right.***

In a competitive marketplace where the customer only has limited time and money, companies also need to show why their product is **better** than the alternatives, and to convey this information as **succinctly** as possible

The challenges faced in financing any Self-Sufficient School are extremely similar:

Funders need to know your organization and your project exist

- It has to be clear what the benefits of your project are *for those providing the finance* - as well as for the beneficiaries!

However the project is presented, i.e. either in whole or in part, it has to be **affordable** from the funder's perspective

You'll need to show why your school will meet the funder's needs better than typical alternatives

This information will need to be delivered in punchy headlines as well as more detailed descriptions

- In summary: ***a project plan can't sell itself, that's your job!***

UNDERSTANDING YOUR ORGANIZATION

In ***Manual 2 – Self Evaluation*** we covered the practical process of how to conduct a thorough review of your organization.

If you've followed this through already you should have a fairly clear picture of where its strengths and weaknesses lie.

This assessment represents a core element in understanding your organization.

A limitation of this type of review is, however, that it only provides a snapshot of your organization at one moment in time – and in doing so passes over the background that explains how you arrived at this position.

Building a more comprehensive understanding of your organization will help you to sell it more effectively.

If your organization is small, or you have been with it since the beginning, you might already know everything you need to know about it.

For others, this will be a learning process requiring a degree of research which needs to be addressed before you can start looking at how this information can be presented.

Some typical areas you'll need to be able to understand about your organization en route to developing your finance strategy are as follows:

HISTORY

How long has your organization been running?

What motivated the establishment of your organization?

How has it moved from the areas it originally focused on to those it tackles today, and why?

EXPERIENCE

Where does the expertise in your organization lie?

What areas has it worked on during its lifetime and with what results?

What is the background and experience of key individuals?

Who in the organization has experience of finance & fundraising?

What successes have you had in attracting finance? What were the drivers behind these successes? What hasn't worked, and why?

GOVERNANCE

Why are your governance arrangements structured as they are?

Are there any restrictions within your constitution on how you can finance your activities?

Financial competency

What previous experience does your organization have with income generation to support its work?

How does your organization manage and protect its finances? Are accounts audited and produced on time?

What previous experience does your organization have with managing grants or loans? What was the scale of these projects? How successful were they?

INSTITUTIONAL CONTEXT

How is your organization's broader work developing?

Where are your organization's real strengths?

Where are your organization's weaknesses?

How dependent is your organization on outside funders?

ACHIEVEMENTS

What have been your organization's biggest achievements in its lifetime?
How were these achievements financed?
What do your beneficiaries think about your organization's work? Ask them!

Aside from these areas, it's worth looking closer at your organization's previous experience in funding its projects. Are there contact lists you can work from? What pre-existing materials can you recycle? (funding applications, case studies, brochures, press articles, pictures etc.)

SELLING YOUR ORGANIZATION

With a rounded understanding of your organization, you should now be ready to start thinking about how you can sell its merits as the provider of your 'product'.

Let's look at this from the point of view of a buyer.
Ignoring the product itself for a moment, what is important about the **provider** of a product?

RELIABILITY & PAST PERFORMANCE

Can you trust the seller to deliver the product on time, and as agreed?

We've all ordered products only to find they arrive late or it's not the right item. The larger the sums of money involved the more critical this becomes.

The better you are able to demonstrate that your organization is reliable and can be trusted, the easier it will be to persuade funders that you are an organization that can be relied on to implement the project you're putting forward.

Using your understanding of your organization's achievements, your task is to construct a picture of past performance that **creates confidence in your reliability**.

REPUTATION & VALUES

What have other people said about the seller? What are their values?

The less well known the product the more important it becomes what other people think about the seller. It also matters who is giving us this opinion – the more we trust them, the more account we will take of their views.

The more convincingly you can provide evidence of your good reputation, and the more respected the sources used to support this view of your organization, the more confidence funders will have in placing their trust (and funds!) in you.

From the understanding you've built up of your organization – from how it's viewed by its beneficiaries, to the opinions of past funders - your task is to make an iron-clad case for the strength of reputation you'll need to convey.

COMMUNICATIONS & RESPONSIVENESS

How well does the seller communicate what's happening on their side of an order? How do they respond to queries – particularly when things aren't going so well?

When you're buying a basic product, like bag of rice, these aspects aren't so important. But suppose you are having a house built - it's complicated and it takes a long time.

You'd want to know that the builders could be relied on to keep you well informed of their progress, and to listen to and respond to any questions you might have along the way.

Your project will be far more complicated than building a house, so you'll need to persuade any prospective funder that your organization can be relied on to communicate with them clearly, in full and on time.

DIFFERENTIATION

When all the sellers are great in all the above areas, how can I make a distinction between them?

The higher the quality of the competition the more important it becomes to find a way to stand out from the crowd.

In the commercial world this takes the form of branding. People buy Nike trainers not just because of their physical appearance and performance, but because it allows them to make a statement at the same time.

If you can make your organization seem distinctive in a way that appeals to how a funder sees themselves, it's one more factor working in your favor.

It can only make a difference if everything else is right - but it could just be the extra edge you need.

UNDERSTANDING YOUR SCHOOL & ITS NEEDS

After the intensive planning you will have undertaken in earlier chapters it might seem strange to suggest there could be anything left about it for you to need to understand.

However, as we mentioned earlier, when it comes to attracting finance, you'll need to 'understand' your project in a broader sense, and look at it from an outsider's perspective.

As you come to 'sell' your plan, you will inevitably focus on the positive side of things. It is only natural that prospective funders will want to test your assumptions, look at the risks involved, and consider the process by which your plan was developed.

COMMUNITY PARTICIPATION

How can you demonstrate that the community is behind your proposal?
How have they contributed towards its development?
Which sections of the community will be negatively affected by your plan?

RISKS

What are the key assumptions you've made – financial, environmental and operational?
How will you prevent fraud & corruption where money is involved?
What is the worst-case scenario?
What contingencies have you got for dealing with the worst-case scenario?

MEASURING SOCIAL IMPACT

By what benchmarks will you measure the social impact you're creating?
What mechanisms will you put in place to ensure these indicators can be measured?

CRITICISMS

Isn't this model potentially exploiting students as free labor?
Couldn't the time students spend working be better spent studying?
Won't the school, if successful, be unfair competition for small local businesses?

EXERCISE: Sit down and write answers to these questions. Get a colleague to test your responses to see how convincing they find them.

You may find these all areas you have already thought about while working on your plan. Having clear answers ready and at your fingertips will give you the confidence to respond to critical questioning

SELLING YOUR SCHOOL & ITS EDUCATIONAL MODEL

With its well developed plan, based on a tried and tested model, addressing multiple social issues, 'selling' your school should be simple!

BENEFITS OF THE MODEL

Whether your school is aiming at full financial self-sufficiency within a fixed time period, or seeking to develop a few income generating programs to improve educational quality and raise resources, the model of *Education That Pays For Itself* sells itself in several ways:

- Educational value
- Developmental value
- Financial sustainability
- Environmental sustainability
- Social sustainability
- Scalability
- Replicability
- Network effects

EDUCATIONAL VALUE

Problem: Much of what is taught in traditional schools is overly academic and not relevant to students. Skills education is often poorly linked to the needs of the market and fails to address how to maximize income earned from competencies acquired.

Solution: *Learning for earning*. Academic teaching is integrated into practical lessons, which also include entrepreneurship education. The result is young rural entrepreneurs who have the academic qualifications required for further education, technical skills demanded by the market, and enough business experience to start their own profit making enterprises.

Developmental value

Problem: The existing education system fails to sufficiently address the root causes of poverty or expand the opportunities available to its students

Solution: Teaching students how to run successful business allows them to lift themselves out of poverty. Opening the three doors to success in further education, employment, and self-employment increases the opportunities available for individuals to fulfill their potential.

Financial sustainability

Problem: Education programs continually fail to produce a long term impact because they are forced to stop when the funding dries up.

Solution: **Education That Pays For Itself**. Benefits include institutional independence, improved facilities, increased staff motivation, all of which lead to increased educational quality & capacity.

Environmental sustainability

Problem: Environmental degradation has multiple long term negative consequences for poor communities risking the natural resources they depend upon.

Solution: Through teaching sustainable agriculture, sustainable energy, and natural resource management from a business perspective, students learn how protecting the environment can contribute to increasing their earnings.

Social sustainability

Problem: Urban drift and lack of education for marginalized groups reinforces poverty in rural communities.

Solution: Teaching students how to earn a good living in the rural environment holds communities together and increases their wealth. Targeting marginalized groups and increasing gender equity in education reduces relative poverty and increases social cohesion. Emphasizing co-operative working at the school level builds social capital as well as human capital.

Scalability

Problem: Many education initiatives are successful in terms of quality, but fail to have a sizable impact because they cannot be easily increased in scale.

Solution: The same design principles used to establish a Financially Self-Sufficient School make it straightforward to scale-up a given school capacity, and to increase the number of such schools serving an area.

Replicability

Problem: Many education initiatives succeed because of specific features of their local environment which makes it hard to replicate this success in other areas.

Solution: The Financially Self-Sufficient School approach provides a framework, rather than a blueprint, for school design. This allows for replication of essential features across different geographies and cultures while adapting to local needs. Ultimately this increases its potential impact.

Network effects

Problem: Stand-alone local initiatives internalize the costs of developing their approach reducing their relative impact.

Solution: The Financially Self-Sufficient School approach is backed by an international network of institutions committed to shared learning. This reduces the costs of trial-and-error to maximize impact.

Which of these selling points you should emphasize, and the type of language needed to get the message across will depend on the source of finance targeted – we'll cover this angle later in this manual (Chapter 6, Writing Your Proposal.)

Benefits of your plan

In the last section we looked at how the Financially Self-Sufficient School model offers solutions to a number of the problems faced by education initiatives working on key social issues.

To raise finance effectively it's important you are clear on the specific social issues which your plan addresses, and the outcomes you expect.

These outcomes are one of the most important factors potential funders will consider when deciding on whether to finance your plan. Are they realistic? Do they represent good value for money?

These should be the key selling points that distinguish your school from other organizations seeking funding. It's helpful to think about these in terms of the following:

- Educational outcomes
- Developmental outcomes
- Financial outcomes
- Environmental outcomes
- Social outcomes
- Growth outcomes

If you are able able to provide estimated figures (that are realistic!) of the benefits your students will gain from attending your school you will be one step close to attracting the funding you need.

Educational outcomes

How many students will your school educate each year?

Will they receive nationally recognized qualifications?

If so, what increase in performance in these exams do you anticipate for your students compared to their peers at other schools?

What additional capacities will your students have gained compared to students at regular schools? How will you assess these skills?

Developmental outcomes

What will be the developmental impact of attending your school on student's families? How will you assess this?

What will be the expected increase in income of graduates relative to their peers at other schools X years after graduation?

What will be the expected increase in formal employment amongst graduates relative to their peers at other schools?

Financial outcomes

Will the school aim for full financial self-sufficiency? How long will it take?

How many free / subsidized places will your school generate each year?

How much better paid will your teachers be, compared to the average?

Environmental outcomes

What specific sustainable environmental practices will your students be educated in?

How will you quantify the positive environmental outcomes of your school locally?

How will your school minimize its own negative impact on the environment?

Social outcomes

How will the local community gain from your school?

How will you quantify the positive social outcomes of your school locally?

Growth outcomes

What will be the future plans for expansion of your school if you succeed in your immediate efforts?

How many students will you teach in the next 10 years?

How many individuals will indirectly benefit from your school in the next 10 years?

4. THE FUNDING MARKET:

The objective of this chapter is to provide you with an overall view of what it means to run a self-sufficient agricultural school and the elements that are needed for effective and efficient administration.

When you finish reading this chapter you will be able to:

Clearly identify the elements necessary to run a self-sufficient agricultural school effectively.

Make the best use of the elements already available within your organization - economic resources, human resources, technology, etc. - and identify those which are lacking.

When you start out developing your plan, just working out how to make the initiative *technically* viable represents enough of a challenge.

Then when you start considering where on earth you'll find the finance to actually make it happen, suddenly your previous technical concerns can seem small in comparison!

Fortunately, despite the scale of this challenge there are many tried and tested approaches to it.

Helping you to understand the multiple paths that exist, and how they differ from each other, is the purpose of this chapter.

FINDING THE FUNDING – DONATIONS, SOCIAL INVESTMENTS & FINANCE

The funding market can be broken down in many ways.:

Source of funds

Individual donors
Fundraising events
Corporate donors
Trusts & foundations
Government

International Non-Governmental Organizations (INGOs)

Thinking about the funding market in terms of potential sources of funding is useful for examining *what motivates these sources in their giving.*

Level of funder

Local & Regional

- Community
- Local business
- Local & regional government

National

- Trusts & Foundations
- Corporates
- National government

International

- International Financial Institutions (IFIs)
- International Non-Governmental Organizations
- International Trusts & Foundations
- Multinational Corporates
- Overseas governments
- Overseas non-resident communities

Thinking about the funding market in terms of the level of funder raises the question *how able is your organization to function at each of these levels?*

Type of funding

Grants
Loans
Gifts in kind
Earned income

Finally by considering the funding market in terms of the type of funding leads to an appreciation of *what is expected from your organization in accepting each of these types of finance.*

Let's look in a little more detail at each of these ways of understanding the funding market in turn.

SOURCE OF FUNDS

Individual donors

The range of individuals who support non-profit organizations is almost as broad as society itself. While donations from the wealthy make the headlines, far more is actually given by ordinary members of the public – although it is a lot more effort to attract contributions in these numbers. Even in developing countries it would be wrong to underestimate the cumulative value of large numbers of small donations.

Motivations for giving amongst individual donors are also extremely varied ranging from genuine concern about an issue to more personal rewards such as public recognition of their generosity.

Research shows time and again that the main reason for people *not* giving is that they are never asked. Conversely one of the most powerful factors behind individual giving is personal experience of the problem.

Success with individual donors relies on identifying people expected to be sympathetic to your aims, creating the right message, and making sure that message gets delivered to those people.

Corporate donors

Companies exist to make money for their owners or shareholders. Aside from family companies - which can have greater discretion and can therefore behave more like individual donors - there normally needs to be something in it for the company itself.

Typically this is either the opportunity for positive publicity e.g. within a community or internally with their staff, or a chance to increase sales through capitalizing on the goodwill towards a given social cause.

Some common rules apply. Corporates prefer projects which:

- Benefit their local community
- Are based in a market where they operate or sell
- Have a link to the activities carried out by the business
- Involve members of their staff

Education projects which focus on entrepreneurship have a natural business angle which constitutes an opening for approaching companies which are receptive to supporting social causes.

Trusts & foundations

The motivation of trusts and foundations for giving is simple – they are structures specifically established to give money to support charitable activities.

This doesn't however mean they support all causes, and increasingly trusts and foundations are highly selective about the type of activities, and the type of organizations they give money to.

It is only worth approaching trusts and foundations whose interests match at least some parts of your school project's aims, and cover the geographic area in which you operate.

Government

Overseas governments and each level of government within a country will have slightly different motivations for giving.

Overseas governments often have historic or strategic reasons for deciding on the countries they support, and varied reasons for supporting specific activities within those countries such as meeting internationally agreed objectives - e.g. the Millennium Development Goals.

National, regional, state and local governments normally bear primary responsibility for providing education to their citizens, but in many cases are able to support non-government education initiatives if they believe there is a cost advantage (or political advantage!).

International Non-Governmental Organizations (INGOs)

INGOs like trust and foundations exist to provide support to social projects which are in line with their interests.

Part of their motivation in fostering such partnerships is to give control to local organizations to lead local development efforts.

This reflects a recognition that local organizations are likely to have a better understanding of local issues, and are often more accountable and more cost effective than running such operations themselves.

Level of funder

As you've already seen, within each funding bracket, from a local to an international level, we find many of the types of funder outlined in the previous section.

Looking at the funding market in these terms, however, reveals the need for a higher level of sophistication from the recipient organization.

The local community, businesses and government may already be aware of your organization through first-hand experience – which means that despite their lower level of resources they may at least be in a better position to base their giving decisions on this knowledge of your work.

In terms of meeting funders' requirements – which are likely to be more understanding of the local operating environment - and taking into account the greater opportunity to build up trust between parties, *targeting the local level represents a good place to start for small and new organizations.*

At regional, national and international levels the size of potential support grows significantly. However, the level of capacity required within your organization in order to access this funding is also greater.

Good governance, a strong track record of success, individuals with strong communications skills, and sufficient resources to support relationship development costs are all required just to get your project looked at.

If your school plan is ambitious, it is likely that the funding required to make it happen will require accessing finance at least at the regional or national level.

In **Chapter 5** we'll look at strategies for positioning your organization to succeed with these more demanding funders.

Type of funding

Grants

Grant funding is the preferred form of finance for non-profit initiatives for a good reason – it is risk free. As long as the money is spent on the agreed activity, there is little risk, other than loss of reputation, to the recipient organization - even if agreed outcomes are not achieved. Because grant funding does not have to be repaid it is the only real form of funding available to new projects that have no existing revenue streams. It is also the most suitable option even for income generating projects where there is significant uncertainty about the financial outcomes.

Loan Finance

Whereas grants do not have to be repaid, loans do – and normally with interest. This makes it both expensive and risky relative to grant funding, and explains why non-profits have traditionally been reluctant to use debt as a form of finance.

For income generation initiatives loans represent a viable means of attracting larger amounts of finance in a shorter time frame. This is only the case, however, if you are fully confident that your expected income will be more than sufficient to cover interest and loan repayments.

You can expect some difficulties in persuading traditional sources of loan finance that your initiative would be able to make such repayments, however there may be individuals or foundations able to make low-interest or flexible loans that could be worth considering.

Gifts in kind

Whether in the form of free labor or donated land, gifts in kind could make a substantial contribution towards funding your school project.

In addition to the immediate benefits in terms of cost savings, such donations can bring additional rewards such as a greater sense of ownership by the local community where these have provided the land or labor - a connection that might be expected to translate into further support at a later stage if needed.

Earned income

At the heart of the Education That Pays For Itself model is the idea that if schools are able to teach skills of genuine commercial benefit, they should be able to demonstrate this by successfully running profitable businesses.

Although the purpose of this would normally be to cover a school's running costs, where there is a strong market and real expertise, it may be possible for schools to manage larger scale enterprises – using the profits from these to invest in building further school businesses to meet financial self-sufficiency goals.

SOURCES OF INFORMATION

If you have access to the internet it can prove an unrivaled source of information for finding funders.

As well as using regular search engines, such as Google, a number of specialist fundraising directories exist. Although many of these charge fees others are free to use, and new services come online all the time.

Although the internet has made it easier than ever to find out everything you ever needed to know about well established international donors, for many local and national organizations other sources may be equally important.

For researching local companies you might find the business press useful, as well as trade and telephone directories. Other options include contacting local chambers of commerce and business networks such as Rotary Clubs and Lions networks.

For most countries there are government departments which are responsible for maintaining relationships with civil society organizations. These officials can be an invaluable source of information on which agencies are operating locally, and who is supporting education initiatives – assuming you find a friendly official of course!

To find out about local and regional government support for non-government organizations contact the equivalent of your District Education Officer. Most government schools should be able to help you locate such individuals.

RESEARCH OPTIONS

Once you feel you understand the finance and funding market sufficiently you should have a good idea what type of finance will best meet your needs.

The next step is to start looking at which specific organizations or individuals exist that are able to offer this type of finance.

The more widely and deeply you are able to research these potential sources the better positioned you will be when it comes to actually developing your finance strategy.

If you're looking mostly at the local level you'll probably need to spend a considerable amount of time talking to people in other non-profit organizations, and local government.

If you're targeting international funders, the internet is a great place to start, and some of the sources of information listed in the previous section should hopefully prove useful.

Remember many international funders aren't able to fund organizations in developing countries directly. Make sure you check this information first before spending time trying to understand their interests and procedures!

5. FUNDING STRATEGIES

The objective of this chapter is to provide you with an overall view of what it means to run a self-sufficient agricultural school and the elements that are needed for effective and efficient administration.

When you finish reading this chapter you will be able to:

Clearly identify the elements necessary to run a self-sufficient agricultural school effectively.

Make the best use of the elements already available within your organization - economic resources, human resources, technology, etc. - and identify those which are lacking.

You've taken the time to re-examine your organization and your project plan from a funder's perspective.

You've looked at which funding options exist, who the funders are and you've started researching them.

Now it's time to get strategic!

DEVELOPING A STRATEGY ONE STEP AT A TIME

The real value of your strategy is to provide a focus to your work. While it's important to remain open to opportunities that suddenly present themselves, ***without a clearly defined strategy you are likely to waste time, achieve poorer results and become more easily demotivated.***

Step 1: Setting your Goals: How Much?

The first question to ask is how much you can realistically aim to raise.

Write out your targets for the next three years.

Next to this work out what proportion of your current expenditure this represents.

Be realistic. If your organization has no experience of fundraising you're not going to find it easy to double your income every year consistently – at least not unless you have some secret weapon up your sleeve!

Targets should certainly be set to be ambitious, but if they're genuinely unachievable the most likely result will be disappointment.

In the case of fundraising past performance really is quite a good indicator of expected future success.

Step 2: Which Source Is For You?

In **Chapter 4** we looked at the sources, levels and types of funding available.

Having conducted some initial research, you now need to decide which of these is most appropriate in the context of your project's scope and time frame, and your organization's experience and contacts.

Again - be realistic. If you work for an unregistered grass roots organization run by volunteers, you won't be able to apply to the World Bank for funding on Day 1 of your new finance strategy.

However a strategy that starts with local sources, and gradually extends its scope to larger funders as your organization grows might just get you there after a few years.

Focus on your strengths: Build on your existing skills and experience. If you've worked in the corporate sector and understand how businesses think, maybe you should target these rather than institutional donors.

Don't spread yourself too thinly: It's tempting to try to hit all possible targets to see what works. In reality its better to concentrate on a few carefully selected opportunities and pursue them thoroughly.

Step 3: Getting Approval

Searching for finance takes time, and has associated costs. If you are to be successful you will need to agree within your organization how much time the individual responsible for seeking finance should dedicate to this activity – and then make sure this time is allocated wisely.

For organizations which do not have dedicated full time fundraisers it's easy for these costs to become hidden – but this doesn't make them go away!

When you draw up your strategy, work out how much you aim to raise, and how much time you think you'll need to dedicate just to fundraising, then double it - fundraising always takes longer than you think!

It's not only time that costs. Stationery, postage, phone calls, internet access, travel for meeting with funders and networking events, training days, and conferences all have their costs – but without them raising funds becomes even more challenging.

Include a clear budget as part of a fundraising strategy paper to be approved by your board or senior management. Be prepared to justify these costs, both based on your expectations for success, and later in light of your results.

Make sure the strategy paper also covers your fundraising objectives, targets, and the methods you will use as well as your planned timescale.

THE VALUE OF CONTACTS

There is an extremely high correlation between those organizations that are successful in financing their plans, and the number and quality of contacts that an organization has. This is no coincidence, opportunities don't just happen – you can create them!

Developing your contacts has much broader benefits than just supporting your fundraising activities and should really be viewed as part of your organizational development.

Nonetheless, every contact developed can provide you with extra ideas and leads that will ultimately feed into your success at fundraising.

Take every opportunity you can to get out there and meet your peers, and of course potential funders. Try to understand their work from their perspective, and what drives their decisions, successes and failures.

Top tips:

- Get yourself a supply of business cards so that the people you meet will find it easy to get in touch with you later.
- Make sure you follow up on interesting leads as soon as possible with a quick hello phone call or email.

While you can be strategic about the channels you use to meet new contacts, really it's about making a human connection between two people. This means it has to be two-sided, with the suggestion that there may be value for the other person from staying in touch.

If you look for opportunities to help your new contact in their work, it's amazing how often they'll come back to you with some prospect that might just help you out – and if not, well at least you've done your good deed for the day!

Be yourself, be relaxed, and be amazed how you suddenly discover all sorts of opportunities you'd have never otherwise come across – it's like half the work of fundraising already done for you!

FINANCE AND THE PLAN

So far in looking at developing a financing strategy we've take your existing plan as fixed. In practice it's sometimes necessary to be a little more flexible – which means creating some room for your growing understanding of financing possibilities to in turn change elements of your project plan.

Through the manuals which make up the SCHOOL IN A BOX, we've led you through all the stages needed to plan a model Self-Sufficient School as a single project. However, for many organizations, once they start examining sources of finance, they may realize they won't be able to attract sufficient resources to cover all aspects of their project in the short term.

This means the finance strategy will influence and perhaps lead to an adjustment in some of the more fundamental project planning. While for the success of the project overall it is important *not* to be 'donor driven', it is worth being pragmatic about the order in which different aspects of the project are attempted.

If the centerpiece of your Self-Sufficient School is a hotel facility which will generate a third of the income needed by the school, it would be very tempting to try and fund this element of the project first.

In practice however there might be several good reasons for leaving this part of your larger project till later:

Investment needs of establishing such a hotel are likely to be high

It is an 'all or nothing' activity, i.e. a half-built hotel will yield no income, whereas a dairy herd half the size of the original plan should at least produce something approaching half the planned income.

Even when all the necessary finance is available, the lead time till it starts generating income is likely to be long

By re-examining your project plan in light of your finance strategy it might make more sense to start with a lower return activity but having lower costs and faster implementation time.

This could moreover allow you to demonstrate your organization's ability to make a success of its plans – a factor which should assist in attracting finance for the hotel facility later.

COMMUNITY SUPPORT

Finally, even if your organization has the skills and experience to target larger scale and international funder there are still a number of good reasons to include community support in your finance strategy:-

- **Flexible financial support** – although small scale it can be flexible and fast; even in poorer areas there can be pockets of wealth

- **Non-financial support** – it's not all about the money. Skills & energy of local people can make an important contribution. Once people have had a positive involvement they acquire a sense of ownership, and i) are more likely to help out again ii) act as 'ambassadors' to tell other about your work
- **Accountability** – Local funding, even when it's only modest, increases local accountability which can help improve the results that funds achieve. Knowing this kind of local scrutiny exists is also attractive to larger more distant donors who aren't as able to keep a close eye on the actual work undertaken.
- **Demonstration effect** - when those with the least money are prepared to support your plans, and when you are held accountable to them, it sends a powerful message to larger scale funders

6. HOW TO PREPARE A FUNDING PROPOSAL

The objective of this chapter is to provide you with an overall view of what it means to run a self-sufficient agricultural school and the elements that are needed for effective and efficient administration.

When you finish reading this chapter you will be able to:

Clearly identify the elements necessary to run a self-sufficient agricultural school effectively.

Make the best use of the elements already available within your organization - economic resources, human resources, technology, etc. - and identify those which are lacking.

Being able to put together high quality funding proposals is one of the most important skills you will need to develop in the quest to finance your project.

Establishing strong relationships with funders is vital, but without a solid written proposal few organizations will put substantial sums of money into a new initiative.

While there is no blueprint for the perfect proposal, the following advice is designed to help avoid some of the common pitfalls encountered in proposal writing, and to allow you present your ideas in structured way.

The same basic principles will apply whether you're approaching a grant-making body, a company or an individual.

We can't guarantee success – but your chances of success should certainly improve!

GETTING THE BASICS RIGHT

Customization is king

Everybody wants to feel a little bit special – and that includes funders.

As you work through this chapter and the next it's tempting to think you once you've produced a suitably impressive funding proposal for your school project your work is done – all you then have to do is send it out as widely as possible.

This is certainly the approach many organizations try – particularly smaller local NGOs who are understandably short of resources. Unfortunately within seconds a large proportion of these proposals disappear straight into the trashcan.

Why? Because they're easy to spot, unfocused and show a lack of real respect for the funder's interests. People with money are always popular, and funders are rarely short of plans for how other organizations could spend their money. ***What they really want is proposals that meet their own interests & needs.***

In business the customer is king - in proposal writing, customization is king. There is no such thing as ***the*** perfect proposal. Instead you need to work toward the perfect proposal ***for the organization / individual you are targeting.***

Recycling proposals is a valid approach – the actual substance of your project shouldn't change much no matter who the funder targeted is. It is moreover a necessary approach - there are only so many hours you can dedicate to proposal writing in one lifetime! Nonetheless, if you can adapt your proposal so it looks like you've genuinely taken the time to understand what the funder's interested in; and if it's clear from the start that it's not just another mass mailing but a targeted request; it might just survive to the next stage – being read!

Exciting...

There are too many genuinely deserving causes in the world, and not enough funding to support them all. Neither is there really enough time to read all the many proposed solutions to the world's problems.

Somehow funders have to decide where to best use their resources, and which proposals should be looked at most closely.

Your proposal needs to catch their imagination, and to do it fast. This means not only does it have to be clearly targeted at them and match their interests, policies & priorities - but it needs to have an edge.

It might be innovative or experimental, achieve a greater impact than traditional approaches, be more sustainable than them, or have great possibilities for replication.

Whatever the angle you'll not only need to make it clear from the start that your approach is interesting, improved & practical – but you'll need to justify it.

...and affordable

Even large funders have limits to how much they're prepared to put into individual projects. In practice this limit will be less important than how much they're prepared to award to organizations of your own size and experience (and which will be, for them, a new relationship).

How much you're asking for is therefore a basic factor in whether your proposal can be considered or not.

This is where your research should pay off. How much have they given in the past to organizations such as your own?

One factor to be aware of is that many funders prefer projects rather than providing general finance to support an organization's work. Supporting projects allows them to identify more clearly the impact their funding is having and to judge whether their resources are being well spent.

With your thoroughly prepared project plan this puts you in a generally good position. At the same time however, financing a Financially Self-Sufficient School will normally require a large up front investment – making it less likely that any one funder will be able to support all the costs themselves.

Think how you can break the different investment needs for the school into smaller projects each with clearly identifiable outcomes.

While this means you'll need to write a larger number of proposals, it also means you should be able to match a funders expected financing capacity with a discrete project that they can put their name to.

FOLLOW THEIR RULES!

It might seem like common sense, but you'd be amazed how many fundraisers spend time carefully crafting funding proposals which are never looked at because they haven't used the right application form, or they've arrived after the deadline.

Generally rules are created to make a funder's life easier. If you don't stick to the rules you make things more complicated, and the less chance there is that your proposal will receive a favorable reception.

Typical requirements include:

Proposal format

Use their forms if they ask you to, and make sure you answer *all* the questions and provide *all* the details asked for. Is there a maximum length? Check!

Delivery format

Can you send your proposals by email or do they want hard copies posted? How many copies? What file format? Read their requirements closely!

Deadlines

Have they specified one? Even if they haven't it could be worth clarifying when they actually consider proposals submitted – this could save you months of expectantly watching your mail!

Geographic restrictions & Areas of interest

Do they fund the type of work you do where you do it? If they fund work in India and you're based in Africa, don't bother applying!

Bear in mind that many organizations don't always expect people from other countries to be reading their materials so they don't explicitly mention their geographic interests. Check who they've funded in the past to be sure.

Limitations on areas of expenditure

Be aware that many funders will not fund certain items of expenditure such as building costs. It is important to be aware of these kinds of restrictions before spending time putting together your proposal.

Other areas that funders often look at closely are salaries and office / admin costs. This is to ensure that most of their money gets spent for the benefit of the beneficiaries rather than your organization and its staff.

Limitations on size /requirements for match-funding

Some funders prefer to finance a whole project themselves, others like to see that you've attracted sizable contributions from other sources before they'll agree to provide finance. Make sure you're clear about this before you start putting together your proposal.

Status requirements

Whether they only fund religious groups or they never fund religious groups there's endless variations that they might include in the small print.

A requirement for your organization to be registered with the local authorities is common, as is a requirement for your organization to have been in existence a minimum number of years.

For U.S. Foundations, whether or not you can demonstrate your 501c(3) equivalency status (i.e. your not-for-profit status) may limit their ability to fund your work.

Supplemental information

Even if it's not explicitly stated, most funders, whatever their size, will want to see a recent set of accounts – preferably audited. Keep a copy handy!

To make life easy we've created some rules of our own:

Rule 1: Research the rules

Rule 2: If you can't find any public information about the rules – ask!

Rule 3: Stick to the rules!

Sticking to the rules should save you from wasting time and money sending applications to funders who can't or won't finance your plan.

If they explicitly say they only finance water projects and you're working in education - look for another funder!

Stretching the rules:

The only area where we'd suggest that rules can maybe be stretched a little is when it comes to unsolicited applications. For a range of reasons – but chiefly because the number of initiatives looking for funding is so high - some funders decide not to accept any applications at all, and prefer instead to search out their own partners.

The unfortunate consequence of this is that many worthwhile initiatives with low public profiles never get a chance to be considered, and funds keep flowing to the same more established organizations.

If this is the case for a funder you've identified as a good match it might be worth in rare cases stretching the rules. Rather than sending a proposal, try sending an introductory email

with no more than two paragraphs explaining who you are , why they should be interested in your work, and demonstrating that you understand their organization /interests. Attach to this a one or two page summary of a 'typical project' (i.e. your Financially Self-Sufficient School) in case they'd like more information.

If your two paragraphs capture their imagination, they might even read the attachment (!) – and you might even get a reply or invitation to submit a proposal. If they hit 'delete', you've hardly wasted any time at all.

THE PROPOSAL CONTENTS

The following structure provides a useful format for structuring your proposal. For funders that require you to use their own application forms you're still advised to make sure these areas are covered, but the sequence and focus will need to be adapted to answer the questions being asked.

In all cases your challenge is to make sure that the key points that make your project exceptional for the given donor stand out.

EXERCISE:

Before you start writing your proposal for real, list the top five reasons why this funder should finance your project. Come back to this list once your proposal is complete and check how strongly these points stand out in your final version.

Summary

Even for short proposals (under 5 pages) it's worth having a paragraph summarizing what the project is about. The summary has to be as hard-hitting as possible. It needs to grab the reader's attention and make them want to read the full proposal – no easy task!

For longer proposals the summary might be up to a page long and contain a short paragraph covering each of the major sections of the application.

Background

If the summary exists to arouse their interest, the background section exists to persuade them that you are a credible organization whose suggestions deserve serious consideration. You need to explain who you are, what you do, how and where you work, and how your experience / qualifications will allow you to succeed in the project you are proposing.

Any relevant information that establishes your organization as trustworthy and professional should be included, such as the previous major donors you've worked with, or any endorsements from third parties (e.g. prizes for achievements, independent evaluations).

For major applications this section can be supported by additional information provided in appendices, e.g. greater detail on your organizational history, previous work undertaken, details of board members, senior management CVs, organizational structure etc.

Although establishing your credentials is important, it's your project that's the interesting part of the proposal (hopefully!) – so keep the background brief.

The Problem / Need

This is where you explain the social issue that your project is designed to tackle. Relative poverty and poor educational quality are issues everywhere – including in the ‘developed’ countries.

You should aim to provide detailed information about the specific region you’ll be working in, and the socio-economic groups you’ll be working with, to demonstrate a) that the need is genuine & substantial, and b) that you have a thorough understanding of what the need is. How you choose to frame the problem should match the interests of the funder (but without changing the nature of your project!) – e.g. if your school has a high proportion of AIDS orphans and you are targeting a foundation that supports HIV/AIDS work this aspect will be more relevant than its environmental benefits.

The Project

What are you planning to do? Describe your project in such a way that even someone who is not knowledgeable in your field can understand.

What are your aims? What methods will you use? How long will the project run for? How will you manage your activities? Will you collaborate with any other organizations? Do you have the community’s support?

As you describe the features of your plan don't just explain *what* will take place, but also *why*. For example, your project may involve establishing a school vegetable garden. You then need to explain why, i.e. whether this is for research purposes, nutrition, income, education, or all of the above!

Outcomes

For funders it is vital not only to understand what the project involves, but also what the outcomes of the project will be – what results do you expect to achieve?

These outcomes should ideally reflect a decrease in the need which you previously identified as being important. This is a real area of weakness in many funding applications where outcomes are defined in overly general terms such as ‘students will learn many useful skills’. In addition to describing the broad outcomes of your project you should also include some ‘SMART’ outcomes – Specific, Measurable, Achievable, Realistic, & Timebound.

For example;

Annual school drop-out rates for girl students will decrease to less than 5% within the first two years.

Income from school owned businesses will cover 100% of annual operating costs within 5 years.

This section should also contain details of how you intend to monitor progress & evaluate success to provide evidence that the outcomes of your project are being achieved.

Resources & Financing

To successfully implement your plan you will need sufficient resources, both financial and non-financial. Every proposal should include a clear budget covering the projects projected income and expenditure. The level of detail should depend on the who the proposal is intended for.

Short applications might just contain a summary budget broken down into headings such as infrastructures, salaries, training, communications, transport, equipment, etc..

Longer proposals will need to specify more precisely what is included under each of these headings.

Also be aware that most funders spend so much time looking at expenditure, they could easily miss your income projections – make these clear, and provide some justification for these figures, even in short applications.

If other funders have already committed to supporting the project, make sure this clear in this section. Likewise if you have secured in-kind support from the local community, make sure you specify what form this support will take, and its estimated value. This will not only give funders a clearer picture of where your resources are coming from, but suggest to them that your project is valued locally – a key factor in any project succeeding.

Why They Should Be Interested

Throughout the content of your proposal you should make sure you include information on any areas you've identified as being of particular interest for the funder in question.

Nonetheless, it's still worth adding a few paragraphs to the end of your proposal making it explicit how your project matches their priorities.

Most funders have a real interest in sustainability - it ensures their money continues to have an effect even after the initial funding period is over.

This section therefore also represents another chance to stress that by investing in a Financially Self-Sufficient School they will create a sustainable source of funding able to assist year after year of students to benefit from a high quality education.

Appendices

How much information is needed in the appendices will normally be specified by the funder. At the very least audited accounts should be provided, ideally along with an annual report. Other attachments might include organizational and program budgets for previous and current years, and more detailed income & expenditure breakdowns for the project.

Top tips: Writing style

It's not just what you write, it's how you write it. Making your writing accessible will increase your chances of success.

Keep sentences short

Keep jargon to a minimum (and make sure you explain it)

Include lots of space – dense text is hard to absorb

Use bullet points for clarity

- 'Signpost' your text with section headings, and bold to make **important points stand out**

Get Feedback

Finally, despite all the fine advice we can offer you, there are no guarantees of success in fundraising. Asking for feedback however can help you to learn from your failures, and ensure that later efforts generate the results you've been working so hard for.

7. FINANCING A FINANCIALLY SELF-SUFFICIENT SCHOOL: A CASE STUDY

The objective of this chapter is to provide you with an overall view of what it means to run a self-sufficient agricultural school and the elements that are needed for effective and efficient administration.

When you finish reading this chapter you will be able to:

Clearly identify the elements necessary to run a self-sufficient agricultural school effectively.

Make the best use of the elements already available within your organization - economic resources, human resources, technology, etc. - and identify those which are lacking.

The challenges of developing a financially self-sufficient school from a regular fee- or subsidy-dependent one are substantial – but they’ve been overcome before, and with creativity and persistence you can do the same.

The following case study is fictitious, but based on real-life examples from schools that have successfully managed to start down the path to improving not only the education they provide, but their own financial security and autonomy.

FINANCIALLY SELF-SUFFICIENT SCHOOL CASE STUDY

Yala Skills For Life Group and the Omotombo Community High School

Background

The Omotombo Community High School (“OCHS”) is a rural high school in East Africa with 300 students and a staff of ten including the headmistress.

As a community school government makes a contribution towards the cost of teachers' salaries but provides no additional funding. The school charges fees to cover the remainder of its operational costs and investment needs. Although low in absolute terms, parents find it hard to pay these fees as well as providing their children with the basic supplies needed in the class. Drop-out rates are high, particularly among girls.

Yala Skills For Life Group (“YSLG”) is a local NGO founded by Charles Ototo in 2002 with a focus on, and expertise in, sustainable agricultural education. Although their annual budget is very low and varies considerably each year, their small part-time staff of four have spent years building up a network of contacts with local and international NGOs operating in the region as well as local government officials. Through their membership of the Teach A Man To Fish network YSLG receive regular news about schools around the world that are using school businesses to improve their teaching as well as their finances.

When the headmistress complains one day to Charles that the school is falling down through lack of funds and that some girls cannot afford the fees and are missing school, he suggests a solution.

Planning and Development

Together they begin sketching a plan through which the school should be able to reach full financial self-sufficiency within five years. The headmistress calls a meeting with all the staff of the school who agree to give their support to the scheme.

Over the next few weeks everybody from the school's governing board, the Parent Teacher Association, local community groups and even the students are consulted for their views. Many concerns are raised, which are almost all taken into account as initial plans develop, but generally everyone is happy to try this new approach.

The Pre-Project

Although everyone is excited by their plans and wants to start seeking funding from international donors straight away, Charles injects a note of realism.

Having considered the position of OCHS, he thinks that with no business experience among the staff, and no evidence to suggest the school is capable of running successful enterprises at the school, their chances of attracting funding from anyone are slim. He suggests they should first run a small scale pilot project. If they can manage this activity profitably for a year he concludes, YSLG will help them to seek funding for a full project.

The school holds an evening performance by the students to kick start their project and by the end of the night ten chickens have been pledged along with a few sacks of feed and some fencing materials.

YSLG helps with the design and construction of the chicken coop and, when the birds arrive, each class, led by a teacher, ‘adopts’ a chicken. The students receive a short course on poultry care and it quickly becomes a competition to see which class can best look after its bird.

When the first batch of chickens are sold, more are bought and by the end of the year the school has increased the number to fifty, and made a small profit which it uses to support two orphan girls to study for free.

Project Phase 1

Charles is impressed with how well the school has done from such a modest start – and how much the students have learned during the year. Nonetheless he is realistic and knows that it will be hard to explain to international donors why they should be impressed by the school's fifty chickens.

He talks to one of his old professors at the State Agricultural University. They have been conducting research into higher yielding indigenous breeds with increased disease resistance and are looking to expand their field trials. If OCHS is willing to keep detailed records on their performance the University would happily donate 250 birds and additional material to house them. Charles consults with the headmistress, who is only too keen to accept the offer.

One year later not only does OCHS have over one thousand birds, but two of its teachers are running weekend short courses for local farmers on achieving increased income through improved poultry varieties. The fees are split between the teachers and the school keeping both happy – and helping to repair a severely damaged classroom roof. The school has also started up a few beehives run by students in its after-school young entrepreneurs club.

Project Phase 2

The State Agricultural University impressed by the school's performance both in breeding and record keeping passes YSLG the contact details for a U.S. University professor who has visited in the past and might be able to help.

Charles sends this contact a short email introducing himself and mentioning their shared friend at the State University. He explains he has been working with a local school which is teaching entrepreneurship to its students through school businesses – and using the extra income to offer scholarships to girls from the poorest families. Mentioning its remarkable success from a limited start, he asks if the professor would be interested in offering her advice on the proposal they are working on to expand their activities.

The professor replies that she'd be more than happy to offer some advice on it.

Charles considers the school's project from the professor's perspective, and decides that its goal to increase attendance of girls is probably more interesting in this case than focusing on broader goals of financial self-sufficiency.

As he is not directly asking for support, and because the professor is likely to have many other demands on her time, he keeps the proposal short – just four sides of well spaced out text with clear section headings, and key points highlighted in bold. He limits the budget to USD \$5,000 which he thinks would make a real difference to the school, but shouldn't seem too large a figure to a U.S. university.

The professor thinks the proposal seems very professional, and along with her comments, offers to ask some of her students if they would be interested in organizing a charity event to help raise some funds towards it.

These funds allow the school to set up a range of educational income generating schemes. Two of the school's teachers attend an advanced course on beekeeping from a national training center. Purchasing some woodworking equipment and initial supplies, the school now offers local farmers short courses on beekeeping, and sell them the hives to get started.

The end of year project performance report sent to the U.S. professor explains how the outcomes contained in the original proposal have all been met - with scholarships created for an additional 20 girls to attend each year. Charles includes some pictures of the school's businesses in action, the girls sponsored, along with thank you letters from them to the U.S. University's students.

Project Phase 3

With strong experience in managing school businesses and credible national and international referees, Charles now feels confident they are ready to apply to some international foundations for further support.

He drafts an outline fundraising strategy covering his suggested approach, the scale of funding sought, and what the budget implications for YLSG are and receives approval from the board to go ahead.

Researching U.S. based non-profits with an interest in self-reliance, education and gender issues he finds five foundations which have a history of supporting local NGOs in Africa working in these fields. After carefully checking their application deadlines and funding requirements he decides to press ahead with three organizations.

Having created a detailed seven page funding proposal, he carefully tailors each application to emphasize how it matches each NGO's stated interests. He then asks one of his colleagues to check it over before he finally sends it off.

Two of the US non-profits have already allocated their funds for the year, and after a quick glance through it, hit the delete button. An employee of the final organization likes the first few lines and, flipping through to the referees section, sees a professor from her old college listed. She decides to give it a proper read through.

Two months later Charles receives a mail to say they are being awarded a grant of USD \$30,000. The school's plans for full financial self-sufficiency can now begin in earnest.

AND THE MORAL IS...

Although the above example is fictitious and related in the style of a story, it aims to make some serious points.

Successful fundraising relies on establishing credibility. Once you've got a demonstrable track record it's easier to convince other funders that you can do the same thing on a larger scale. Sometimes this can take a long time, but it pays off in the end.

Cultivating contacts creates new possibilities. The more connections you have the more opportunities to find solutions to the challenges you face.

Match your proposals carefully to donors' interests and requirements. A small amount of time spent re-drafting your text to emphasize how well it meets a funder's priorities is more effective than sending off hundreds of poorly targeted applications.

8. TEACH A MAN TO FISH: WHAT IT CAN DO FOR YOU

The objective of this chapter is to provide you with an overall view of what it means to run a self-sufficient agricultural school and the elements that are needed for effective and efficient administration.

When you finish reading this chapter you will be able to:

Clearly identify the elements necessary to run a self-sufficient agricultural school effectively.

Make the best use of the elements already available within your organization - economic resources, human resources, technology, etc. - and identify those which are lacking.

NETWORK FOR CHANGE

The Teach A Man To Fish network now numbers almost 600 individuals and organizations from more than 75 countries around the world.

From grass roots NGOs to World Bank experts, what unites network members is a shared interest in innovative and financially sustainable approaches for increasing access to high quality education across the developing world.

The sheer range of experience of members provides unrivaled opportunities to share ideas with your peers, learn from those further advanced with their plans, and lend a hand to those just starting out.

For those new to fundraising, the monthly Members' Newsletter "The Line" offers regular advice on improving your chances of success, as well as highlighting the work of individual members, and providing up-to-date information on developments in sustainable agriculture. Our annual conference, the first of which took place in 2007, provides a forum for meeting fellow members face-to-face, building new relationships, learning from the leading institutions in this rapidly developing field and, of course, making contacts with potential donors!

The pioneers of Financially Self-Sufficient Schools had to face the many challenges of making their institutions work alone. No matter how much advice you receive, the journey along this road will never be easy – but at least with the Teach A Man To Fish network you won't have to face it alone!

PLATFORM FOR PUBLICITY

Time and time again we see that successful organizations – which in the domain of Financially Self-Sufficient Schools is related to those that can first of all secure the initial finance - are the ones with the most connections.

Networking is one way to build these connections. Another is through publicizing your successes.

With a mailing list running into the thousands, Teach A Man To Fish offers an ideal platform for reaching a wider audience with your work.

From policy makers to private sector leaders and funders this outreach can provide a powerful opportunity to build support for your work amongst the people who could really play a part in helping you achieve your goals.

We're always on the lookout for stories of success in combining skills and entrepreneurship education with income generation. If you can provide this kind of inspirational example for others to follow, we'll happily offer our platform to publicize your work.

PROJECT PLANNING SUPPORT

Part of success in attracting finance depends on your ability to create the viable business plan that will form the heart of any proposal.

We hope that the information contained in these manuals should give you the best possible start to create this plan on your own. Sometimes however it's nice to receive a helping hand – particularly for large scale initiatives, where donors' requirements are far more demanding. Teach A Man To Fish's team of technical advisors specialize in providing this kind of assistance. Though we can't yet offer this as a free service, by investing in your project in the planning stages, you can be confident that your chances of success in attracting larger scale funding will improve dramatically.

MAKING MARKET LINKAGES

One way of financing your plans is to search for outside assistance, scouring the funding market for leads and writing up those killer proposals.

An alternative approach is to focus on how you can use the resources you already have to start generating income to fund your future growth.

Low incomes and high supply of locally produced goods can lead to low returns for many items in developing countries. These same products, however, often fetch far higher prices in overseas markets.

In keeping with the principles of self-reliance Teach A Man To Fish aims to support member institutions to bridge this gap, making market linkages whose higher profits can fund new educational work.

If you have a non-perishable product which could be marketed overseas to support your school's development, this could represent a real and sustainable source of finance for your work. We welcome your suggestions in this new area for us.

FINANCE ASSISTANCE

Although Teach A Man To Fish is not a traditional grant-making organization, we do assist a limited number of school initiatives each year to seek funding from donor institutions in the North.

If you have the local support and commitment to convert an existing school into one that is financially self-sufficient we could be in a position to help.

As a project partner we can identify and liaise with potential donors, assist in proposal writing, provide technical assistance on the ground, and support on monitoring and evaluation activities.

Acting to do more than just bridge the geographic gap between funders and local education initiatives, we include ongoing capacity building alongside financial support. Through this we aim to promote genuine self-sufficiency – assisting you to develop your capacity to attract and manage future finance independently.

If your school is ready to make the change to financial self-sufficiency and can demonstrate an existing capacity for income generation, we'd like to hear from you!

9. SUMMARY & SELF-EVALUATION

SUMMARY

Financing your plan can be seem like a impossible mountain to climb when you start out, but when you approach it systematically it can prove to be not only achievable, but also rewarding.

The six key stages for finding the finance you need can be summarized as follows:

1. UNDERSTAND YOUR OWN POSITION

How credible will funders find you as an organization? If you're just starting out you'll probably have to prove yourself on something small first.

2. UNDERSTAND THE PROJECT

Take a step back and look at things from an outsider's perspective. You need to be able to make a compelling case for why this plan *deserves* to be financed.

3. UNDERSTAND THE MARKET

Take the time to understand the bigger picture. Build up your knowledge of the funding market and move towards a financing strategy.

4. RESEARCH OPTIONS

Begin researching which specific organizations or individuals exist that are able to offer the type of finance you need.

5. DEVELOP FINANCE STRATEGY

Get strategic to save you time and money as you develop your financing plan – then get on and build relationships with your strategic targets.

6. WRITE PROPOSAL

Make sure your proposal is well structured, compelling, and complete – and of course that you've followed the rules!

SELF-EVALUATION

Fifteen quick questions to test how much you've absorbed!

Chapter 2

1. What are your top three fears about seeking finance? *Check back to Chapter 2 for advice on overcoming these fears.*

List the six stages to funding success

Chapter 3

What six areas will you really need to understand about your organization before even looking at funding options?

What four bases could you use to 'sell' your organization to prospective funders?

What eight problems does the Education That Pays For Itself model address?

What are the six outcomes which your school will deliver on that can be used to 'sell' your school to prospective funders?

Chapter 4

What three dimensions can you use to break down the funding market?

Name five key sources of potential funding for your project

Name four types of funding that could be used to support your project

Chapter 5

What are the first three steps to deciding your fundraising strategy?

What role can cultivating contacts play as part of your strategy?

Why is community support worth more than its immediate value?

Chapter 6

Name four basic requirements you'll always need to consider when putting together a funding proposal

List at least five requirements that funders often demand of potential applicants

Describe a typical structure for a funding proposal – and explain what should be included in each section.