

**“SUSTAINABILITY OF CIVIL SOCIETY ORGANIZATIONS:  
CHALLENGES AND OPPORTUNITIES”**

## **CONTENTS**

Foreword	1
Structure of the handbook	2
Organizational sustainability and sustainability of Civil Society Organizations	3
Institutional Sustainability	6
Program sustainability	15
Financial sustainability	24
Toward organizational sustainability of CSOs	43
Annexes	45
References	63

## **FOREWORD**

Capacity development of civil society organizations is one of main component of TACSO Albania. TACSO aims at increasing capacity of the representatives of civil society organizations in key areas by offering them knowledge and skills that would enable them to sustain their organizations in their quest to achieve their mission and vision. Capacity development is essential for the sustainability of civil society organizations.

This handbook aimed at exploring and presenting different aspects of sustainability for CSOs, wider than financial sustainability and providing insight into the different aspects of sustainability. It also aimed at analyzing different ways to establish and grow partnership between CSOs and government—central and local—and business sectors.

Sustainability is one of main challenges that Albanian civil society organizations, both developed and newly established, are facing. Their most common perception of sustainability is about financial sustainability. Two main factors have determined such a narrow perception: the short and limited tradition of CSO sector in Albania that dates back to 1990; and the history of its development during last two decades that was mainly donor-dependent. This handbook emphasizes that CSOs' sustainability does not relate only to financial sustainability, but it is involves a larger context including in addition institutional and program sustainability. These three aspects of sustainability are equal in importance and cannot exist without the one another.

The Handbook on CSO Sustainability can be used as an important resource for CSO organizations in Albania. It can also be a resource for CSO capacity building trainers.

Vera Xhokaxhi  
Myftar Doci

## **STRUCTURE OF THE HANDBOOK**

This handbook is organized in five main chapters and annexes:

Chapter I focus on a discussion about concepts of sustainability, organizational sustainability, and CSO sustainability. This chapter emphasizes that the sustainability of CSOs is more than just financial sustainability. Institutional and program sustainability are of the same importance.

Chapter II focus on CSO institutional sustainability. In this context, it is emphasized that sharpening and maintaining the organization's purpose and establishing and strengthening internal systems that enable organizations to achieve their mission are key to institutional sustainability.

Chapter III focus on program sustainability. Program sustainability is first of all sustainability of benefits. In this context, it is emphasized that community participation and ownership, quality of the programs, and marketing of products and services are condition program sustainability.

Chapter IV focus on main aspects of CSO financial sustainability. Emphasis is not only on accessing existing wealth but also generating new wealth through market-based approaches and capitalizing on non-financial resources.

Chapter V focus on discussion of ways CSOs can increase their sustainability.

Annexes include several tools that would enable CSO representatives to apply in practice concepts and knowledge presented in this handbook.

Different resources that have capitalized from experience and best practices from developing as well as developed countries have been used for the purpose of this handbook. Also, authors of this handbook have drawn from their fifteen-year expertise and experience relating to CSO capacity development in Albania and beyond.

## CHAPTER I: SUSTAINABILITY OF CIVIL SOCIETY ORGANIZATIONS

According to Merriam Webster's Collegiate Dictionary, "to sustain" means "to nourish", "to keep up", "to prolong," etc. A simple transfer in the context of the organizational sustainability of civil society organizations (CSOs) would be that "to sustain an organization" means to nourish it, to make it capable to keep up and, therefore, to prolong, maintain, and further develop its programs, activities, as well as its very existence. Following there are some definitions of the organizational sustainability of CSOs:

*"Sustainability is defined as a program's continuing to deliver services or sustain benefits after the donor's technical, managerial, and financial support has ended."*

*SHIRLEY BUZZARD*

*"Sustainability has two dimensions. The first is institutional sustainability, which considers whether a provider has the capability and resources (i.e. infrastructure, staff, administrative systems, and stature) to provide effective services on a permanent basis without outside help. The second dimension of sustainability is financial sustainability, the ability of a provider to generate enough income to support itself when AID funding is no longer available."*

*RICHARD MARTIN*

*"Organizational sustainability...goes beyond the challenge of maintaining ongoing revenue; sustainability also has to do with the ability to effectively address a social problem, embrace risk, and build community awareness and support."*

*DERRICK FELDMANN*

The term "sustainability" means different things to different people. It also can evoke different feelings, also including negative ones such as confusion, uncertainty, and cynicism about its feasibility. However, sustainability is both desirable and achievable. It is desirable because it would be the culmination of CSO's participatory process and development. It is achievable because it is possible for CSOs to achieve a level of sustainability where they are not reliant on external sources of funding to continue their most effective programs.

Sustainability relates to two other important concepts: sustainability is organizational and it is a process.

## **Organizational sustainability**

Sustainability means continuation. For an organization, it means that it has the elements necessary to carry on and constantly enhance its activities in pursuit of a defined mission. It thus has both a defined mission and some combination of goals and objectives, the attainment of which ensures the successful pursuit of the mission.

Sustainability is not just about money. Money is necessary but is not sufficient for sustainability. Sustainability is about a long-term organizational direction, a clear vision and mission, dynamic leadership, a strong image, and committed staff (institutional aspects). It is about responsive program planning and monitoring, provision of services valued by the community and community-level capacity building (programmatic aspects). These are very important because they enable the organization to generate sufficient resources to sustain the program benefits. A sustainable organization needs to be strong institutionally, financially and morally. It needs all three in equal measure.

### **Organizational sustainability is a process.**

Whichever definition of sustainability we adopt, sustainability is a matter of degree, a progression rather than an end point. Organizational sustainability represents an ongoing process rather than a state of perfection. Sustainability is not an end state but an ongoing process of understanding and adapting to the community's changing needs. It is led by a vision that results in deliberate actions. So keeping an organization sustainable requires a constant effort and unity of purpose focused on one overarching mission.

Sustainability depends more on process than plan. Sustainable organizations are both proactive and flexible. The external environment as well as the organizational context change constantly. Opportunities as well as threats come and go. Sustainable organizations react to new realities and modify their plans so that they can be proactive within a new context. Sustainable organizations allow for, and understand human error, and have the process to make modifications to control damage and find the strategic direction again.

### **Why is sustainability important?**

“Sustainability” has been discussed for years. Changes in the external environment of CSOs require that higher attention is paid to concretely understanding how sustainability can be achieved. It is conditioned by two important changes: Donor funds for non-profit programs have been shrinking; Number of NGOs has grown. Moreover, NGOs would not want to be solely at the mercy of donors that often have limited funds and change priorities. And communities want consistent, enduring programs that address their needs. NGOs' efforts for sustainability have led many organizations to seek alternatives to donor support as a means of empowering the organization and the communities they serve.

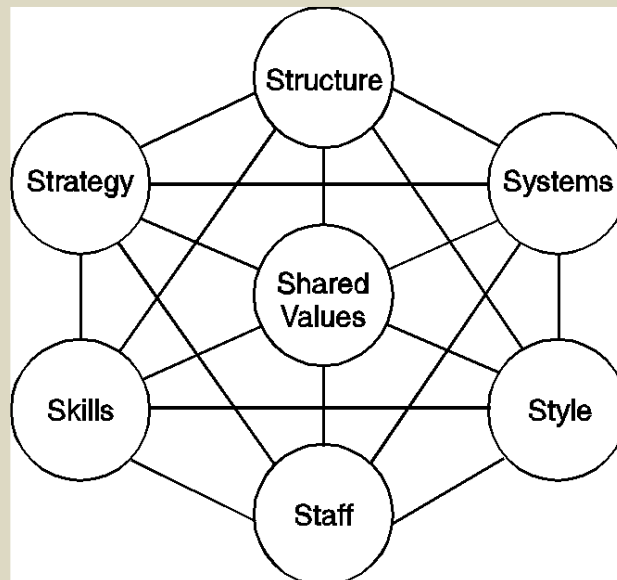
## CHAPTER II: INSTITUTIONAL SUSTAINABILITY

Institutional characteristics such as organization's purpose, structure, internal operating systems, environment, and culture play a key role to ensure the long-term sustainability. Institutional sustainability includes three important elements:

- Organization's vision, mission, and values;
- The way the organization is governed and managed; and
- The way the organization builds its external relations and image.

### The Seven-S Framework

In their book *In Search of Excellence*, Peters and Waterman (1982) discovered that there were several aspects of organizational *structure* that were common to the organizations studied. They then developed criteria for organizational success, which were originally defined as the following seven variables: "structure, strategy, people, management style, systems and procedures, guiding concepts and shared values (i.e., culture), and the present and hoped-for corporate strengths or skills". Peters and Waterman then assembled these seven variables into a framework and, to make the model easier to remember, changed the names of the variables so that each one started with the letter "S."



The seven-S model was considered eye-opening because it focused attention on the fact that managers and leaders have not one or two, but seven factors that must be correctly and carefully managed in order for an organization to excel. Of course, the larger the organization, the more difficult it becomes to institute sweeping reforms in order to achieve these goals. The model is named for McKinsey, a large organization that was the primary financial backer for Peters and Waterman's study.

## VISION, MISSION, AND VALUES

*Vision, mission, and values* define the NGO. They guide the actions of individuals, teams, and groups and focus energy towards the accomplishment of common goals. They help the organization create a distinctive image and identity, clarify strategy, and inspire commitment. And, they are critical to defining what should be sustained and how.

### **Vision**

*Vision:*

*A living picture of a future desirable state.*

*Describes the organization and its potential impact in the future.*

*It is guided by dreams, not constraints. It is what an organization hopes will happen if its dreams are realized.*

The “vision” of an organization is the image of what the organization will be like in the future many years from now. It is a dream that captures what the organization could be or possibly become based on the best of the organization’s accomplishments. It describes what desired change will be achieved when the organization’s accomplishments are sustained. It is a bold statement that goes beyond the present and challenges the organization to new levels of excellence. Accomplishments that provide a sense of pride for the people associated with the organization constitute the basis to articulate the vision for the organization and the community it serves. Bear in mind that vision:

- Comes from the heart;
- Is radical and compelling; and
- Provides a sense of pride for the people associated with the organization.

When guided by a vision, people believe their efforts can make a difference, and they work with greater commitment. Effective NGO leaders create and communicate an inspiring image of the future and enroll others in its pursuit.

### **Mission**

*Mission statement:*

*Provides a succinct definition of why the organization exists and what it hopes to achieve.*

*Describes the purpose of the organization and the reason for its existence.*

*Has two elements: the philosophical expression of the values-based need the organization meets in the community (why the organization exists) and a brief summary of what the organization does to meet that need.*



Mission means purpose. An organization's mission statement is a description of why the organization exists and what, in broad terms, it does. The mission statement clearly charts the future direction of the organization and establishes a basis for decision making. Organizations with financial, operational, and image problems can often trace their troubles to the lack of focus that comes from not having or not communicating a clear institutional mission. The mission statement should address the following questions:

- What are the basic needs that this organization fills?
- Whom does this organization serve?
- Who are its clients?
- How does the organization meet the needs of those it serves?
- What makes this organization unique?
- What values does this organization seek to promote?

The style of the mission statement should be:

- Clear, concise, and simple so that people within and outside the organization can easily understand it;
- Brief enough for most people to keep in mind;
- Focused on a single strategic thrust though broad enough to allow flexibility in implementation;
- Able to energize the organization.

The mission is a management tool constantly referred to by those making management and policy decisions. It is a guide for action helping to define the way the organization conducts its activities. Therefore, it should be clearly understood by all staff of the organization. Organizations and individuals donate money because they identify themselves with the mission of the organization. It can also guide the choice of sustainability strategies.

Although a mission statement provides an anchor in the policy and decision making processes it is not immutable, cast in stone. It should be reviewed annually to see whether changes in the external or internal environments render the mission or parts of it obsolete.

### **Goals and objectives**

Goals summarize the principal program, development, administrative, or other major accomplishments the organization hopes to achieve in order to realize its vision and fulfill its mission. Goals descend from and are validated by the vision. They are general and not quantifiable, can be short or long-term, and are evaluated annually.

Objectives support the goals and provide more details- they answer the question: Who will do what by when? When developing objectives, remember that objectives are "SMART" (specific, measurable, achievable, result-oriented, and timely).

## Values

*Values are beliefs and judgments about what is worthy, important and desirable and are expressed through individual behaviors and organizational culture. Values determine the intent and form the basis of defining core priorities.*

CSOs exist because they share a set of values and beliefs. These values provide the inspiration to carry on working even under the difficult conditions that prevail from time to time. Values fuel commitment. It is likely that you remain in your job as a board member or a staff person in part because you share some personal values with the organization. These might be people-oriented values such as honesty, social commitment, trust, sharing, consideration, compassion, courage, or human service. Or perhaps they are work-oriented values such as accomplishment, efficiency, responsibility, learning, or client focus.

There may be tension between the organization's values and some sustainability strategies. For example, charging for services might be seen as undermining the value an organization places on serving the poor and staff might resist implementing that strategy. To build commitment to sustainability within the organization, these tensions must be addressed either by discussion on how the strategy fits within the values or by selecting different strategies. Values define the boundaries specifying the central core that is essential to the distinctiveness and integrity of the organization.

Prior taking any steps towards sustainability, it is important to assess the fundamentals of your organization in order to: Be sure to always have the basic purpose and rationale of the organization in mind before embarking on any change (What is it that is worth sustaining?); and Consider the underlying values of the organization so that these can inform any proposals for action that emerge (Are the kinds of strategies you are proposing compatible with the organization's guiding values?).

## Strategic plans

A sustainable organization has a mission. Based on that mission, a sustainable organization has a process in place to develop strategic plans that define how the organization will carry out its mission over a set period of time. Strategic plans usually define a set of goals and objectives that concretize the results that the organization expects to achieve by the end of the planning period. The plans also generally define the activities they will carry out to reach them from year to year, the resources (human, financial) they will need to do so and how the organization plans to acquire those resources. A strategic planning process enables an organization to be flexible and proactive. A sustainable organization engages in annual planning process, too. Annual plans are based on the strategic plan and are precise definitions of the annual goals and objectives and the activities you plan to carry out to reach them. An annual plan also defines the resources needed to carry out the activities in specific terms and how these resources will be obtained. Consequently, a sustainable organization produces both an annual plan and annual budget.

## GOVERNANCE AND MANAGEMENT

Good governance is a key component in overall organizational effectiveness, vitality, and dynamism. Organizations that have systems of good governance tend to act in accordance with their mission, utilize resources efficiently, and balance the interests of external stakeholders and internal constituencies. They are also much better placed to achieve sustainability.

### **Governance and Boards**

Governance describes the processes and structures that direct the operations and activities of organizations. The Board of Directors plays a key role in governance. The board—comprising several individuals who work for a fixed term on a voluntary basis—is the governing and the policy-setting body that bears legal responsibility for the organization it serves.

The nature of a board changes as organization changes. In the early stages of an organization, the board will often follow a visionary leader or be steeped in hands-on work. As the organization grows, the board takes a stronger role in governance and hand over the operational involvement to the Executive Director. In this evolution from an “organizing” board to a “governing” board, a committee structure may develop, and the board begins to understand and accept the fundraising role. If the organization grows further, the board might transform into an “institutional” board with many well-connected members and a focus on fundraising.

Board members provide policy direction and leadership. They create operational frameworks that help ensure that the organization’s mission is being accomplished, adequate resources are being mobilized and spent efficiently, assets are well managed, and the image of the organization is fortified. Boards represent the ownership of the organization and act as trustees of public good. They bear legal responsibility for the organization. They are also a vital connection with the larger community of different stakeholders and constituencies such as management, staff, volunteers, governments, donors/funding agencies, communities, and clients.

### **Primary Responsibilities of Boards**

The board should be a key resource in any organization. Unfortunately, however, boards sometimes perform only the minimum legally required—these are known as “sleeping boards.” Others totally dominate the organization’s functioning, blocking staffs’ ability to do their jobs, or are totally subservient to and manipulated by staff. To avoid this, board members should, from the beginning, understand and agree upon their roles and responsibilities, including those that go beyond the requirements stipulated in the law.

#### Governing board functions

1. Determine the organization's mission and purposes
2. Select the Chief Executive
3. Support the Chief Executive and assess his/her performance

4. Ensure effective organizational planning
5. Ensure adequate resources
6. Manage resources effectively
7. Determine, monitor, and strengthen the organization's programs and services
8. Enhance the organization's public standing
9. Ensure legal and ethical integrity and maintain accountability
10. Recruit and orient new Board members and assess Board performance

## **Organizational management**

Once the planning processes are in place, an organization then organizes and directs, ensuring the most efficient use of resources to carry out the organizational mission. This management process involves taking activities, dividing them into tasks that someone needs to carry out, grouping tasks into jobs or positions, organizing the positions into organizational subdivisions, and developing a chain of command and/or work teams. Staff is hired, trained and set to work. Equipment is procured, supply systems are set up and managed, policies and procedures are developed and modified as needed, staff interaction mechanisms (e.g., meetings) are organized, staff training and development activities are set up. Over all of this, management is constantly monitoring and evaluating the work rhythm, staff production, equipment and supply use to ensure that it all constantly contributes to the meeting of the organization's goals and objectives, both for the year and for the strategic plan.

## **STRATEGIC COMMUNICATION**

Organizations that communicate their successes, advocate for their issues and explain the benefits of collaboration are more likely to receive the support necessary to sustain and expand their programs. Strategic Communication promotes a positive organizational image and facilitates strong external relations. It is communication that is *planned, focused on achieving an objective, and issues-based*.

- Strategic communication is generally pro-active with opportunities being sought to deliver messages.
- Strategic communication seeks to achieve a communication objective such as “to create awareness,” “to inform,” or “to change behavior.”
- Strategic communication is issues-based. It addresses some specific topic—usually one that is having or might have an impact on the organization—and its messages are targeted to the audience that needs to hear about that issue.

## **Strategic Communication—Essential for Sustainability**

Strategic communication contributes to the promotion of the organization to the public and participation of the organization in the public life also including different networks.

Public perception of the organization will largely determine the success and continuity of that organization. This perception is formed by what the organization does, what it says about itself

and what others say about it. The public makes judgments based on all the different “messages” they receive. When the name of the organization is mentioned or when someone sees the name of the organization on a poster or in a brochure, it should evoke positive thoughts and images, a feeling of trust. Strategic communication seeks to increase the amount of trust between the organization and its publics.

Organizations need to maintain excellent external relations, not only with their community and other organizations with similar or complementary missions, but with other stakeholders as well. Foundations, community activist groups, and other donors will bring needed support to the cause if they feel they have a good working relationship with the organization. Individual organizations often have limited resources. Networking with other similar organizations helps overcome problems relating to limited resources. Strategic communication enables networking with other groups to leverage resources or coordinate services.

### **Steps in Strategic Communication**

The steps involved in strategic communication revolve around three key areas—the issue, the audience, and the message.

#### *The Issues*

- I. Identify the Issues. An issue is anything people are talking about that is having or might have an impact on the way an organization does its business. Conduct a “scan” of the environment in which the organization operates and find out what people are talking about using different ways such as: Informal communication (gossip and overheard conversations); Professional and technical sources (conferences, workshops); Formal communications (speeches, letters, emails); Policy, legislative, and regulatory actions; Media; etc.
- II. Assess the Issues. At this stage, the interest is about the level of “buzz” not its intensity. Questions to ask include: Who is doing the talking? Are these publics important? What is the level of “buzz?” Classify the issues as “hot,” “warm,” or “cool,” depending on whether they need immediate attention, careful watch, or can be put temporarily aside.
- III. Frame the Issues. Framing issues involves asking two questions: Why is this an issue? What will happen if we don’t address this issue?”
- IV. Prioritize the Issues. Based on the information collected during first three steps and your feelings, choose those issues that need to be addressed first.

#### *The Audiences*

- V. Identify the Audiences. Brainstorm to determine who needs to hear about this issue. Make and circulate a list. Start with those audiences closest to the organization and move outward.
- VI. Prioritize the Audiences. Based on the information gathered during steps one to four, establish priorities and determine who needs to hear about this issue immediately. Once a primary audience(s) is identified, messages destined for other audiences may only need to

be adjusted. Try to be as specific as possible in defining audiences. For example, “community,” “pregnant women,” or “adolescents” may be too broad; Try to narrow it down to “poor, young, pregnant women” because this will help in targeting the message.

- VII. Analyze the Audiences. The better known the audience is, the more likely it is that a message can be crafted that will be well received. Your audience will be interested in one main thing—what’s in it for them. So it is important to discover what are the audience’s values, dreams, issues, hopes, concerns, problems, fears, etc.

### *The Message*

- VIII. Set a Communication Objective for Your Message. It is articulated by answering the question “What do you want to achieve by communicating with the target audience?” (To inform? To persuade? To get agreement? To motivate?). There are three critical points to remember when establishing communication objectives:
- Objectives such as “inform” or “create awareness” are easier to achieve than “changing behavior”.
  - You should tackle the easier objectives before attempting the more difficult ones. Audiences that are aware, have sufficient information, and are persuaded and motivated will be more likely to change their behavior.
  - Limit to one, or at most, two, your message’s communication objective. Trying to achieve too many objectives dilutes the message.
- IX. Design the Message. Messages have a better chance of being “heard” if they include:
- A general statement—a memorable, attention-getting phrase that is concise and broad in tone.
  - Supporting facts—data that support and add credibility to the general statement.
  - Pertinent examples—locally relevant, audience-suited, “real-life” illustrations or anecdotes.

Successful messages are:

- Relevant to the audience and answer the audience’s question “what’s in it for me?”
- Factual (i.e. truthful, no matter how painful)
- Consistent with other messages disseminated from the organization
- Concise so that audience doesn’t lose interest
- Timely (i.e. delivered at the right moment)
- Believable
- Crafted in positive terms with the “nots” left out
- In plain language (i.e. no jargon)

- X. Deliver the Message. Two types of vehicles can be used to deliver a message: direct vehicles and indirect vehicles. *Direct vehicles* involve people (through speeches,

meetings, one-on-one conversations, demonstrations, or rallies) or media and other forms (television, radio, video conferencing, letters, memos, email, or phone calls). If you are the “spokesperson”, be aware of how body language and delivery style support or undermine your message. *Indirect vehicles* include newsletters, posters, T-shirts, articles, briefing papers, advertising, billboards, etc. Direct vehicles are generally more expensive but are often more effective in getting the message across. You will want to identify the vehicle that are efficient or that will have maximum impact for any given level of resources available.

XI. Link the Message with an Activity or Call to Action. Combining the message and audience with an activity is the ultimate in strategic communication. It requires a lot of planning on all levels. If this is the case, you should consider whether the activity:

- Contribute to the organization’s mission or strategic goals;
- Provide ways to communicate your message using a variety of vehicles;
- Increase visibility and contribute to a more positive image;
- Demonstrate to the audience the organization’s unique niche;
- Involve employees as ambassadors to the customers and community;
- Have high impact for the resources expended;
- Involve stakeholders.

## **CHAPTER III: PROGRAM SUSTAINABILITY**

What Are We Trying to Sustain: Benefits or the organization? In general, civil society organizations are established because a group of people identify a common need that can be achieved more easily or efficiently by coming together. Their focus is on the benefits they can provide. To deliver these benefits, programs are developed and an organization is established which oversees the programs.

Although it is important to keep in mind the distinction between benefits and organizations when trying to enhance sustainability, in practice the two tend to go hand-in-hand. Sustainability of benefits can be achieved by sustainable CSOs. CSOs become sustainable if they provide quality programs that deliver benefits to the targeted community. At the very end, sustainability is about ensuring that those who need services receive them.

Programs are the heart of organizations. They are how an organization achieves its mission. The other aspects of sustainability, while important, exist to support the provision of high-quality programs. The institution provides the structure to implement programs effectively and efficiently and finance provides and manages the required resources. The ability to provide high quality services and products, that respond to clients' needs and to promote community ownership of the program, are critical to sustaining both the benefits and the organization. Community participation and ownership, quality of programs, and marketing are three key elements that enable organizations to provide services and products that are valued by clients, the community, and donors. Valued services contribute to achieving the mission and meeting financial objectives, leading to sustainability.

### **COMMUNITY PARTICIPATION AND SUSTAINABILITY**

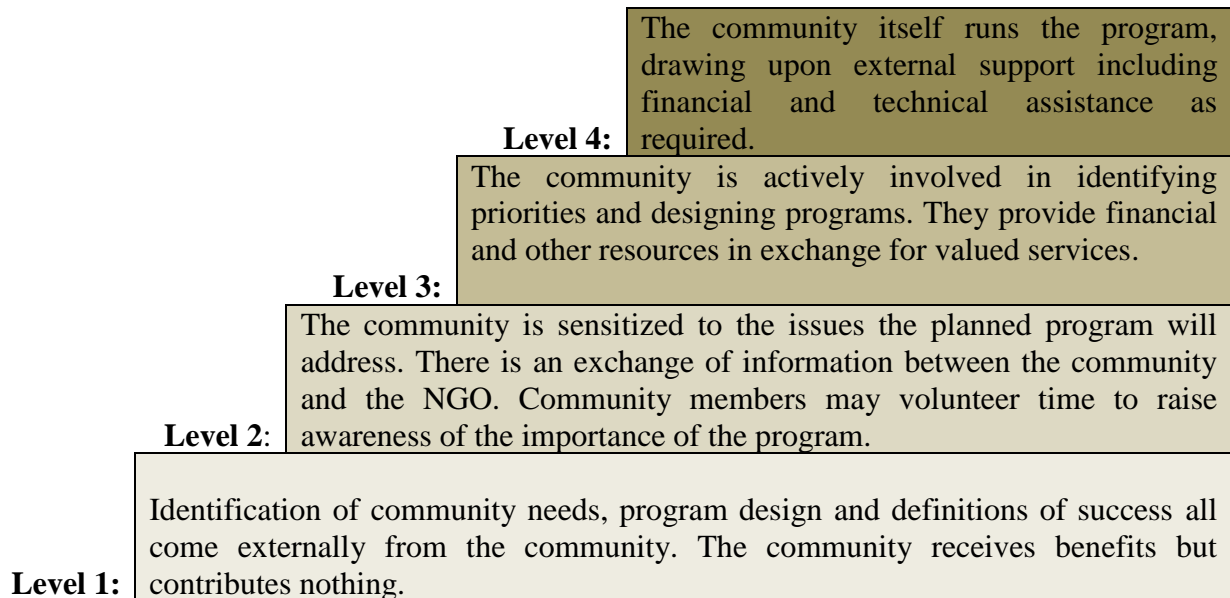
Community participation and ownership explains how to mobilize community resources to support and eventually sustain programs. Organizations that build community capacity to plan, implement, and monitor programs have a solid foundation for continuing benefits. If done well, organizations can phase out of a community knowing that the program will be sustained.

Achieving the sustainability requires a shift in roles between the donor, the NGO, and the community. With growing sustainability the community moves from a passive recipient having no say in programs to a client who directly contributes to programs, in particular those programs and services that they value. This requires that the NGO truly understands community needs, builds on community assets, and provides programs that address identified needs. As the community's capacity grows, it may eventually own and manage the program, drawing on outside resources only for expansion and improvement. By actively engaging the community, you can build their self-esteem, their knowledge, and their skills. They in turn help you to achieve your mission by ensuring that your programs respond to.



## Levels of Community Participation

Community participation can be viewed along a continuum. At one end is a welfare-oriented approach in which the community receives prescribed benefits. At the far end, the community ultimately owns and manages the programs and benefits. To enhance the long-term impact and sustainability of programs, you must foster a higher level of participation, working with your communities to move up the continuum.



- I. The first level of participation is appropriate to meet immediate, short-term needs of the community. Though there is a lot of good work done at this level, it does not empower communities to act on their own nor will it likely lead to sustained benefits.
- II. In the next level the NGO consults the community and receives feedback on program ideas. This is an important step in community involvement and is a necessary prerequisite in the higher levels of participation as well.
- III. Listening and even incorporating feedback, though, does not promote the level of learning and community empowerment necessary for sustainability. This learning begins in the third level. Here the NGO works with the community to generate and analyze information, define priorities, and identify strategies. Through this process, the community learns new knowledge and skills and understands the rationale for the changes they must make. They value the benefits because they address needs the community identified. The NGO is continually building the capacity of the community as it promotes their participation.

- IV. Once the community understands the value of the service and has the expertise to manage the program, the final level of participation is achieved. The community runs the program, drawing upon external financial and technical assistance as required.

Moving along the continuum is difficult because it is a time-consuming process and most NGOs work within short project periods. Also, the community may not identify the NGO's core program as a priority need. However, the benefits of greater participation are responsive programs that the community values and contributes toward.

### **Steps in the Process of Creating Sustainable Community Efforts**

Local ownership through a process of developing a sustainable community effort is the key to sustaining program benefits. Based on elements of self-help, autonomy, and independence, community mechanisms respond to a challenge or an opportunity for improving the quality of life of people. Effective community ownership is more than just stakeholders' participation and partnership building. It is a process that includes some main steps.

#### *1. Evolving a Structure for Ongoing Governance*

Often any effort at participation by a community is the result of a few enthusiastic individuals or a small group of persons who help motivate others to join in this process. To begin with, the structure functions in a loose manner, a core group of volunteers who operate like a committee with intensive encouragement and support from an external agency. The transition to a more sustainable community effort that could take over the need for ongoing governance would depend on the level of readiness among people in the community to work in a democratic manner, meet regularly to take decisions and be open and accountable to the public at large.

#### *2. Creating a Community Vision for Sustaining Program Benefits*

A common preliminary step in creating community ownership is that the determined need of the people is being met to their satisfaction through a program mechanism/response. There exists a demand in the community to avail services on an ongoing basis. In this step a wide range of potential beneficiaries and other stakeholders in the community would be approached to answer the question "What is to be sustained?" or "What service/benefit does the community consider to be of value?" and is willing to exchange with something of value that they possess—their own money, time, or effort. This process frequently includes a series of focus group discussions, public meetings, consultations, and consensus building to create a shared community vision for sustainability. As a result of this process, communities can create their own unique definitions of what they wish to sustain and how.

#### *3. Developing Guiding Principles for Sustainability*

Values, beliefs, and assumptions are important drivers in the kind of choices people make when it comes to determining what needs to be sustained and how. To help in the process of determining acceptable and unacceptable choices, some communities develop guiding principles

for sustainability. Examples of such are: ensure financial viability through cost reduction and use of local resources; equalize benefits and burdens; draft criteria for providing free services; determine the extent of subsidization for serving the poor; etc.

#### *4. Setting Goals and Objectives*

The group defines the goals and objectives and estimates the resource requirements for sustaining agreed levels of program benefits. This too is an inclusive process in which different stakeholders deliberate to reach some consensus.

#### *5. Choosing and Implementing Activities*

Committees, subcommittees, and task forces are often used to generate ideas and take decisions. What resources could be mobilized internally? What support would be necessary from outside? Where could we network? Where could costs be cut? Community-based organizations (CBOs) require assistance in establishing criteria for choosing appropriate activities that do not compromise legal, ethical, or technical principles and guidelines and enable them to weigh the costs and benefits of an activity.

#### *6. Evaluating Progress and Revising Activities*

Communities need to periodically review their progress and revise activities. The move towards sustainability is an evolutionary process and there are no cut and dried solutions. When communities are engaged in a process of measuring the effectiveness of their activities, the process ensures consolidation of the successes and a deeper awareness of lessons learned in the process of difficulties or failures.

### **3 A's of Public Life**

3 A's of Public Life—accountability, authority, authenticity--form a set of touchstones for the practices necessary to create greater sustainability in nonprofit organizations and their work.

**Accountability:** Setting realistic expectations for change and pursuing actions that have meaning for people. Creating organizations that are not only accountable but able to sustain themselves demands a fundamental shift in how nonprofit leaders view accountability. They must ask themselves, "What promises have I made to people? What claims can I make about my work? Does it have integrity? What about my organization? Is it truly and consistently serving the public good — and if not, why not?" Asking such fundamental questions helps nonprofit leaders to focus on what they can realistically achieve in their work. It reminds them of their responsibility to the communities they serve.

**Authority:** Possessing knowledge rooted in the community and infusing that knowledge throughout your work. In order to figure out our appropriate role in society and make informed

judgments about our actions, we must develop a deep understanding of the communities in which we work. Such understanding helps ensure that our work reflects the reality of those communities and that our responses to that reality are potent and meaningful. It is important to view ourselves as part of the community and interdependent with the community, rather than apart from it. We should acquire knowledge and then put it to work. We must infuse everything we do with such knowledge at organizational level (so that we can leverage the mission and resources of our organization for change) and at personal level (as a way of holding us accountable for our own words and deeds).

Authenticity: Reflecting the reality of people's lives in your words and actions. Authenticity is a key factor in determining whether leaders and organizations have the credibility and trust necessary to bring about sustainable change. To be authentic means to care. If we could re-develop our affection for public life, we would make sure our actions were truly authentic. We would hold ourselves to a higher standard. And we would walk away from certain activities that might look good on paper but which we know fail any reasonable test of authenticity.

When we are aware of these factors, we invariably make our efforts more sustainable because we become more accountable — to both our community and ourselves.

By Richard C. Harwood

## QUALITY AND ITS IMPORTANCE

Improving quality includes technical and client perspective elements. It is a continual process built around a quality improvement cycle. There are many different definitions of quality. Most of them focus on performing to some standard or defined level of acceptability. By following these standards an organization is understood to be providing technical quality. In community-based programs there is another dimension of quality, called perceived quality. This acknowledges that clients may be concerned about other dimensions to quality not normally captured in technical definitions, such as the responsiveness, privacy, and convenience.

A quality orientation is one of the pillars of sustainability. It lies at the heart of exchanging value for value. People do not value low-quality products and services and will not use them even when they are free, preferring instead to turn to the commercial sector, where they feel assured of product and service quality. Providing high-quality services helps achieve the impact you desire. It is also important for meeting financial objectives. Studies have shown that clients are willing to pay for those products and services that they believe are high quality. Donors also fund programs that they believe are high quality because they anticipate they will have greater impact.

## MARKETING AND ITS CONTRIBUTION TO SUSTAINABILITY

Marketing is a tool for understanding current and perspective client needs and translating them into valued services and products. It goes beyond advertising and promotion to underlie program development and implementation. By addressing the market mix of product, price, place, and promotion, organizations can effectively address client and community needs. It can help in understanding those environmental factors that affect the organization's ability to satisfy clients' needs effectively.

Marketing is a critical aspect of sustainable operations. Many believe that it is a key to achieving organizational goals and objectives because it involves identifying the needs and wants of clients and serving them more effectively and efficiently than alternative providers. In other words, it facilitates the "exchanges" between an NGO and its clients and/or donors that are the lifeblood of sustainability.

### **The Four "Ps"**

Marketing is often described as a mix of the four "Ps"—Product, Price, Promotion, and Place. They reflect the organization's point of view but also have a corresponding client perspective. Recognizing that organizational success and client satisfaction are two sides of the same coin is the foundation of the marketing concept.

*Product.* You need a product or service that meets the needs and preferences of potential customers. This requires understanding how these needs and preferences may vary among different clients. In the case of NGOs, products are programs and services provided.

*Price.* Price is decided based on two factors: the willingness and ability of potential customers to pay and the income you want to realize. You should focus on what customers perceive the product or service is worth to them rather than what the product or service costs. The challenge is to add features that cost little but increase customers' perceptions of the product/service value.

*Promotion.* This involves generating demand for a product/service by informing and persuading potential customers about its benefits. It can be done through education and outreach, advertising, word of mouth, and other activities designed to generate demand among intended consumers. Promotion is critical to the success of the marketing effort. It can be designed to attract new customers or encourage existing customers to buy more often.

*Place.* Managers need to find the most effective and efficient ways to get their products or services to the people who want to buy them. Customer expectations influence "place" decisions. The number of potential customers, their geographical location and concentration, and their buying patterns are also important.

## How to “Do” Marketing

Marketing is a *systematic process* involving the use of information about clients and an organization’s environment to determine what services to provide, how to provide them, where to provide them, and to whom. It is a *continuous process* because the needs and expectations of the client and the operating environment are constantly changing. Therefore, it should be an active function within the organization, with resources allocated to it. Three important components in this process are market research, market segmentation, and developing the right marketing mix.

### *1. Market Research*

Market research provides the information on your current and potential clients and on your competitors you need to develop your marketing mix. Since the essence of marketing is meeting the needs of clients, you need to know:

- Knowledge, attitudes, and practices of current and potential clients;
- Perceived value of proposed service or product by current and potential clients;
- Current service or product use; and
- Size of the potential market for your service or product.

Knowing the “competition” including other NGOs or non-profits, for-profit organizations, and/or government agencies is an essential element of NGO marketing. You need to be able to predict the impact of their activities on your ability to sell products and services and distinguish your services and products from theirs. The information you need on your competitors includes:

- Characteristics of the population they serve, differences and/or similarities to your current or potential clients;
- Institutional strengths and weaknesses;
- Related products and services they provide and differences and/or similarities with your products and services; and
- Cost structure, pricing policies, and general promotional practices.

Competition can change rapidly. Once you demonstrate that there is a market for the services and products you provide, others will attempt to follow suit. Success is likely to generate competition. In marketing you would also explore the possibility of providing new services, attracting new clients and differentiating yourself from the competition. Research need not be exhaustive or expensive, and it need not be quantitative.

## Techniques for conducting preliminary market research

- Focus group discussions
- Structured interviews, such as exit interviews
- Community surveys, such as intercept surveys
- Message, concept, and advertising testing
- Informal interviews, such as discussions with clients
- Observations of potential customers
- Reviews of existing studies gauging current knowledge, attitudes, and practices
- Demographic and economic data analysis

### 2. *Segmenting the Market*

Segmenting your market requires knowing the characteristics of your current and potential clients and grouping those with similar characteristics. Your market research will help to inform this effort. Some criteria to segment your market might include gender, age, geographic location, income, etc. The more you know about your different clients and community, the better able you are to group them appropriately. You will probably want to identify a *primary* target market and one (or more) secondary target markets. The most likely users of your product or service are your primary target audience. They, and possibly those who influence them, will be the main focus of your marketing efforts.

Market segmentation allows you to effectively tailor your product or service and its pricing, promotion, and distribution so as to meet the needs, preferences, and perceptions of diverse groups of potential customers.

### 3. *Developing the Right Marketing Mix*

Designing the appropriate marketing mix—product, price, promotion, and place—builds on the information collected through market research that tells you how your competitors provide similar products and services as well as on the needs, perceptions, and behaviors of clients. You want to meet client needs effectively and efficiently while distinguishing your services from those of your competitors. You may need different market mixes for your different market segments.

## Moral Sustainability

In the context of institutional sustainability, another aspect is determinant: Moral sustainability. It represents the essence of what makes an organization work. If institutional sustainability is the body and brain of an organization and financial sustainability is the blood that nourishes it, the moral sustainability is its soul. Like the soul, it is intangible. An organization is morally sustainable when:

- Organization's leadership has a clear vision of, and commitment to the mission, and communicates it effectively to the staff.
- Staff rally around the leader and become committed to it as well.
- Staff feels that their commitment to the mission is properly rewarded by career development opportunities, adequate compensation and a dynamic work environment.
- Morale is high and problems are considered as challenges that staff will overcome with unity of purpose and strength of commitment.
- Leadership, management and staff not only act ethically, but are also perceived as doing so.



## **CHAPTER V: FINANCIAL SUSTAINABILITY**

Sustainable organizations are not necessarily financially self-sufficient entities. Most organizations will never be able to carry out their missions with their own income. However, sustainable organizations are financially self-reliant. Through short-, medium and long term planning, visionary leadership, committed and competent staff, fundraising skills, networking skills, available resources are identified and pursued. Self-reliant organizations constantly seek diversified funding sources as they focus on their mission in all that they do.

Of equal importance to institutional sustainability, financial sustainability is the fuel that drives the institutional motor. A sustainable organization needs to know what financial resources it is able to generate through its own income, what it has on hand at any given time, what it needs over the long, medium and short-term to carry out its activities, how it will gather the resources it needs from other sources of funding, and what those other sources could be. This is organizational self-reliance. A self-reliant organization probably needs resources other than its own to carry out its mission, but does not compromise its mission and take on activities purely because a potential funder is looking for particular types of activities and will not fund anything else.

A financially sustainable organization has two sets of skills: fundraising and financial management. Fundraising refers to the capacity to communicate the organization's mission, market its capabilities and, when decided what funds to pursue, writing and submitting winning proposals. Financial management refers both to the ability to project resource needs and to account for resources in hand. Financial management ensures that resources are used efficiently (carefully managed expenditures, accurate tracking and reporting, minimal wastage, realistic projection).

One essential principle of financial sustainability is that sustainable organizations do not depend entirely on outside resources. They first ensure that they are maximizing their own income before they assess the degree to which they must seek outside funding. If an organization is a membership organization, it has mechanisms in place to ensure that dues are as high as they can reasonably be and that these dues are regularly and fully collected. If an organization derives its income from the sale of publications or other items, it has a transparent process for pricing these items, marketing them, and collecting and using the proceeds from their sale.

Non-profit organizations need resources so that they can be effective and sustainable. As organizations look for strategies to mobilize resources, they should be guided by both effectiveness and sustainability and assess the various possible alternatives from these standpoints. What do non-profit organizations need to be effective and sustainable?

## REQUIREMENTS FOR ORGANIZATIONAL EFFECTIVENESS AND SUSTAINABILITY

1. Good programs that actually do improve lives and can be shown to do so, as opposed to programs that claim to do so but which actually have not had the impact desired;
2. Good management which will make sure that any resources are sufficiently put to the service of the good programs. Good management also means a proactive practice of performance accountability, including rigorous public reporting;
3. A commitment to sustainability: Non-profits should understand that their mission is unlikely to be achieved quickly and that they need to be involved over the long haul.
4. The financial resources to support the good programs, the good management, and the sustainability;
5. Local support which includes:
  - A supportive political, legal, and fiscal environment in which they are enabled to exist and flourish;
  - Good human resources to work for the organization;
  - A good reputation built on the credibility they have acquired from their good programs;
  - Supporters from a variety of different sources;
  - Well-placed people who can defend them when they are under attack and promote them when they have something significant to offer.

## FOREIGN FUNDING AND ITS ALTERNATIVES

The first four of the requirements mentioned above--good programs, good management, commitment to sustainability, and financial resources--can be met by foreign funding. But, foreign funding can be of little help regarding the fifth--local support--which is essential for an organization's long-term sustainability. Some of the reasons are:

1. *Foreign funding does not build local support for our work, nor does it build local supporters.* As long as we are seen as being supported by foreign funds, local people will not feel the need to help us with funds or other kinds of support. They will assume that we have money from international donors.
2. *Foreign funding makes you politically vulnerable* to accusations that we are doing the work because we are paid to do so, or because we are obeying the instructions of some foreign donors in their interest.
3. *Foreign funding throws into sharp contrast the very basic contradiction* that non-profits promote self-reliance amongst the groups they work with, but they do not do what they preach.

## MAIN WAYS TO MOBILIZE RESOURCES

- *Accessing existing wealth from private and public sources.* Such sources might include foundations, individual philanthropy, foreign development agencies, government, and business. There should be strategic joint-ventures between CSOs and sources of existing wealth in which both sides join together for mutual benefit and both sides win, rather than building dependency. Also, there should be increasing attempts to build institutional sustainability so that CSOs, after capturing some of the existing wealth, build up their own wealth.
- *Generating new wealth through market-based approaches.* CSOs have often been involved in helping others to generate wealth for themselves—as in vocational training, small-scale credit, entrepreneurship training, etc.,--but they have not often seen that they also have the opportunity to generate wealth for their own organization. In some cases, CSOs do not know how to do it. In some other cases, they worry that such endeavors and enterprises will take them away from their own mission. There are, however, plenty of examples where CSOs have been able to generate money, both through enterprises that are linked to their mission and enterprises that are entered into purely as a source of revenue.
- *Capitalizing on non-financial resources.* Whichever way of mobilizing resources that you decide to use, always remember that there are some relevant non-financial resources that can be tapped. These are cross-cutting approaches that can be used with the other two approaches.

In general, CSOs are more or less experienced regarding relations to foreign donors. What is a new terrain for most CSOs when they think of mobilizing a wider range of resources is working out why a citizen or a business or a government should support the work of your organization. This requires thinking about the psychology, culture, and giving behavior of people. It is also important to expand people's horizons of charity so that it moves from the personal to the organizational. Good reasons why other should support an organization are:

- Because it is doing good work;
- Because it is doing good work more effectively than others;
- Because it is honest and responsible;
- Because it is attractive and persuasive;
- Because it appeals to a particular interest in a potential donor;
- Because it is potentially useful to a potential donor;
- Because they are asked;

## ACCESSING EXISTING WEALTH FROM PRIVATE AND PUBLIC SOURCES

### **Foreign Funding for Organizational Self-Reliance**

Different methods of financing that are available to foreign agencies include:

- Emergency relief and welfare grants.
- Small grants tied to specific development projects, time limited and with specific budgets.
- Program grants that allow the CSO to take its own decisions within agreed program areas, and to adapt its plans as necessary.
- Grants for revolving loans, specifically for CSOs working in the micro credit business.
- Un-earmarked organizational grants—i.e., contributions towards the CSO's whole work for them to use as they see fit.

It is important to expand the methods of financing to include those that are specifically designed for organizational sustainability, like financing fundraising strategies, providing venture capital funding, building reserve funds, etc.

#### *Financing fundraising strategies*

The expansion of interest in CSO financial self-reliance means that more CSO staff are likely to get training in this field, and, following this, to make proposals to donors about the financing of self-reliance strategies. As is often the case, the foundations and international NGOs have been the pioneers in this field, have some institutional experience, and have funded resource mobilization strategies.

#### *Providing venture capital funding*

When requested to fund a business venture, foreign donors are probably most concerned about CSOs' business competence—their ability to identify a viable business opportunity, their ability to make a viable business plan, and their ability to run the business efficiently, make money, and make sufficient money for the enterprise to provide sustainable income for the civil society organization.

A CSO that requests funding from a foreign donor for a business venture whose profits will be used to sustain the CSO's operating costs must expect their proposal to receive very tight scrutiny from the donor. Few CSOs have a reputation for commercial; entrepreneurship, and donors will be very anxious (and rightly so) that the business will absorb the time and energy of the CSO management that should be going into the main mission of the organization. CSOs should think of separating, where possible, the management of the business from the management of the main work of the organization. Donors may also respond to a proposal for a grant by saying that a business should be prepared to take a loan, rather than a grant, and they may even say that a good business idea should be able to persuade local banks to lend them the money.

Apart from concerns about the viability of a business proposal, a donor is only likely to respond to a proposal for venture capital from an organization that the donor knows well, trusts, and believes in. It is not a viable strategy for a CSO that has not build up a long-term relationship with a donor. Donors are concerned that once a CSO has an independent source of income, it is free from donor oversight, and there is the danger that it may be taken over by a board or managers who will use that income for other purposes.

### *Non-Financial Resources*

Foreign donors can be immensely useful to CSOs not just as suppliers of funds, but also in the information and advice they can give, which can help CSOs to become more self-reliant (for example organizing exposure and training visits for CSO people to see how community foundations and other forms of sustainable citizen sector organizations work). Another way in which international NGOs can help is to lend CSOs some of the expertise that they have in fundraising.

### **Individual Philanthropy: Who Do You Give To?**

CSOs are interested to accessing contributions from individuals. But if CSO staff, board and volunteers have never solicited funding from individuals, they should be aware that it involves new psychological dynamics and a variety of learned skills. In this context, it is important for those who are soliciting gifts to reverse roles, consider themselves as givers and examine what happens when they are asked to give.

When the discussion moves to organizations soliciting individuals for money, you should be aware that you are asking for the disinterested giving of someone's own resources to an organization as an expression of solidarity with fellow human beings. This is, in many countries, a new way of thinking.

In many countries, particularly those that have evolved form a centrally planned economy, the state has been considered to be an agency that looks after the needy, and foreign donors to be the agencies that help the state to do so. Funding from both governments and foreign donors has blocked both the need and opportunity for people to give to people.

If we consider it possible in principle for an organization to solicit funds from individuals, in order to make a good income for our organization from individual philanthropy, we will need to:

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

While CSOs are interested in receiving money primarily, they should be aware that individuals might be willing to contribute with non-financial resources such as time, effort, goods and materials, advice, etc.

### *Asking for funds is not begging*

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

Actually what they are doing is offering individuals a chance to be involved in something worthwhile, in their organization's mission. The tactic is to offer that chance to people who are likely to be interested in it. There are many people that are concerned about the disadvantaged people and would like to help them but do not know how best to help them. Often, under pressure of their own problems, their concern is forgotten. Your organization then approaches and says: "We are offering a chance to express your concerns practically. We think you are as worried as we are about XXX (whatever is the cause). We know that you cannot do a great deal yourself because of your other work. But we have decided to work on that full time and we would like to offer you a chance of helping XXX through helping our organization."

You are not begging someone to do something they do not want to, but are offering people a chance to support something that they would like to support, but do not know how.

### *Knowing how and whom to ask*

Soliciting funds from individuals makes sense if you are able to get donations from considerable number of people. Thus the skills involved in accessing individual philanthropy lie in knowing how to:

- Identify likely potential donors;
- Ask them for their donation in ways that unlock their desire to help;
- Organize the solicitation process;
- Present your request for funds in a persuasive way;
- Get both one-off and long term commitment from people.

CSOs should think how they would explain their organization to the ordinary citizen and learn how they would ask for funds using a basic fundraising brochure.

Some answers to the question how and whom to ask may come from the answers to the following questions:

- What sorts of people are likely to support our mission.
- Who should support our mission?

- Who do we want to support our mission?

*The enabling environment*

- The economy (in times of boom it is different from hard times).
- The culture: A smart fundraiser is a close observer of new cultural patterns.
- Public awareness of society’s needs: Public education will create your market for fundraising.
- The helpful context: Part of this is a legal and fiscal environment in which people who pay tax can expect tax relief on their donations to non-profit organizations.
- The CSO’s credibility: However good your idea is, however sincere your commitment, this will not result in donations from the public if there is some serious problem with your organization’s credibility. If perceived as corrupted, close to a political party, or as a vehicle for one person’s glory, people will not give. Another point to consider is the “standard of living” of your organization and its staff. If your organization is conspicuous by its expensive cars and computers, the public may not want to respond to appeals.

Methods of individual fundraising include:

- In person (Collection boxes—static or carried, envelopes left to be collected later)
- At the workplace
- At events (dinners, concerts, sponsored sports events, fairs, etc.)
- Through direct mail
- Through the telephone
- Through the media

**Case Study: HelpAge, India**

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

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

A first time donor is a “hot prospect” who must be nurtured. He or she is sent newsletters, annual reports, birthday greetings, brochures, project lists, and personal letters. The aim is to develop a

close relationship with each donor and keep the person informed about HelpAge India as possible. The budget for direct mail is closely monitored: Help Age India has been able to keep the cost/benefit ratio at 1:5—that is, for every dollar spent on a mailing, five dollars is generated in donations. Each directed mail campaign is coded so that the response rate can be measured and analyzed. A donor profile is compiled based on their income, frequency of giving, and the size of each donation, and subsequent mailings are targeted so as to increase the donation revenue per mailing.

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

*Source: Sustaining Civil Society—Strategies for Resource Mobilization, CIVICUS (1997)*

Some practical advice:

- Offer people an opportunity for doing something worthwhile;
- Listen to donors, spend time with them;
- Tell them about your beneficiaries;
- Appeal to the heart as well as to the head;
- Thank donors regularly and frequently;
- Both major and minor donors are important.

### **Resources from Government**

In order to effectively access resources from government it is important to know ways how to access these resources, constraints to collaboration with government, advantages/disadvantages of such cooperation from the point of view of both parties, as well as to better know each other.

Basically, CSOs have two ways to access government resources:

1. By persuading the government that its interests will be served by funding the CSOs to do what they themselves want to do; and
2. By accepting government contracts.

There will be many shades and gradations between these two positions and the CSO will certainly be required to compromise when working with the government.

There are constraints to successful CSO-government collaboration:

- A lack of understanding of each other's goals: Often government's goals are quantitative and CSO's goals are more qualitative.



- The inability of government to identify the CSOs that might become reliable partners: The government often chooses CSO partners based on publicity rather than impact.
- Restrictive government procedures: Government tendering and reporting demands are often very burdensome.
- Problems of attitude (distrust) on both sides: CSOs are suspicious that governments are venal, corrupt, and inefficient. Governments are suspicious that CSOs are hazy, ineffective, and possible subversive of government.
- Lack of clear government policy and guidelines on CSOs.
- Poor communication between CSOs and government and among CSOs.
- Contrast between the top-down working methods of government and the participatory approach of CSOs.
- Poor understanding of the relative strengths and weaknesses on both sides.
- Lack of CSOs accountability to their constituencies and to the public at large for the way in which resources are used.

*Benefits and disadvantages of government-CSO collaboration*

	<b>Benefits</b>	<b>Risks</b>
<b>CSO perspective</b>	<p>Improved access by the CSO to policy formulation</p> <p>Access to specialist research facilities and expertise</p> <p>Opportunity to improve and reform government services from within</p> <p>Access to new technologies</p>	<p>Cooption by the government and greater government controls</p> <p>CSOs assume a more bureaucratic character</p> <p>Loss of CSO autonomy</p> <p>Relegation to mere service provision, to the detriment of wider programs</p> <p>Loss of credibility among CSO clients</p> <p>Tendency to maintain existing socio-political conditions</p> <p>Perpetuation of government's inefficiency</p> <p>Government takes credit for CSO's achievements</p>
<b>Government perspective</b>	<p>Better delivery for government services</p> <p>More information available to the government from the grass-roots</p> <p>More interaction with the target groups of the program or project</p> <p>Enhanced cost-effectiveness</p> <p>Greater coordination of CSOs' activities</p>	<p>Government services shown to be inefficient by the CSO's presence and actions</p> <p>CSO's mobilization work may promote social instability</p> <p>The demand for government services may increase beyond its capacity</p> <p>CSOs may compete with the government for funds</p> <p>Greater control of CSOs</p>

*Legitimate questions by the CSOs:*

- What is the source of government’s revenue? How does this affect developmental decisions?
- What government funds have been budgeted for what projects?
- How does the CSO get invited to bid?
- What are the government procedures?
- Does government have a “niche” for CSOs?

*Legitimate questions by government of CSOs:*

- What does the CSO stand for? What has it done in the past and what it is doing now? Where is it operating? What objective evaluation and audits can the organization show?
- Who is in charge of the CSO? Do they effectively govern the activities of the organization? Do they observe the law?
- Do the CSO’s activities have the intended impact? Are they for the public benefit or the benefit of a restricted clientele?
- Does the CSO demonstrate an ability to deliver on its promises and manage/account for resources?
- Does the CSO work within the policy framework of the government?

*Non-financial resources from government*

There are a number of in-kind resources that a CSO could access from government such as land, buildings, skilled personnel, etc. The other set of resources that is within government’s power to provide are the elements of an enabling environment (governance, CSO policy, taxation policy, and access to information). Getting access to the policymaking from where CSOs can lobby for such measures may be actually more effective than funding from government.

**Case Study: Local Cooperation in Gdynia, Poland**

The successful cooperation between CSOs and Gdynia local government was the result of a well designed strategy of the Civil Society Development Foundation (CSDF, 1994). The CSDF strategy elaborated the benefits of collaboration for the city: a deeper understanding of community needs, deeper evaluation of social problems, access to more effective and less expensive service providers than local government, and promotion of citizen participation. For the CSOs, the collaboration aimed at ensuring a new source of funds through grants and subsidies from the local government.

The strategy included a step-by-step program on how to persuade the local government to “buy into” the cooperation showing that CSOs are important partners, creating clear procedures for cooperation between CSOs and the city, and creating a model of cooperation that can be replicated in other municipalities.

On January 1995, the city accepted the plan and appointed an advisor to the Mayor on CSO Issues. On April 1995, a meeting with city council representatives and representatives of more than 100 non-profit organizations. The CSOs elected a Coordination Committee to support activities in Gdynia and a Consultation Commission to evaluate the cooperation project. On June 1995, the program implementation started. It was enacted into law by the City Council on September and since then a wide range of projects has emerged.

On October 1995, the first grant-making session took place, awarding \$70,000 to 20 CSOs. Groups were invited to Council meetings and gained a consultative position in policy decisions. One of the CSOs received a building free of charge from the Municipality to establish a day care center. On April 1996, it was established the Gdynia Center of CSOs serving as a meeting place of over 40 grass-roots organizations and providing access to computers and a library. The office was donated by the Municipality and two of the employees were paid by the City. CSOs contributed with 10 volunteers. CSDF supports the maintenance of the Center.

The success of the program was based on identifying the common interests of CSOs and Municipality. The most important step was to gather representatives of both parties and engage them in discussions. The only significant obstacle was the un-clear regulatory system regarding local government-CSO relationships.

*Source: Sustaining Civil Society—Strategies for Resource Mobilization, CIVICUS (1997)*

### **Asking Money from Business**

Businesses aspire to generate profits for their owners and their stakeholders. It does not seem obvious for them to be interested in helping civil society organizations, or the causes that such organizations stands for. Civil society organizations seem to be a diversion from their main purpose of making money. However, businesses are increasingly helping CSOs.

*Why do businesses give to CSOs?*

- *Because they want to be seen by the public, by the government, and by their shareholders as good “corporate citizens”.* If they are identified with causes that people think are worthwhile and worth supporting, people who are important to them will think well of the company. They will then make decisions, at the margin, that are advantageous to the company.
- *Because they want to be associated with specific causes that enhance their image and focus attention on their product and service:* If a company is identified with a particular service which the society considers worthwhile, and which reflects specific product or service of that company, the identity of the company as a good citizen is deepened.

- *Because their competitors are supporting good causes:* Businesses are notoriously keen on watching their competition. If it appears that their competitors are involved in the support of good causes, it is likely that they will look for opportunities to do so too.
- *Because senior staff is interested in particular issue:* With a greater company interest in social responsibility, the senior staff of a company, particularly the board members or the managing director, are encouraged to take a corporate interest in good causes. This will often be expressed through the particular interests of those people.
- *Because they are asked, and are given compelling reasons for so doing:* Businesses are amenable to arguments which demonstrate that they will gain long-term advantages in the market-place by being identified with good causes, and by being identified with CSOs which are credible and experienced operators in the particular field in which they are interested. They need to be convinced that their assistance to a SCO is a long term investment that will lead to an increase in new markets in the future.
- *Because they are interested in having a good reputation with their staff:* A number of businesses consider that a well-motivated workforce, including one that respects that business' social commitment, will be both more productive and less susceptible to work disruption.
- *Because they get some tax benefits:* This is often advanced as the argument for corporate social investment. It is more likely to be an added incentive at the margin when other factors persuade a company into program of social responsibility.

Companies are inclined to ask the question: What's in it for me? (WIIFM) when they are approached by CSOs. CSOs that are interested in accessing resources from businesses must therefore do their research well, and be able to put forward proposals to potential corporate founders that emphasize the advantages that their support to the CSO will bring them. CSOs need to know more about the companies that they wish to target, think about the valuable information, exposure, contacts, services, and experience that they can bring to the company, and consider the cultural differences between the ways in which they work as CSOs and the ways in which companies work.

There are risks of doing businesses with the corporate sector. CSOs must think carefully about which company they should collaborate with, and which they should avoid. It is even possible that the CSO's proper role with some companies should be to campaign against them.

If, however, a CSO has done its research properly and has decided that a particular company has good potential as a collaborator, it must approach the company prepared to think like a business. Two likely goals from the business perspective are:

- *To build employee morale through:* The development of employee's living area; Offering volunteering possibilities; Offering donation-matching programs.

- *To develop the company's business image and its market development through:* Linking the company to a respected topic; Increasing its name recognition; Involving the company in recognized critical social problems.

### *Corporate Social responsibility*

Corporate Social Responsibility (CSR) is becoming increasingly the acceptable way through which CSOs can approach the corporate sector. Not all businesses are at the same stage in their approach to CSR, however, and not all business people see their role in the same way. It is likely that the CSO approach to a business will be targeted at one of the following three stages in business thinking:

1. Corporate philanthropy
2. Business/community partnerships
3. Strategic business interest

*Corporate Philanthropy:* This is usually in response to requests that come to the company from CSOs for a huge variety of help. Depending on company, there may be a special section that deals with such proposals, or they may be handled by the company director, or they may be passed to the public relations or marketing departments. Some companies like to handle their corporate philanthropy through contributing to a business foundation which then takes on the responsibility for identifying which proposal to respond to; some larger businesses set up a corporate foundation of their own which becomes the agency for their philanthropy. The attitude of the business is that they ought to help “deserving causes” and they are interested in identifying the most competent organizations and proposals to respond to. They may have particular causes that they are more interested for example in drug rehabilitation, disability, conservation, etc., but they are in general responsive to community initiatives.

## **Different and Equal**

### **Involvement of business in re-integration services for victims of trafficking (VoT)**

#### **Services where business are contributing include:**

Support to shelters: Funding projects that support VoT (Vodafone Albania); In kind donations for shelters (food, clothing, detergents); Direct donation for VoT or their children.

- Health service: Medical analysis and tests (Telemjekesia program of the Hygea Hospital, Vodafone Albania); Dental services for VoT (Albanian University, Aldent); Health care for children of VoT (Zonja e Keshillit te Mire).
- Vocational Training/Internships: Courses of vocational training for VoT; Vocational internships at restaurants (Piceri Era, Kolonat), beauty salons (Bukuria Shqiptare, Beli).
- Support to employment: Employment and part-time jobs in private companies of VoT; Internships.
- Income generation activities: Grants/micro-credit to establish small businesses by VoT

(Besa); Some businesses have supported with micro-credit programs with favorable conditions for VoT.

- Education: Enrolling VoT in private schools/universities and offering other facilities for VoT (American University of Tirana).
- Assistance for VoT children: Day care for VoT children; In kind donations for VoT children; Support for education of VoT children.

*Business/Community Partnerships:* This is usually based on a collaborative decision-making process whereby both community (often represented by a CSO) and the business see an opportunity for a mutually satisfactory program of collaborative work. The idea may come from either side, but both partners are involved in the decision-making process, both sides are committing something, and both sides are assuming some of the risks. Medium and small companies and business/trading associations have immense potential to support local causes in imaginative ways. Their strength lies in easy access, understanding local needs, and non-financial resources.

*Strategic Business Interests:* This is usually based on an initiative of the business, and the decision is made in the company to invest in some aspect of social development that will provide tangible benefits to the company. CSOs may help to develop the ideas, or may be implementers of them, but the company is in the driving seat.

#### *Overtures from the corporate sector*

While it is obviously important for CSOs to learn how to approach businesses, and to know how to put their case for support, it is also true that businesses are increasingly looking for CSOs to help them with their social investment.

- Sometimes companies themselves decide the cause that they would like to support, and look for CSOs to help them implement programs;
- Sometimes companies (either on their own or, increasingly, in collaboration with other businesses) set up grant-making foundations with the mandate to fund professionally good development work. In some cases the companies pass over the responsibility for the funding criteria to the board and management of the foundation; in other cases companies define the funding criteria to fit in with their own interests; and in yet other cases they combine the two, with a certain percentage going to the foundation for funding decisions, and a certain percentage being left to the discretion of the company.

The following are the possible limitations and barriers to good corporate social investment through CSOs:

- *Many requests, limited resources.*
- *Corporate structures and responsibilities:* CSOs do not necessarily know whom they should approach with their proposals. CSOs do not know to whom they must make their pitch, and

they may target the wrong person who does not have either the budget or the mandate to support the CSO.

- *Business unfamiliarity with CSOs and community issues:* It is important for CSOs to present themselves to business as fellow professionals. Business people know about their world, and CSOs know about their world. If businesses are interested in social investment, it is important for them to realize that their best guide to this world is a civil society organization.
- *Time:* CSOs need to rehearse their presentation and be ready with a short, hard-hitting, and persuasive approach.
- *Personnel Changes:* CSOs should aim, whether possible, to get an organizational commitment to helping your agency rather than just the interest of an individual. This can be done by providing reports and encouraging visits from a range of people in the company.
- *Stereotypes:* It is likely that CSOs have strong stereotypes of the business world, and it is also likely that the business world has strong stereotypes about CSO world. The first exchanges between the two are likely to need time for these respective prejudices to be aired and dealt with. The request for, and acceptance of, corporate social responsibility should be entered into by people who respect each other, and respect the value of what each other is doing.

## GENERATING NEW WEALTH THROUGH MARKET-BASED APPROACHES

### **Being Businesslike**

In discussing how CSOs can operate like businesses, it is important to think about business behavior and patterns of thought. Producing goods and services to sell and thus create income—either for an individual or an organization—requires a businesslike approach. But this produces a problem: it is well known that most of people who are involved with CSOs are not familiar with principles and practices of business. CSO people had rarely had to face the kinds of decisions and the ways of working that are common for business people. Some CSO people claim to abhor actively such behavior. And yet, if CSOs are going to get involved in earning income for themselves, they must start thinking and behaving like business people. Two aspects of the problem then surface: (1) How much experience do CSO people have with business? And (2) Do CSO people want to behave like business people?

If we ask people who work for CSOs that what involvement they have ever had with business, either directly or through their relatives and friends, and the problems they faced in the business world, it is very likely that the answers will demonstrate that: Very few CSO people have had experience of business—most CSO people have come from social work, academia, and civil service; and Very few people have any idea of the kinds of problems that businesses face.

As soon as any discussion starts on the issue of CSOs running businesses, the issue of non-profit status is raised. This is not just a legal issue (Can CSOs make a profit?), but also a philosophical one that is often based on unclear ideas about what “profit” is. It is important to clarify few definitions:

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

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

The public has become increasingly worried about CSO pretenders masquerading behind a social purpose, is quick to be suspicious about businesses that are run by CSOs. The public is inclined to see this as another way in which CSO people are enriching themselves, rather than helping other people.

Four different ways CSOs can earn income:

- Building income together, as part of a community economic activity;
- Recovering the costs of programs;
- Income from enterprises linked to the CSO’s mission;
- Income from enterprises not linked to the CSO’s mission.

#### Tjeter Vision

“Tjetër Vizion” is a non-profit association from Elbasan, Albania. Its vision “A strong society with strong individuals.” Its mission is “Providing qualitative services in the social, agricultural and health area for the needy categories of the society with a view to ameliorate their life and the life of the whole community”. Since its establishment in 2002, it has been offering social services to vulnerable children, youth and women in Elbasan. In the framework of organizational sustainability efforts, the association has undertaken several business activities. Among its successful business activities are:

- “Catering” service, that organizes qualitative and economic ceremonials and cocktails for interested subjects;
- Hair-dressing salon, offering even hair-dressing courses to the interested people;
- Agricultural services, especially the lab for the soil analysis, greenhouse service, agricultural counseling, bio products.

Especially, TV has decided to operate in the agricultural and zoo-technical area aiming at generating financial resources to support social service activities in Elbasan region.



The starting up of a real important business/productive activity remains a main objective for “Tjeter Vizion”. Tjeter Vizion strongly believes that the productive activities are an important instrument for the increasing of the association capacities that will eventually lead to a further economic independency, employment of vulnerable target groups and its future sustainability.

Issues to consider in CSO revenue from earned income:

- *The conflict of a CSO culture and a business culture.* CSO people and business people have different characteristics. It is better to recognize these rather than to expect that CSO people move between cultures.
- *The lack of business management skills and experience.*
- *Planning/allocating human and financial resources.*
- *Access to capital.* Where can the CSO hope to get the capital with which to start an enterprise?
  - From money raised by the CSO separately from foreign sources;
  - From funds specifically requested from foreign donors;
  - From gifts in kinds (buildings, etc.);
  - From a bank loan.
- *Relations with foreign donors.* Donors logically should be delighted that CSOs are thinking entrepreneurially and should be very interested to invest in their enterprises in order to allow the CSOs to be financially self-reliant. Sadly, very few think like this and some back up their position by reference to previous miserable failures in this area.
- *Public perception.* If your CSO’s name becomes more associated in the public’s mind with, for instance, property rental than working with street children, you may have a problem with public’s perception of your organization and what it does.
- *Legal status.* Following on from the points made earlier about the government’s muddled understanding of CSOs that try to earn income, there may be complications about the legal status.
- *Competition with the business sector.* Part of the hostility to a CSO business and its requests for tax-free treatment is likely to come from existing business community, particularly when the CSOs enter fields that compete with them—property, service provision, etc.

### Case Study: Joairos Jiri Association

The Joairos Jiri Association, probably the largest organization of its kind in Africa, serves more than 10,000 disabled people in Zimbabwe. It has a wide range of programs including schools and psycho-therapy treatment centers for children, a scholarship program to help secondary and post-secondary students, a training center and farm for agricultural education, and outreach and follow up integration programs: altogether, there are 15 centers all over the country.

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

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

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

*Source: Sustaining Civil Society—Strategies for Resource Mobilization, CIVICUS (1997)*

## CAPITALIZING ON NON-FINANCIAL RESOURCES

There is a wide range of non-financial resources CSOs can use for its purposes:

1. Volunteer time. We are talking about supporters of the work of our organization offering to give their time and expertise freely for the good of our organization. Depending on their abilities, this can involve a great variety of ways in which they can help our organization.
2. Volunteer skilled labor. Here we are probably looking at people who are willing to make a small contribution of their time and skills to help our organization.
3. Goods and materials.

4. Experience. Lawyers, auditors, public relations officers, media people, and many others might be able to give us extremely valuable advice if they are motivated to help our organization and are aware that we would be interested in receiving their help.
5. Seconded professional personnel. Such people would work for our organization, but be paid by their original employer and keep the position in their original firm.
6. Training. Training provided by persons or organizations free of charge for our staff.
7. Access to public policy fora. Strategically placed people who are well-disposed towards your organization can allow us to present our case where important decisions are made.
8. Access to services provided for non-profit organizations. In some countries, some specific services are provided for free for non-profit organizations.
9. Champions. Someone who can champion our organization, speak for it, endorse it when necessary, and perhaps defend it when it is in trouble.

## CHAPTER VI: HOW CAN SUSTAINABILITY BE ACHIEVED?

Each organization must adapt its sustainability approach to reflect the unique characteristics of its intended population, environment and programs. Working through this process requires a shared commitment within the organization and between it and the donor agencies, government (public sector) and community.

The sustainability pillars include:

1. **Becoming community driven.** Community involvement in whatever form—monetary, volunteer time, donated materials, information—has been shown to be important from the planning phase through to implementation and evaluation. Such involvement helps to ensure that program services are of value not just to direct clients, but also to the community at large. And this broader base of support can be vital especially when, as is often the case, clients alone are unable to bear the full cost of the programs they want.
2. **Committing to a business orientation.** To become sustainable, an NGO needs to shift from a welfare perspective to one that rests more on some basic business principles. These include raising cost consciousness among staff, clients, and the community; keeping track of efficiency so that as many services as possible can be provided with the available resources; developing and implementing financial plans that are linked with strategic plans. This does not mean the NGO loses sight of its social objectives—its mission. This is the reason why the organization was formed in the first place, why staff work there, and why the NGO has received donor support in the past. It is perfectly possible to marry the two and have an organization that is both true to its mission and operated along business lines.
3. **Developing a client/market focus.** Commercial enterprises will often say, “the customer comes first” or “the customer is always right.” They know that if they want to stay in business they need to understand their current and potential clients. And they need to use this knowledge in the way they design goods and services and market them. This is true of NGOs as well. It is, in fact, at the heart of sustainability. The better your organization can define its client-base and tailor or develop services and products of value to them, the greater its chance of remaining viable.
4. **Emphasizing high-quality programs.** Studies around the world have shown that people are willing to pay in exchange for quality services. Too often NGOs neglect this aspect or they define quality as performing to standards that do not necessarily match clients’ perceptions. Much of the success of the three case studies can be attributed to the emphasis they placed on quality.

## Evaluating for Sustainability

Nonprofit organizations cannot be sustainable without regular, critical reflection; in short, without evaluation. The better and more institutionalized the evaluation process, the more useful evaluation can be as a tool for achieving sustainability.

Historically, nonprofits have monitored their activities and reported back to funders using traditional measures of success, such as the number of clients served or the number and type of activities undertaken. Increasingly, however, sustainability is linked with doing "what works" — and discontinuing programs that don't achieve their goals. In a world in which needs seem to grow faster than the funding available to address them, funders and grantees alike are increasingly likely to direct resources to activities that produce results and away from those that do not. Main steps for developing a comprehensive system of evaluation include.

- Step 1: Develop an evaluation "blueprint."
- Step 2: Lay a solid foundation by anticipating data-collection needs.
- Step 3: Design a comprehensive but focused data-collection system.
- Step 4: Pre-test your data-collection system.
- Step 5: Collect baseline data.
- Step 6: Implement your program...and stick to the plan. Don't deviate from the program's design unless it is absolutely necessary.
- Step 7: Hire strategically and stay involved. Designing and conducting an evaluation can be done in-house if you already have expertise on staff. Alternatively, organizations can partner with outside consultants or research institutions to evaluate their programs. The technique known as "empowerment evaluation" employs a trained evaluator as a coach or facilitator whose primary objective is to build the capacity of the organization to self-evaluate.
- Step 8: Use the results again and again. Once baseline data has been collected, comparisons can be made at multiple points in time. In between these measurements, organizations have the opportunity to tweak program implementation, fine-tune data collection strategies, and adjust funding levels.

## Annex 1: THE SUSTAINABILITY MATRIX

For an NGO to become sustainable it has, to build the four sustainability pillars. To do this the NGO has to make specific changes in the way it operates in three key areas—the program, institution, and finances. All three are equally critical and have to be addressed simultaneously if efforts to become sustainable are to be successful.

- At the **institutional level**, the NGO needs to establish the internal systems, structure, and work culture that promote strong leadership and a positive organizational image, foster the belief that people are willing to support products and services they find valuable, and facilitate the development of plans for sustainability.
- At the **program level**, the NGO needs to carefully analyze the market and encourage community participation at all stages from design through implementation to evaluation of the program in order to offer quality services at reasonable prices.
- At the **financial level**, the NGO needs to have systems and strategies for generating adequate levels of finance and managing these resources well. It requires a good grasp of the nature and level of its costs and a preparedness to sustain its programs through a combination of cost reduction, cost recovery, and leveraging support from the community and donors.

To develop a sound institutional base, a strong programmatic approach, and sufficient funds, the NGO must undertake a number of different specific activities or practices within each of these areas.

ORGANIZATIONAL SUSTAINABILITY		
Institutional	Programmatic	Financial
1. Organizational commitment to sustainability	1. Community participation and ownership	1. Financial management
2. Strategic planning for sustainability	2. Program quality	2. Cost reduction
3. Governance and leadership	3. MIS and data based planning and decision making	3. Cost recovery
4. Human resources and personnel management	4. Marketing/information, education, and communication (IEC)	4. Revenue/income generation
5. Image, external relations, and networking	5. Logistics	5. Leveraging

Relating to *institutional* sustainability:

1. **Organizational commitment to sustainability**—the board and the senior leadership thinking and acting in terms of becoming self-reliant and decreasing donor dependency.

2. **Strategic planning for sustainability**—preparing long-term action plans based on market data and linking programmatic activities with their financial implications.
3. **Governance and leadership**—having governance arrangements that generate commitment, inspire and reward outstanding performance, and ensure accountability to their stakeholders.
4. **Human resources and personnel management**—establishing systems to attract, develop and retain competent and highly motivated staff.
5. **Image, external relations, and networking**—cultivating and maintaining a positive image among NGOs, government organizations, donors, and clients.

Relating to *programmatic* sustainability:

6. **Community participation and ownership**—preparing the community to assume greater responsibility for and ownership of the benefits.
7. **Program quality**—having systems to plan, monitor, and continuously improve quality in the provision of commodities and services.
8. **MIS and data based planning and decision making**—having systems to capture changing program and financial realities and to utilize such data for making timely decisions.
9. **Marketing/information, education, and communication (IEC)**—implementing marketing and communication strategies in order to understand changing demand and to promote services with a client focus.
10. **Logistics**—having systems that are effective in forecasting, procuring, stocking, and delivering supplies without delays and stock-outs.

Relating to *financial* sustainability:

11. **Financial management**—having financial systems and procedures that provide clear and timely accounts of the financial position of the organization.
12. **Cost reduction**—reducing the costs of providing services.
13. **Cost recovery**—recovering costs of service provision from clients and the community.
14. **Revenue/income generation**—raising resources through institutional earnings.
15. **Leveraging**—using assets to attract and leverage resources from the community, the government, and diverse donors.

### **Assessing Sustainability—The Matrix**

For each of these 15 elements there is a set of five questions to assess the extent to which an organization is doing well in relation to that element. All 15 elements with their 75 questions are put down the vertical axis of a matrix. On the horizontal axis of the matrix there are four columns describing different areas.

The matrix is best completed by involving a cross-section of staff and board members together with the support of a facilitator. The first few steps are undertaken separately by each individual involved, then the group discusses its findings and draws conclusions.

## NGO SUSTAINABILITY ASSESSMENT MATRIX

Institutional elements and practices	0	1	3	4 <sup>1</sup>	Verification: When the rating is 4 specify indicator for verification
<b>1. Organizational Commitment to Sustainability</b>					
The organization has a vision of itself as self-sustaining and is making efforts to decrease donor dependence and diversify revenue sources.					
The organization has a business-like approach to providing social services (concerned with efficiency and the value of services and is responsive to the client needs)					
The organization views charging user fees as acceptable and viable					
The organization is prepared to reduce costs					
The organization is prepared to eliminate low-performing cost centers					
<b>Sub-total score</b>					
<b>2. Strategic Planning for Sustainability</b>					
The organization's vision and mission are known, understood, and shared by the staff and community					
Strategic plans exist and articulate goals, objectives, key activities, and financial implications of the activities					
Strategic plans are based on market data, responsive to changes in external environment, and used to review progress and keep performance on track.					
Program staff and communities participate in strategic planning exercises.					
Strategic plans include activities for revenue generation and cost reduction					
<b>Sub-total score</b>					

<sup>1</sup> The scale: 0-Not true or in practice; 1-Somewhat true or being considered; 3-Mostly true or often in practice; 4-Almost always true or currently in practice



Institutional elements and practices	0	1	3	4	Verification: When the rating is 4 specify indicator for verification
<b>3. Governance and Leadership</b>					
The board has a diverse membership (in terms of disciplines, age, and gender)					
Board members are active in promoting the organization's image and fundraising for the organization.					
The board is distinct from management and supportive of the RH program.					
Systems are in place for participatory decision making, delegation, and team work					
Performance and accountability are promoted or rewarded.					
<b>Sub-total score</b>					
<b>4. Human Resources and Personnel Management</b>					
Documented personnel policies are available and known.					
Personnel policies are consulted when hiring, supervising, or reviewing staff performance					
Clearly-defined, written job descriptions and work plans exist and are consistent with the training and capabilities of staff.					
Staff development plans exist to improve staff's performance, motivation, and teamwork					
Measures exist for retaining key staff and maintaining organizational continuity through promotions, time, and cost-sharing of staff and transfers between programs.					
<b>Sub-total score</b>					

Institutional elements and practices	0	1	3	4	Verification: When the rating is 4 specify indicator for verification
<b>5. Image, External Relations, and Networking</b>					
The organization documents and widely disseminates experiences and achievements in the program via reports, articles, seminars, workshops, conferences, and exhibits.					
The organization has a positive image with the community, government organizations, and donors.					
The organization has strong linkages and networks, creating opportunities for collaborative activities					
Key individuals demonstrate charisma and commitment and employ them to foster networks					
Staff are assigned responsibility for developing messages that communicate the organization's direction and the issues it addresses.					
<b>Sub-total score</b>					
<b>6. Community Participation and Ownership</b>					
Community-based organizations or groups exist and their capacities have been employed to assist the organization and its programs					
Volunteers have been identified, trained, and motivated to share program responsibilities.					
The community is involved in needs assessment, planning, monitoring, and evaluation.					
The community is involved in making decisions about how program funds are expended and generated.					
People in the community make contributions (in-kind, money, labor) to the program.					
<b>Sub-total score</b>					

Institutional elements and practices	0	1	3	4	Verification: When the rating is 4 specify indicator for verification
<b>7. Program quality</b>					
Beneficiaries are in regular contact with expert workers to get complete information on the service.					
Systems are in place for training service providers and providing facilitative supervision to ensure compliance with service guidelines and protocols.					
There are a variety of services being provided to clients with emphasis on client choice and satisfaction.					
There are low dropout and high client continuation rates.					
There are strong referral linkages with the public sector or NGO facilities that result in effective referrals.					
<b>Sub-total score</b>					
<b>8. MIS, Data Based Planning, and Decision Making</b>					
Data exists and are updated to assess the satisfaction and RH needs of clients.					
Data exist to identify current availability and utilization of RH services.					
Staff use data for planning, monitoring, and providing feedback on service delivery.					
Indicators exist for monitoring implementation and evaluating program impact.					
Managers utilize information gathered from the MIS to regularly monitor budgets vs. expenditures and program performance					
<b>Sub-total score</b>					

<b>Institutional elements and practices</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>Verification:</b> When the rating is 4 specify indicator for verification
<b>9. Marketing/Information, Education, and Communication (IEC)</b>					
The organization has a marketing/communication strategy for reproductive health promotion.					
A system exists for conducting market analysis and using the findings to tailor products and services.					
A variety of communication materials are available and are used at the community level.					
A high awareness of and demand for reproductive health services has been created.					
Managerial and field staff have marketing/communication skills.					
<b>Sub-total score</b>					
<b>10. Logistics</b>					
Systems exist for forecasting supply requirements.					
Supplies are procured following written guidelines and procedures.					
A system exists for inventory control and maintaining stocks.					
There have been no occasions when an item has run out of stock.					
Managerial and field staff have been trained in logistics management.					
<b>Sub-total score</b>					

Institutional elements and practices	0	1	3	4	Verification: When the rating is 4 specify indicator for verification
<b>11. Financial management</b>					
The program uses cost analysis to determine unit, fixed and variable costs, and tracks costs against benefits to determine operational efficiency					
Financial reports are consistently used for management decisions.					
The organization prepares long-range financial plans with projected income and expenditures.					
Financial data on income and expenditure are routinely collected and segregated by projects.					
Routine audits are conducted of the entire organization, not only individual projects.					
<b>Sub-total score</b>					
<b>12. Cost reduction</b>					
Systems for competitive and bulk procurement are in place.					
Efficient options for delivery of services are assessed and implemented.					
The organization minimizes hierarchy and unnecessary management levels.					
When utilization is low, fixed costs are shifted to variable.					
Resources are shared with other organizations to minimize costs.					
<b>Sub-total score</b>					

Institutional elements and practices	0	1	3	4	Verification: When the rating is 4 specify indicator for verification
<b>13. Cost recovery</b>					
Systems/procedures for charging fees for services exist.					
A system of exemptions exists for the benefit of the poorest clients.					
A client survey has been done to determine the beneficiaries' capacity to pay.					
Beneficiaries value the quality of services and are willing to pay for them.					
Prices for products and services provided by competitors are routinely monitored.					
<b>Sub-total score</b>					
<b>14. Revenue/income generation</b>					
The organization sells program-related goods and services to new sets of clients.					
A separate commercial venture is being undertaken or considered.					
Staff has basic business skills.					
There are systems and procedures exist for income generation.					
Investments, reserves, or assets are used to generate income.					
<b>Sub-total score</b>					

Institutional elements and practices	0	1	3	4	Verification: When the rating is 4 specify indicator for verification
<b>15. Ensuring financial support</b>					
The organization receives support from a variety of donors, government agencies, and individuals.					
Capacity exists to write new proposals for donor or government agencies.					
Endowments have been established with contributions from community organizations or donors.					
Local donors are cultivated through special events and other local fundraising activities.					
Income from unrestricted sources is used to subsidize the costs of other projects or to raise additional funds.					
<b>Sub-total score</b>					

## SCORE SHEET

<b>INSTITUTIONAL ELEMENTS</b>	<b>Individual Score</b>	<b>Team Score</b>	<b>Priority order for low-scoring elements (1=highest priority)</b>
Organizational Commitment to Sustainability			
Strategic Planning for Sustainability			
Governance and Leadership			
Human Resources and Personnel Management			
Image, External Relations, and Networking			
<b>PROGRAMMATIC ELEMENTS</b>	<b>Individual Score</b>	<b>Team Score</b>	<b>Priority order for low-scoring elements (1=highest priority)</b>
Community Participation and Ownership			
Program quality			
MIS, Data Based Planning, and Decision Making			
Marketing/Information, Education, and Communication (IEC)			
Logistics			
<b>FINANCIAL ELEMENTS</b>	<b>Individual Score</b>	<b>Team Score</b>	<b>Priority order for low-scoring elements (1=highest priority)</b>
Financial management			
Cost reduction			
Cost recovery			
Revenue/income generation			
Ensuring financial support			



SUSTAINABILITY PROFILE MATRIX

Institutional elements and practices	0	2	4	6	8	10	12	14	16	18	20
Organizational Commitment to Sustainability											
Strategic Planning for Sustainability											
Governance and Leadership											
Human Resources and Personnel Management											
Image, External Relations, and Networking											
Community Participation and Ownership											
Program quality											
MIS, Data Based Planning, and Decision Making											
Marketing/Information, Education, and Communication (IEC)											
Logistics											
Financial management											
Cost reduction											
Cost recovery											
Revenue/income generation											
Ensuring financial support											

INSTITUTIONAL
PROGRAMATIC
FINANCIAL

## SCORE KEY

### **Sustainable**

All board and management decisions within the organization are driven by a concern for sustainability, there is a long-range business plan, and collaboration and working in partnerships are the norm. The external image of the organization is favorable and its good performance has attracted the attention of the government and multiple donors. Staff members enjoy a sense of security and a culture that recognizes and promotes merit and performance. Community ownership and management, in conjunction with public, private and commercial sectors, ensure continuity of program benefits. Most clients walk to or pay for services. There is a high level of client satisfaction; services meet set standards of quality and the recipients of services continue to be the poor. Operating costs have been substantially reduced, revenues are generated within the community, and donor support requirements have been reduced to less than 20 percent of total expenses on the program.

### **Progressing Towards Sustainability**

Concern for sustainability has been developed within the board, management, and staff and sustainability plans have been developed and are being implemented. The staff is competent, highly motivated, and is beginning to experiment with innovative ways of reducing cost, generating earnings, and tapping into community contributions. The organization provides benefits to the intended population. Standards of quality are met and the recipients of the services continue to be the poor. One quarter to one half of the clients either walk to or pay for services. Linkages to the public, private, and commercial sectors are being strengthened. The community is interested in and being prepared for taking over management roles and responsibilities. The organization continues to depend on alternative external donor support (more than 20 percent) of total expenses on the program.

### **Poised to Become Sustainable or Emerging**

The organization has a strong commitment to provide benefits to the intended population, to meet reasonable standards of quality and to maintain the client profile (serving the poorest sections, low parity). It has dynamic leadership, a team of dedicated and competent staff, a strong program, a positive image, and efficient systems and linkages with the community and the public sector. It needs support in the area of financial management including cost analysis, managing overheads and indirect costs, and cost value ratios. It is currently dependant on a single donor and preparing to incorporate sustainability measures through cost reduction and revenue generation as well as looking for other donors.

### **Currently Not Sustainable**

The organization may continue to exist, but would not be able to provide benefits to the intended population when the current donor support discontinues. Substantial strengthening is needed in areas of program development, management systems, and financial management. The organization has no significant source of revenue outside the existing donor funds and there is no active seeking of alternate funding. The organization would continue to require substantial investments from donors.

## **Annex 2:**

### **BEST PRACTICES FOR FACILITATING AND CREATING COMMUNITY PARTICIPATION AND OWNERSHIP**

#### **Asset-Based Community Development**

One approach to fostering community participation and ownership is called asset-based community development. This strategy, developed from work done in “devastated communities” in the United States, has been successfully applied in many countries—Northern and Southern—since then. The asset-based strategy begins by valuing what works in the community rather than focusing on its problems. This appreciative approach breaks the problem-solving cycle, where community members view their community and often themselves as a problem that can only be solved by outsiders. By emphasizing problems, NGOs place communities in a recipient role. By instead building on the existing assets in a community, the community members feel empowered and able to address their issues. There are five steps to asset-based community development.

##### *1. Mapping Assets*

Instead of entering your community and listing all of its problems, you begin by mapping out its assets. There are several levels of assets that you need to explore. The first is individual assets. What skills, expertise, experience, and abilities do individual members of the community bring? How can these strengths be used to address community problems? Besides individuals themselves, family members, and neighbors are sources of information on individual assets. At this juncture, you may want to identify positive deviants—those individuals or families from within the community who despite being poor exhibit positive behaviors or outcomes (e.g. family planning acceptors) well-nourished children, parents who do not practice female genital cutting (see next sub-section for details on positive deviance.)

Next are community-based groups such as trade associations, religious groups, self-help groups, health committees, cooperatives, youth groups, and cultural gatherings. Make an inventory of all the groups located in the community—both formal and informal. You can begin by asking community members about the groups to which they belong and then share that list with those associations and add any missing groups and activities. Once you have a comprehensive list of the groups in your community, identify the key activities of each. Be sure to include both formal and informal activities. For example, a church group for women may meet regularly for fellowship and prayer and also provide social services to church members such as help with household chores if someone falls ill. You can also use a mapping exercise such as those used in participatory rural appraisal or other participatory data collection approaches.

Local institutions form the final level. These include schools, private clinics, other NGOs, public-sector health facilities, private health providers, medical shops/pharmacies, and private businesses and shops. These organizations may be more or less engaged in community activities, but they each have assets that help their communities address problems. The process of discovering these institutions is similar to the one you followed for community-based groups.

The assets of your local organizations go beyond the activities they undertake. Some assets may include facilities, equipment, stocks of commodities and supplies, staff expertise, financial capacity, and connections with outside decision makers.

Once you have completed your mapping exercise with the community, you need to share the results with them. This is a powerful moment, when the community discovers all the strengths that exist within its individuals, local groups, and institutions. The community realizes that by drawing on its assets it can address its priority needs. However, this exercise should not be a onetime activity. As you and your community work together, the community will continue to develop its assets. With each new challenge, the response should be what community assets will help us to overcome this challenge.

## *2. Building Relationships*

Now that you have collected information on all the resources available within the community, you need to begin linking those resources together to address the community-identified priorities. Explore possible ways to begin connecting the community assets together. How might the community draw on the gifts that various community members bring? Could the skills of individuals strengthen the work of local associations? Are there under-utilized assets or unrecognized groups, such as youth, that can contribute to the program? What different roles might the current associations and groups take in the community? How might they be connected to local institutions and individuals to magnify their potential? As the community begins to see the possible links, its true potential becomes much clearer.

## *3. Mobilizing for Information Sharing*

Information exchange is critical to moving along the participation continuum. It is not only important to share the results of the mapping exercises; there must also be an ongoing mechanism to share information between individuals, local groups, and community institutions. To facilitate this, build on existing communication patterns. Where does the community currently have its public conversations? Is it at the village well? At an intersection? A barber shop? Build on these existing communication channels and work with the community to exchange information on their hopes, plans, priorities, and skills. Share examples of success stories, best practices, and technical knowledge from other communities to create well-informed community members. This will help with the next step, planning, and will be critical to the success of those plans.

## *4. Developing a Vision and Plan*

As the community better understands what strengths exist within it, it is better positioned to become actively involved in planning for the future. First, there is a sense that there is something valuable in the community that is worth preserving. Second, community members begin to believe that they each have something to contribute. It is from this base that planning can begin. Knowing the range of assets also helps to determine who should be involved in the planning.

You should ensure that representatives of community assets are part of the planning. If you have broad representation, you will have more resources to draw on during the planning. And any plan they develop is more likely to appeal to a larger section of the community. Finally, keep the planning realistic. Aim for small activities that will show immediate results. If the community sees that it can make positive changes, it will be energized to continue contributing. This will eventually lead to sustained benefits.

#### *5. Leveraging Community-Based and Outside Resources to Support the Community's Efforts*

When the community knows its strengths, understands how the different assets might work together to solve problems, shares information, and begins to plan and implement strategies to address priorities, it is ready to take full ownership and management of the program. They are now ready to use their assets to reduce costs, recover costs, generate revenue, network, and create linkages. Before exiting, however, you must ensure that the community is able to attract the required outside resources—to address new problems or expand current efforts.

### **Annex 3:**

#### **DEVELOPING THE RIGHT MARKETING MIX**

- Tailor the products and services:
  - What products and services do your different market segments need and want?
  - How can you make these products and services more valuable to your clients?
  - Who provides the service?
  - What can you do to distinguish your services from other providers?
  
- Set the price.
  - What can your current and potential clients afford to pay?
  - What are they willing to pay?
  - What does it cost for you to provide the service or product?
  - How much do your competitors charge?
  
- Determine the place.
  - How can you get your services or products to your clients?
  - Where are they currently getting the services or products?
  - Where is your competition providing services and products?
  - What is the most convenient location for them?
  - When is it most convenient to the client to access the service?
  - What is the least expensive delivery approach for you?
  
- Generate demand through promotion.
  - How can you make current and potential clients aware of your products and services?
  - What benefits will your service or product offer to clients?
  - How does it meet their needs?
  - What data supports your claims? Any personal stories or testimonials?
  - What distinguishes your services and products from competitors?

**Annex 4:**

**THE FUNDRAISING BROCHURE**

<p>1 Name of organization</p>	<p>2 About the organization</p>	<p>3 A case study</p>	<p>4 How you can help?</p>
<p>Photo</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>Facts explaining why the organization is needed</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>Photo</p>	<p>1. _____</p> <p>_____</p> <p>2. _____</p> <p>_____</p> <p>3. _____</p> <p>_____</p> <p>4. _____</p> <p>_____</p> <p>5. _____</p> <p>_____</p>
<p>Mission statement</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>1. _____</p> <p>2. _____</p> <p>3. _____</p> <p>4. _____</p> <p>5. _____</p>	<p>Endorsements and quotes about your work</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>Address</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
<p>Slogan</p>			

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