HUMANITARIAN ACADEMY · HUMANITAIRES JOBS

Humanitarian Mini MBA: leading a humanitarian organisation

Course handout · Week 7 : Fundraising and donor relations: strategy, proposals and diversification

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Week 7 : Fundraising and donor relations: strategy, proposals and diversification

Objectives

- Build a diversified resource mobilisation strategy: institutional donors, pooled funds, foundations, private sector, individual giving.
- Write a competitive proposal: analysis of the call, intervention logic, budget, evidence and differentiation.
- Manage the donor relationship over time and measure the return on fundraising effort.

The humanitarian funding landscape

International humanitarian funding is concentrated: about ten public donors provide most of the money, and UN-coordinated response plans are structurally underfunded (often funded at less than half of their requirements in recent years, with a sharp drop in 2024 and 2025). The main sources for an NGO:

Source	Examples	Characteristics
Bilateral and multilateral donors	European Commission (ECHO, INTPA), government agencies, development banks	Large amounts, strict compliance requirements, annual or multi-year cycles
Pooled funds	Country-based pooled funds (CBPF) managed by OCHA, CERF (for UN agencies), Red Cross Movement funds such as the DREF	Accessible to national NGOs, aligned with the response plan's priorities, prior capacity assessment
Partner UN agencies	Partnership agreements with UNICEF, UNHCR, WFP, IOM	The NGO implements part of the agency's programme; variable cost coverage
Foundations	Family and corporate foundations, international philanthropy	Often more flexible, interested in innovation and learning
Private sector and individual giving	Sponsorship, emergency appeals, regular giving, legacies	Often unrestricted funds; high acquisition cost but strong long-term value

Trends to build into a strategy: multi-year and flexible funding encouraged by the Grand Bargain, the rise of **anticipatory action** (funding triggered by forecasts, before the shock), localisation, and growing demands for evidence of results.

Resource mobilisation strategy

A resource mobilisation strategy starts from the organisation's strategy: **how much** must be raised, **for what**, **from whom**, with **what investment**. It includes:

- A **portfolio target**: for example no donor above 35%, at least 15% unrestricted funds, at least 30% multi-year funding.
- A **donor map** by priority: strategic alignment, likely amount, probability of success, cost of the effort, compliance requirements.
- A **pipeline** (opportunity tracking table) with, for each one, the amount, the probability, the decision date and the **weighted value** = amount × probability.
- An **investment plan**: development staff, donor management systems (CRM), visibility, compliance readiness.

Pipeline example. Opportunity A: USD 800,000 at 25% = 200,000; B: 300,000 at 60% = 180,000; C: 150,000 at 80% = 120,000. Total weighted value: USD 500,000. If the organisation must find USD 900,000 to cover its minimum budget, the pipeline is insufficient: it needs to generate new opportunities, not just write better.

> A rule for leaders: fundraising is won before the call for proposals, in the relationship, the reputation and the presence in coordination. A call discovered on the day it is published is, statistically, a lost call.

Writing a winning proposal

Evaluators read dozens of proposals using a **scoring grid**. The first task is to dissect it: criteria, weightings, page limits, mandatory annexes, eligibility conditions. A proposal must answer each criterion explicitly, using the words of the call.

Structure of a solid proposal:

1. **Context and needs analysis**: recent, sourced and disaggregated data (multi-sector assessments, cluster, your own data), with the gaps in the current response.
2. **Intervention logic**: theory of change, logical framework, justification of the choice of modalities and areas.
3. **Methodology and quality**: standards applied (Sphere, sector standards), community participation, protection mainstreaming, gender and disability.
4. **Capacities and added value**: presence, access, proven experience, partnerships, systems.
5. **Risk management**: security, fraud and diversion, data protection, with concrete measures.
6. **MEAL and accountability**.
7. **Budget and value for money**: consistent with the activities, justified unit costs.
8. **Sustainability and exit**: what will remain, who will carry it.

What sets a winning proposal apart: **evidence** (figures from your previous projects, evaluation results), **precision** (names of localities, numbers, a realistic timeline) and **consistency** (the

same number of beneficiaries in the narrative, the logframe and the budget). A single numerical inconsistency is often enough to lose several points.

Managing the donor relationship

The relationship with a donor is one of **trust** based on transparency. Donor programme officers hate surprises: a delay, an incident or underspending announced early with an action plan strengthens credibility; the same facts discovered in a final report destroy it.

- **Before**: know the donor's priorities (country strategies, guidance notes), take part in consultations and coordination meetings, share your analyses.
- **During**: reports on time, well-prepared field visits, proactive communication of changes, compliance with visibility rules.
- **After**: a quality final report, sharing of evaluations and lessons, including failures.

Advocacy with donors is also part of the relationship: flagging unmet needs, rules that hinder action (for example verification requirements incompatible with data protection), or the need for more flexible funding. It is done with data and, where possible, collectively through NGO forums.

Private funds, cost of fundraising and ethics

Private funds are valuable because they are often **unrestricted**. Their economics follow the **donor lifetime value**: a regular donor recruited for USD 150 who gives USD 20 a month for an average of 4 years brings in about USD 960, a return of more than 6 to 1 on the acquisition investment. The key indicators are the **cost of fundraising per dollar raised**, the donor **retention rate** and the **return on investment** by channel.

Partnerships with companies require **due diligence**: excluded sectors (arms, tobacco, companies involved in human rights violations in the area of operation), no conflict of interest, respect for independence and for the image of the people assisted. Companies can bring more than money: logistics skills, telecommunications, payment technologies.

The **ethics of communication** is a major reputational issue: informed consent for every image, no images that undermine dignity, protection of children and survivors, and rejection of "poverty porn". The principles of the Code of Conduct for the Red Cross and Red Crescent Movement and NGOs (1994) call for presenting the people assisted as dignified human beings, not as objects of pity.

Exercise: pipeline and concept note

Part 1. Your NGO must cover a budget of USD 2.4 M next year. Funding secured: 1.1 M. Pipeline: European donor USD 900,000 at 30%; country pooled fund 400,000 at 55%; UN agency 350,000 at 70%; foundation 120,000 at 50%; expected private donations 150,000 at 90%. Calculate the weighted value of the pipeline, the probable total and the gap. What do you decide?

Part 2. Write a two-page concept note for the country pooled fund: problem, proposed response, quantified results, indicative budget, added value, main risks.

Answer key, part 1. Weighted values: 270,000 + 220,000 + 245,000 + 60,000 + 135,000 = USD 930,000. Probable total: 1,100,000 + 930,000 = USD 2,030,000, a gap of USD 370,000. Decisions: identify additional opportunities (at least USD 700,000 to 800,000 of new opportunities at medium probability), prepare a fallback budget at USD 2.0 M with the activities to cut first, and take on no new fixed costs before confirmation.

Key takeaways

- Diversify: no donor above about 35 to 40%, a share of unrestricted and multi-year funds.
- Pipeline: weighted value = amount × probability; compare it with the funding need.
- A proposal answers the scoring grid, provides evidence and stays consistent across narrative, logframe and budget.
- No surprises for the donor: announce problems early with an action plan.
- Private funds: lifetime value, retention, cost per dollar raised; dignified communication with informed consent.

Quiz

1. Pipeline: USD 600,000 at 20%, 250,000 at 60%, 100,000 at 90%. Weighted value:
   A. USD 950,000
   B. USD 360,000
   C. USD 120,000
   D. USD 420,000

2. In your proposal, the narrative announces 12,000 beneficiaries, the logframe 10,500 and the budget calculates kits for 11,000 households. What is the main risk?
   A. None, evaluators understand
   B. Losing points for inconsistency and credibility, or even administrative non-compliance
   C. An immediate audit
   D. A visibility refusal

3. A regular donor costs USD 120 to recruit, gives USD 15 a month and stays on average 3 years. Their return on the acquisition investment is about:
   A. 1.5 to 1
   B. 3.75 to 1
   C. 4.5 to 1
   D. 9 to 1

4. Which funding is in principle directly accessible to national NGOs and aligned with the country's humanitarian response plan?
   A. The CERF
   B. Country-based pooled funds (CBPF) managed by OCHA
   C. World Bank loans to states
   D. Defence budgets

5. A security incident will delay a project by two months. The best time to inform the donor is:
   A. In the final report
   B. In the next interim report, in four months
   C. Quickly, with an analysis of the impact and a proposed adjustment
   D. Only if they ask

Quiz answers : 1. B · 2. B · 3. C · 4. B · 5. C