

ECB PROJECT CASE STUDY

NGOs traditionally compete for funds;
what happens when they join forces to raise money together?

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The big NGOs traditionally compete for funds; what happens when they join forces to raise money together?

1. Six NGOs began with \$5 million in the bank; and \$7 million still to find...

CARE International, Catholic Relief Services (CRS), Mercy Corps, Oxfam, Save the Children, and World Vision International have come together in a unique collaboration to build field, agency, and sector level emergency preparedness and response capacity. The Emergency Capacity Building (ECB) Project aims to improve the speed, quality, and effectiveness of the humanitarian community in saving lives, improving welfare, and protecting the rights of people in emergency situations.

In 2008, following a first phase of the ECB Project, the Bill and Melinda Gates Foundation accepted a proposal from the six NGOs worth \$12.3 million for a further five-year joint programme. Stepping outside their traditional grantmaking strategy to support this innovative project, the Gates Foundation provided \$5 million of core funding and the agencies pledged to fundraise together the remaining \$7.3 million. While CARE USA manages the contract with the Gates Foundation, the other five agencies signed a memorandum of understanding (MOU) outlining the project's management structure and ways of working for the five-year joint venture.

This case study recounts the agencies' attempts to together close the \$7.3 million funding gap, while launching and sustaining a \$12 million programme. Three years in, the ECB Project is almost fully funded, but it has not always been a smooth journey...

2. Priorities set, a fundraising team established, but in a changing landscape

Where and how did the NGOs start in the \$7.3 million task?

As outlined in the MOU, an inter-agency Fundraising Committee was established in late 2008 with a face-to-face start-up meeting. This group comprises of funding and/or programme representatives from each of the six NGOs with the clear remit to raise the remaining funding gap by building relationships and awareness with, and ultimately gaining financial support from, donors. Following a long debate it was decided the NGOs would not commit to certain funding targets per agency (due to their different sizes and fundraising potential), but rather to raise the shortfall as a group.

In the five ECB country-level consortia, the NGOs and their partners collaborated to develop annual joint capacity building plans; while at headquarters level the six NGOs established their global capacity-building priorities and targets. Senior programme staff from each of the NGOs then met to develop these into a series of concept notes for joint projects which, combined, would meet key field, agency and sectoral gaps in emergency capacity. These provided '*a more concrete basis for fundraising*', according to the ECB Project mid-term evaluation (September 2011).

It was a promising start, with concept notes, plans and fundraisers in place, but the funding landscape was rapidly changing as the global financial crisis hit. And though the trend of institutional donors increasingly granting to consortia continues, the power of the ECB member agencies to raise significant sums of money was not immediately apparent.



3. Experimenting with joint fundraising models

With the support of a central ECB coordination team, the six NGOs have been testing a number of fundraising models for their joint concepts and plans, with mixed success. What follows is a series of mini case studies of five of the approaches being used, why and what has happened so far.

A. Fundraising by Committee – at headquarters level

At the global level, the ECB coordination team convened the Fundraising Committee of the six agencies on a monthly basis. The goal was to begin efforts to close the funding gap. Early on, the Committee had hoped one or two foundations would provide the bulk of the money needed. However, the Fundraisers soon agreed that this was a strategy unlikely to be successful, especially as the global economy crashed in 2009. According to a CRS fundraiser, *“the economic environment and timing couldn’t have been worse when ECB Phase II kicked off”*.

Instead, the Fundraisers have developed a matrix of funding options that range from private foundations to government donors and assigned which agency would be the lead on those conversations. The development of this shared matrix was quite exciting; as one CARE fundraiser put it *“the matrix may be the best you’ll get from six competing non-profit organizations, because at the end of the day revenue streams are competitive”*. There is a *“significant level of transparency”* though *“agencies are somewhat uncomfortable sharing too much”*, a World Vision staff member reflects. It was a big step forward for the group; agencies that traditionally competed for funds were now sharing intelligence about their donor relationships. They began to approach donors on behalf of the ECB Project, though not as a group of six as they had done with the Gates Foundation.

However, the Fundraising Committee has suffered from inconsistent participation and a lack of leadership; *“joint fundraising requires a lot of coordination”* says one ECB team member. Additionally, the US donors are not particularly interested in emergency capacity building and *“it has been tough to get traction”* says a Save the Children fundraiser, as *“we didn’t have buy in from donors other than the Gates Foundation”*. According to a CRS fundraiser, *“donors are simply more likely to respond to emergencies... Sometimes, in terms of funding, projects are before their time”*. *“The ECB Project was too expensive for what the market would bear, making the fundraisers’ task difficult”* adds a World Vision programme staff member.

And, given the challenging fundraising climate, the NGOs were in a difficult position and had to choose between prioritizing a joint agency project like ECB over their own agency priorities. A CARE fundraiser said that initially *“there was a lot of good will. But that only goes so far in keeping people on task to achieve a goal.”* In addition, the decentralized structure of NGOs such as World Vision makes fundraising for a project like ECB *“very challenging, as it isn’t necessarily owned by any of the individual country offices and therefore doesn’t always get on the fundraising radar”*.

The NGOs began taking alternative approaches to relying exclusively on the Fundraising Committee...

B. Fundraising by Committee – at country level

All five ECB country-level consortia were receiving Gates Foundation funds from the global level annually, but instead of relying on those funds exclusively, the Bolivia consortium took matters into their own hands. Each member NGO committed to having someone on a fundraising group to share information and coordinate fundraising attempts to make up funding gaps for locally-led activities.

When DiPECHO announced a call for proposals in Bolivia, the fundraising group decided that joint proposals led by one or two agencies would provide more impact and be an efficient way to ensure the country is covered. The NGOs are able to submit jointly thanks to a high level of trust, according to a fundraiser from HelpAge in Bolivia. A fundraiser from Christian Aid in Bolivia agrees, commenting that *“the opportunity to meet other fundraisers [from other NGOs] regularly enables the exchange of ideas and, with the passing of time, these exchanges are more open, thanks to the trust that is generated”*. He continues: joint fundraising is seen as an opportunity to highlight the capacities of each agency and build on them. In fact, joint fundraising provides an opportunity *“to work together on a larger scale”*, with agencies beyond the original ECB member NGOs collaborating.

In spite of their enthusiasm, however, a CARE Bolivia staff member notes the challenges in prioritizing joint proposals over their own agency fundraising efforts. In fact, these decisions are often made at the global level. In addition, consultation amongst agencies is cumbersome and time-consuming. Given the challenges of widespread consultation required in joint fundraising, a CRS Bolivia staff emphasizes that the consortium must keep asking itself *“when is it more effective to work together and when is it not?”*

An Oxfam Bolivia staff member believes that joint fundraising is the way of the future; consortium fundraising is preferred by many donors as a way to cut down on grant administration. He says, *“donors have signaled that consortium proposals will be preferred, even if administrative costs for agencies are higher, because impact will be higher.”* While continuing to be opportunistic, the Bolivia fundraising group is, at the time of publication, developing a joint fundraising strategy to enable joint programming between more than nine NGOs.

C. Technical Advisers from different NGOs gathering around a joint priority

Initially, some of the ECB global-level technical working groups expected that the global Fundraising Committee would raise the funds for their joint concepts and plans. When funds weren't forthcoming (see Case A), one working group, comprised of Disaster Risk Reduction (DRR) Advisers from each NGO, began to fundraise directly themselves for a joint project to create a Practitioner's Guide to DRR.

CRS technical and project staff approached the Office of US Foreign Disaster Assistance (OFDA) on behalf of the DRR Advisers group and developed a proposal at the end of 2010. When funding from OFDA wasn't forthcoming, the DRR Advisers mobilized their own agency funds (CRS and Save the Children) to allow work on the Guide to start, while a fundraiser from Mercy Corps secured additional funds. CRS continued discussions with OFDA, and subsequently learned that they would provide the remaining funds to close the (now smaller) funding gap for the Guide. ECHO are also contributing (see Case E).

The direct, project-focused fundraising approach seems to work...



D. Single agencies taking the lead on funding a joint concept note at the global level

One of the six NGOs, Oxfam, have approached their main institutional donors DFID (UK Government) and ECHO (European Commission Humanitarian Office) to fund four of the joint concepts and plans across the spectrum of ECB activities:

- A proposal that built on and furthered the reach of the well-known “Good Enough Guide to Accountability” from Phase I of the ECB Project received funding from ECHO in 2009; whilst another proposal to ECHO in 2010 for community risk analysis staff development was rejected due to the ECB agencies being predominantly US-based.
- Two large grants from DFID were secured during 2010 (\$1 million and \$0.5 million) for a humanitarian staff development program (as part of a wider submission by the Consortium of British Humanitarian Agencies) and for the development of impact measurement of humanitarian response guidelines (as part of a wider submission by Oxfam for their core humanitarian funding).

These are good examples of an ECB member agency maximizing their donor relationships to help close the \$7.3 million funding gap. A CRS fundraiser notes that European donors have been “*more forward thinking and more willing to take bets.*” However, the single agency model has its drawbacks, such as involvement in, and ownership of, the proposal and resulting implementation activities from other ECB agencies being more limited. Nevertheless, a Save the Children fundraiser is supportive of the single agency fundraising approach and feels that “*we [the NGOs] should have gone to our respective donors earlier – who know us and have confidence*”.

E. 2-3 agencies developing and optimizing a donor lead at the global level

Following applications to the ECHO Grant Facility in 2009 and 2010, a further proposal was submitted with much more of an ECB inter-agency flavor in 2011. Following several months of intensive relationship building with ECHO by senior management, the ECB Project was invited to submit a proposal and a CARE-Oxfam-ECB proposal writing team set to work.

In just a few weeks, a programme was designed which brought together under one umbrella five of the unfunded joint concepts and plans, plus four newly developed projects. Given the breadth of the programme, almost all ECB Project stakeholders were implicated in some way, both NGO staff at country and global levels as well as external partners. All were consulted in the short timeframe, including ECHO’s head office and their country representatives in the five ECB focal countries.

It has been difficult to strike the right balance between global and country level ownership. Staff in the Bolivia consortium did not find the process consultative enough and feel it was very top down.

The hard work has paid off though, with \$1.6 million awarded by ECHO, bringing much needed funding to the ECB Project and acting as a tipping point to making the \$12 million ambition viable.

The results so far...

“We have moved from a ‘chuck what you can into the pot’ approach into specific responsibilities and commitments.”
CARE USA Fundraiser

Survival of a mini-crisis through a funding restructure

During its second year, the ECB Project ran into a mini-crisis; a reliance on core funds from the Gates Foundation in the absence of sufficient alternative funding was threatening its financial viability. Senior representatives of the six NGOs and the ECB coordination team agreed a significant funding restructure to reduce the requirement for core funds at global level, and with considerably increased financial commitment from each NGO. This was a painful but necessary step for the ECB Project to continue and achieve what it set out to achieve in 2008. The sense of urgency created by the funding shortfall, and subsequent re-prioritization of ECB within the NGOs were, according to an ECB coordination team member, a primary driver for successful fundraising.

More than a million still to raise

Three years into the five-year ECB Project, the funding situation is, at a first glance, fairly positive, with \$1.4 million left to raise. This means the six NGOs and their partners at both global and country level have the resources needed for their joint capacity building work. However, with the majority of funds arriving much later than originally expected, there is also much pressure to implement multiple projects in parallel. While agencies continue to successfully raise funds for the ECB Project, the six have not made *“equal contributions to the pot,”* according to a CARE fundraiser.

A growing diversity of funding but NGO unrestricted funds still relied upon

At the time of publication, the ECB Project has two core funding grants (Gates Foundation, 2008 and ECHO, 2011) and a number of other restricted donor grants. But are they the right kind of funding? Despite the wide range of potential donors the NGOs are connected with, the ECB Project has found most success with traditional government donors. That said, as an Oxfam fundraiser reflects, *“wider funding is starting to come in from the group, for example the private funds raised by Mercy Corps”*. Still, there is much reliance on NGO unrestricted funds and NGO staff giving their time for free to make the collaboration viable and, despite continued buy-in from senior representatives, an Oxfam staff member finds that *“this is becoming harder and harder to justify internally”*.

Much learning on how to fundraise in a consortium

Joint fundraising was never intended to be a focus of the ECB Project – more a means to an end to enable joint humanitarian programming. However, for pragmatic reasons it became a significant focus for the first three years. With fundraising progress not meeting original expectations, the NGOs programme and funding staff have been much more experimental and opportunistic with fundraising than perhaps they might have otherwise been. This has led to extremely collaborative working and a wealth of learning, including fundraisers learning how other agencies fundraise, according to CRS.

4. Learning in Progress

“There have been steep learning curves. We’ve definitely stuttered at times.”
CARE USA Fundraiser

Here are some of the more pertinent lessons being learned in the NGOs’ journey of joint fundraising...

Know when to fundraise together, and when to say no

Opportunities to fundraise jointly should be carefully considered and decided based on clear criteria. These decisions should be communicated up and down the management line between NGOs’ global and country offices. When coordination costs are simply too high or donor requirements do not match priorities, and beneficiary needs can be met more effectively another way, pass up the opportunity. As an ECB coordination team member reflects, *“fundraising in consortium is difficult because there are conflicting funding priorities”*. Joint fundraising for emergency capacity building initiatives should be based on solid prior interest from donors, advises a Save the Children fundraiser.

Understand the differing funding policies of agencies

One of the big stumbling blocks for the NGOs was once funds were available to support, it became apparent that some agencies could not accept funds from certain donors. This situation occurred midstream with one donor, and caused considerable tension. These discussions need to take place early on and involve the right senior managers and donor compliance staff from each agency from the first notification of intent. In addition, it should be made clear from the outset if/how the consortium group will apply for global funding calls. Usually these need a named lead agency and often NGOs have an internal prioritization process to select proposals where numbers of bids per agency are limited. It is therefore useful to establish if/how consortium bids will be considered within each agency.

One or two agencies can fundraise on behalf of the group as long as plans are agreed and refreshed

The NGOs have learned that it can be more effective to have one or a few fundraise on behalf of the group, but fundraising should be based on agreed joint concepts and plans. ECB had joint concepts in place that were agreed by all six NGOs in 2008, but as the landscape shifted and the technical working groups got underway, other priorities emerged. In addition, some of those initial stakeholders moved on, and new stakeholders did not prioritize the same areas of work. If these concepts were revisited on a regular basis, consultation for big proposals would not need to have been so extensive. A World Vision Fundraising Committee member recommends *“projectizing joint activities”* and that *“all activities should be fully funded before they commence”* due to a long time span between project conception and ongoing implementation creating problems.

Develop a global budget and continually update it to enable strategic and targeted fundraising

A Save the Children fundraiser suggests getting partners involved early on, in the planning phase, including donors; she recommends that NGOs *“plan in-country together, develop a strategy and agree a joint plan, and then separate that out into individual agency proposals”*. An Oxfam fundraiser recommends that a consortium such as the ECB Project *“be clear on where it is going as a whole so that there is a solid overview of what needs to be funded; where the gaps are; and where to put our emphasis”*. A continually updated ‘global budget’ is vital for this. Fundraisers from individual agencies can then be more opportunistic and strategic in incorporating consortium elements into core NGO

funding and working as a team to maximize each agency's strengths. The value of an integrated team is that *"different agencies bring a different skill-set to the table"* as they have different donor backgrounds.

Start with a strong joint fundraising strategy and plan that outlines each agency's commitments

Having trust in place and strong relationships is simply not enough. Agreements between NGO partners must outline which agencies are responsible for which commitments i.e. firm and monitored funding targets per agency. Progress must be tracked, and a plan should be in place to address shortfalls. A light strategy can guide this process and outline ways of working. Differing fundraising structures / locations of partners within a consortium should be addressed and maximized, for example in a decentralized NGO, such as World Vision *"there is good potential at the country level for fundraising if offices want to collaborate"*.

Measures of accountability are critical to ensure consortium members all pull their weight

Given the challenges NGOs face in prioritizing joint work over agency-specific work, measures of accountability must be put in place and signed off by those at management levels within each organisation. Fundraisers at all levels must understand the importance of this joint work and coordinate closely with programme staff who develop the joint concepts and plans to best sell these to donors.

Address concerns about covering support costs early on in a consortium

It has been much easier for agencies to raise money for programs, but less so for the operational structure of the consortium and head office costs. It has been well acknowledged (including in the ECB Project mid-term evaluation, September 2011) that such a massive project requires coordination. These costs, whether they are for the salaries of a consortium coordination team, regular conference calls for working groups, or travel for face-to-face meetings, must be included in all budgets. As one CARE fundraiser says, *"it's worth it: you accomplish more as a group, with bigger results for less money. This is a good way of doing business."* An Oxfam fundraiser suggests that, *"with a holistic view of what donors will and won't fund, you can map your funding in a more strategic way and be more strategic with resources"*, for example unrestricted funds.

Proposal consultation is vital, but incredibly difficult

It takes tremendous time and effort to have all stakeholders in a joint venture as large as the ECB Project review a proposal and provide feedback in a timely manner. Particularly as *"unless there is a sure pot of money, people don't read their emails"*, according to a CARE programme staff member. Add to that the challenge of languages (ECB works in English, French and Spanish). It is quite difficult for colleagues in Bolivia and Niger to meaningfully input into plans and proposals in English, but restrictions in time and resources often prevent translation. Regardless, country teams must have ownership of proposals and activities that truly fit into their plans. Involve donors at the country and regional level to ensure coherence and demonstrate joined-up working and avoid proposals coming from head offices without sufficient consultation.

Proactive advocacy and communication with donors must be done from the start

The ECB Project has produced a considerable volume of outputs but little of this has been communicated with prospective donors. Given that donors are traditionally not eager to support capacity building efforts, a CRS fundraiser recommends a communication strategy to try to whet the interest of donors prior to submitting proposals. Furthermore, he recommends donor advocacy to ensure that capacity building efforts can be funded, *"we know it's better to invest in prevention and*

mitigation.” A Save the Children fundraiser adds: “We need to do a better job on donor advocacy”. Communication does work: ECHO grant officers commented on how useful the ECB website and e-newsletter were in keeping them updated during the 2011 ECB proposal process.

Donors are attracted to the reach and sustainability that consortia such as the ECB Project provide

According to one of Oxfam’s fundraisers, donors are looking for increased impact (clear results and tangible benefits), global reach and replicability, innovation and sustainability with links to wider groups of stakeholders. They are more likely to reward funding proposals that build on achievements to date, and those that package elements into wider joint or single agency humanitarian / DRR programmes.

5. The Road Ahead

From fund-raising to fund-spending

With just under \$6 million of the \$7.3 million raised, the joint fund-raising story of the ECB Project is nearly complete. The next chapter will focus on fund-spending and the implementation of activities simultaneously under a number of restricted donor grants. This will be no easy task and will require even more coordinated work and simple tracking and reporting processes for effective working and risk management.

A focus on country-level fundraising with light global coordination

The main funding gap now for the ECB Project is for the final year of joint programming in each of the five focus countries. Following three years of joint implementation and building of trust, the country-level NGO teams are naturally becoming more and more active in joint fundraising for locally-identified joint initiatives. There is no doubt that this should be championed and supported by each NGO and this could be the new focus of the global-level Fundraising Committee. Joint donor education would also be a “*useful next step; worth doing together*” (Save the Children).

Experience to date has revealed the value in global-level coordination between the NGOs to help ensure that global funding opportunities are understood and optimized by their country-level teams as part of local ECB consortia, whilst avoiding duplication in applications from the different countries and within the NGOs themselves.

The road beyond the ECB Project...

What will happen when the \$12 million is spent and the ECB Project structure has formally dissolved in 2013? Will the NGOs continue to jointly fundraise for capacity building or other initiatives at both global and country levels? Their learning to date on how to work together as a consortium and how to gain the support of donors must surely put them in a good position to continue collaborating. Perhaps though, the emphasis should be at country-level where inter-agency teams can identify relevant joint interventions on an ongoing basis within an agreed scope of what they are together working towards.

Ultimately, the project’s governing body, the Inter-agency Working Group (IWG), made up of the emergency directors of the member NGOs, will determine the commitment of each agency to future collaborations. It will be interesting to see what bearing, if any, each NGO’s fundraising performance has on the level of trust and appetite for further collaboration within that group.



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