

18 July 2023

Getting your funding strategy right

About us

- ✓ We help NGOs to be better funded, operate better and deploy smarter strategies
- ✓ A social enterprise with many services subsidised. Training is already free for partners.
In-person training is back!



Christian Meyer zu Natrup

Managing Director

chris@mzninternational.com

Today

1. Financial sustainability - MzN research results
2. Summary look at the mid-year funding trends of USAID, EU, German and Nordic donors
3. Mobilising private capital
4. Q&A (ca. 50%)

Before we look at donors

MzN research

1. Based on working with a large number of NGOs and social enterprise since 2011
2. Data from consenting, anonymised, past and present clients and analysis based on publicly available data since 2011

Key learning points from our research since 2016

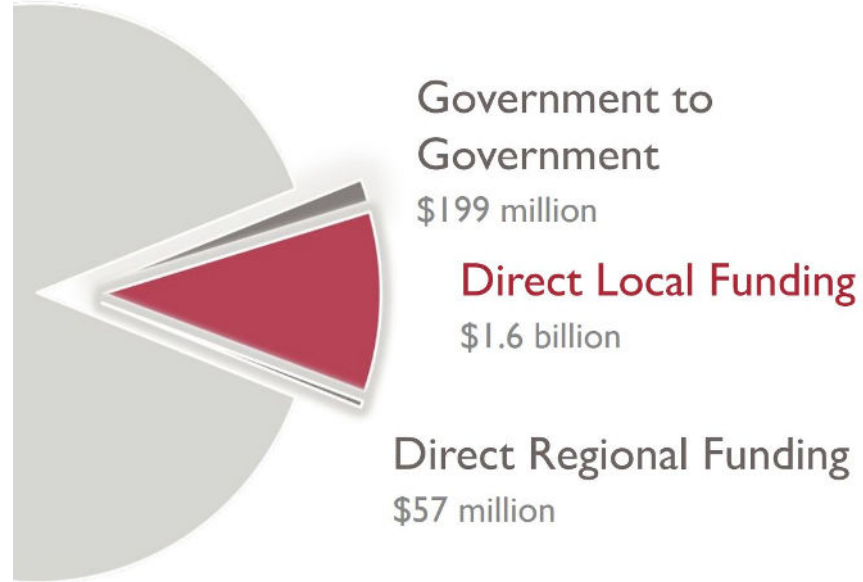
1. Organisations with around 30% unrestricted income (UR) are four times less likely to fall into financial distress than those that have lower UR rates.
2. NGOs that manage to grow
 - a. mature (in value) approx. 15% of their donors every year, and
 - b. add at least two new ones per year.
3. NGOs that grow invest substantially into Business Development permanently.



Funding trends - selected institutional donors in summary

Three types of localisation

By 2030, USAID aims to spend at least 25% of its funding directly to local partners



Localisation goes ahead



USAID, slow but ambitious

1. Major staffing shortage at USAID still slows down contracting
2. By mid July 2023, only 74 (32%) of 235 contracts between 1 Jan 2023 and 31 Jan 2024 have been awarded.
3. New Gender policy released mandating a Gender analysis on some awards and introducing minimum level of efforts.

GIZ (and other German donors)



Germany: The 2nd Largest Bilateral Donor Worldwide

6 development priorities:

- Health & pandemic prevention
- Gender equality
- Education
- Food security
- Climate mitigation
- Adaption



GIZ -

NUMBER OF PROJECTS

VOLUME OF COMMISSIONS IN EURO

SHARE OF COFINANCING

1.468

19.440.259.909



Overall volume of commissions of all ongoing projects

GIZ is currently supporting 1.468 projects worldwide with average 14% of co-financing requirement.
<https://www.giz.de/projektdaten/region/-1/countries/> (12-25% are awarded to contractors in general)



KFW CAPITAL



Bundesministerium für
wirtschaftliche Zusammenarbeit
und Entwicklung



European Union

1. Three major funding agencies
 - a. DG INTPA (lead agency for international partnerships)
 - b. DG NEAR (Neighbourhood and Enlargement)
 - c. DG ECHO (Humanitarian & Civil Protection)
2. DG INTPA agreed funding for period 2021 to 2027, launching the “Next Generation EU” programme, setting objectives and priorities in “Multiannual, indicative programmes”. Total funding set at €3.1b.
3. DG INTP also manages the EU Trust Fund (specific issues) and the EDF (€ 3.3b).
4. Receive funding either as grant or as part of a framework.
5. UK organisations have very limited access to funding.

Key focus

1. Climate & Green Revolution
2. Human rights & Democracy
3. Health
4. Economic prosperity
5. Education

Nordic donors



Budget: \$5.8b in 2021, of which about \$1.2b goes to NGOs

New policy in 2023:

Aid conditional on recipient country to cooperate on return of failed asylum-seekers

Reducing funding to multinationals- more to civil society organisations

No longer follows feminist foreign policy (since 2014)



Norad



Budget: \$4.7b in 2021, of which about \$1.2b goes to NGOs

Budget cuts in 2023:

Regional grants will be cut in SSA, Middle East and North Africa, but committed to return to 1% ODA in 2024

Nordic donors



Budget: \$2.9b in 2021, of which about \$1.2b goes to NGOs

Bear in mind that DANIDA is not a separate agency

New strategy 2021-2025 “the world we share”:

- Social and institutional issues (incl poverty, inequality, migration, conflict)
- Climate change (30%)

2025 budget increase confirmed



Ulkoministeriö
Utrikesministeriet
Ministry for Foreign
Affairs of Finland



Traditional donors may not be sufficient



One of the largest challenges in addressing the climate crisis, food insecurity, inequality, health crisis, poverty, migration and many other societal and planetary problems is simply: **HOW DO WE PAY FOR IT?**

Traditional philanthropic donors and governments **do not provide** enough funds and are often too slow.

We need to unlock large scale capital and do so quickly! That requires NGOs to get smart on finance.

Examples



Private Equity builds schools and hospitals

A mix of government guarantees and private equity investors from Switzerland and Germany funded a US \$350m energy project in Eastern Africa in 2022, with 2% (US \$7m) upfront for NGOs and then 4% annually revenue share for local projects

Insurance against hunger

Utilising US \$10m funding from a bi-lateral donor, the NGO built an innovative insurance policy with partners protecting farmers in Southern America against hunger resulting from crop failure up to US \$175m.

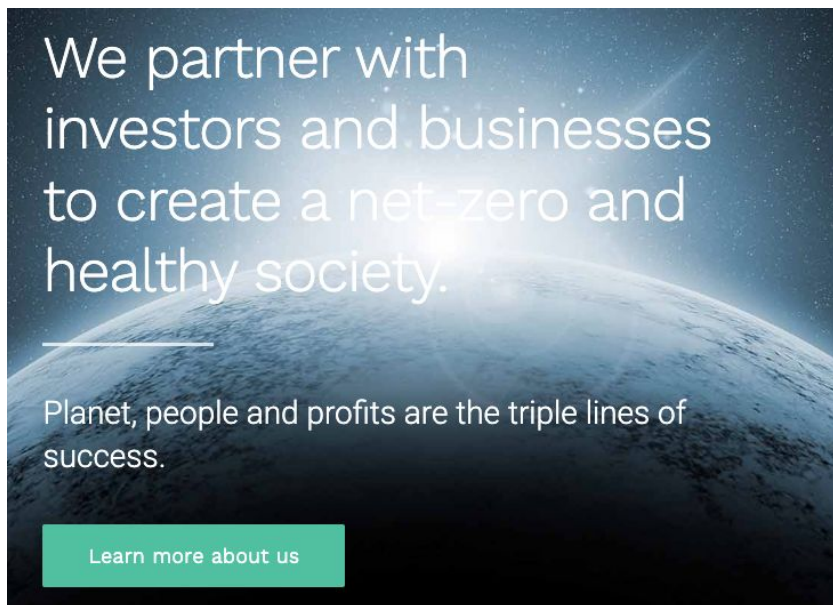
Structured finance mechanisms are sometimes an effective way to deliver impact.

How we respond



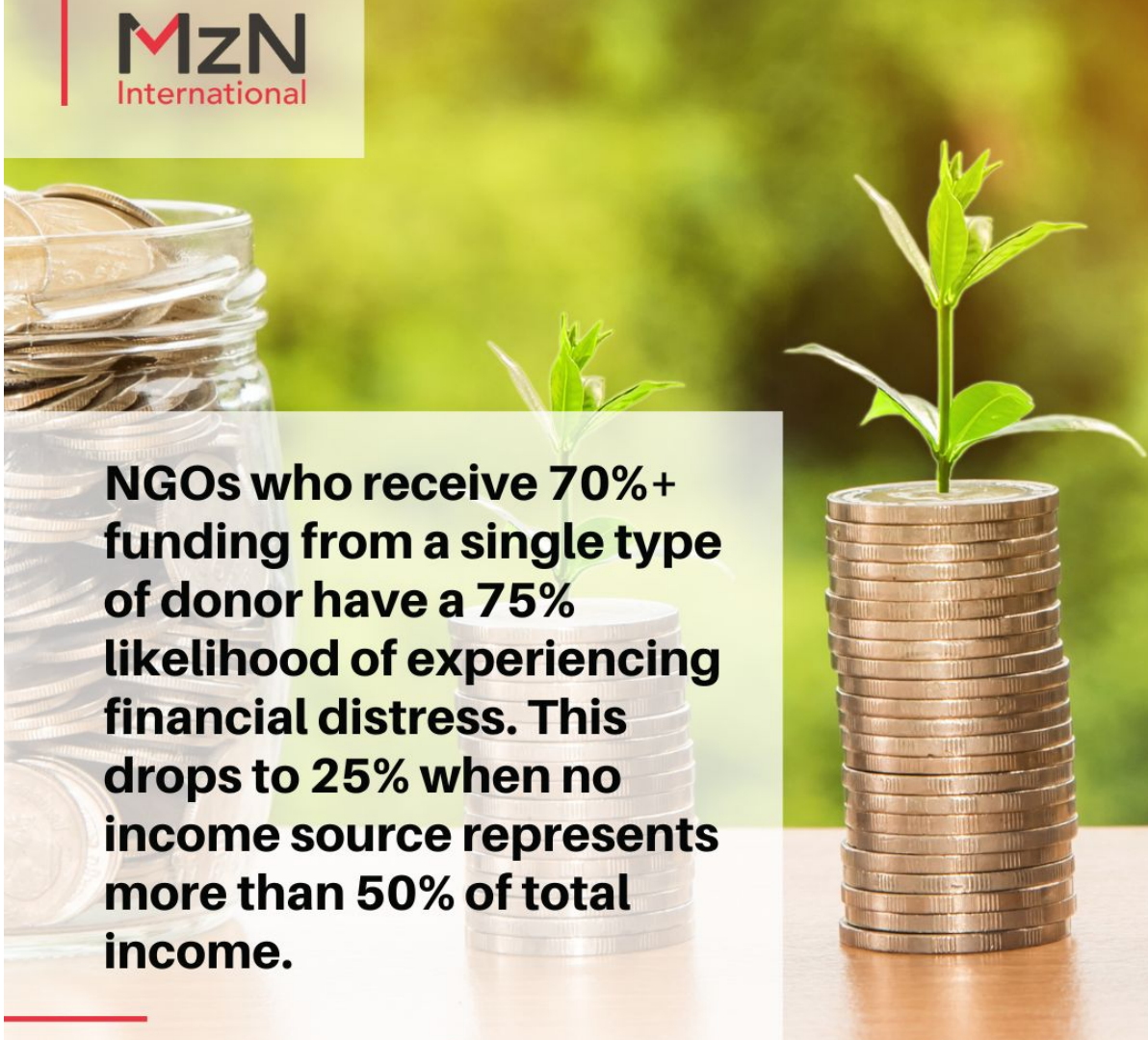
We incorporated Human Planet Ventures, a dedicated finance and investment advisory firm.

HP advises NGOs and the investment community to unlock capital at scale. HP services are free for NGO. Pitch your project for investments [here](#).



Join us on the 6 Sept
2023 for a full Funding
Briefing & Donor Update.

Register [here](#)



**NGOs who receive 70%+
funding from a single type
of donor have a 75%
likelihood of experiencing
financial distress. This
drops to 25% when no
income source represents
more than 50% of total
income.**



Thank you for listening.

Any Questions?



Stay in touch!

We are here to make doing good better. We help non-profit organisations secure more funding, drive innovation and develop smarter strategies.

By 2030, most of our services to NGOs will be free of charge or subsidised. Training already is.

CHRISTIAN MEYER ZU NATRUP

chris@mzninternational.com

New blog, podcast and upcoming events
www.mzninternational.com



Upcoming webinars:



10 tips to improve your proposal budget

27 July 2023

2 to 3 pm CEST



5 tips to secure commercial contracts

2 August 2023

3 to 4 pm CEST