



Funding.... But not how we know it.



How will we fund our ambitions, hopes and values in action?

Do Good. Better!

About us

- ✓ We build **better non-profit organisations**. We mobilise funds, develop smarter funding strategies and build higher performing organisations.
- ✓ A social enterprise with many services subsidised.



Christian Meyer zu Natrup

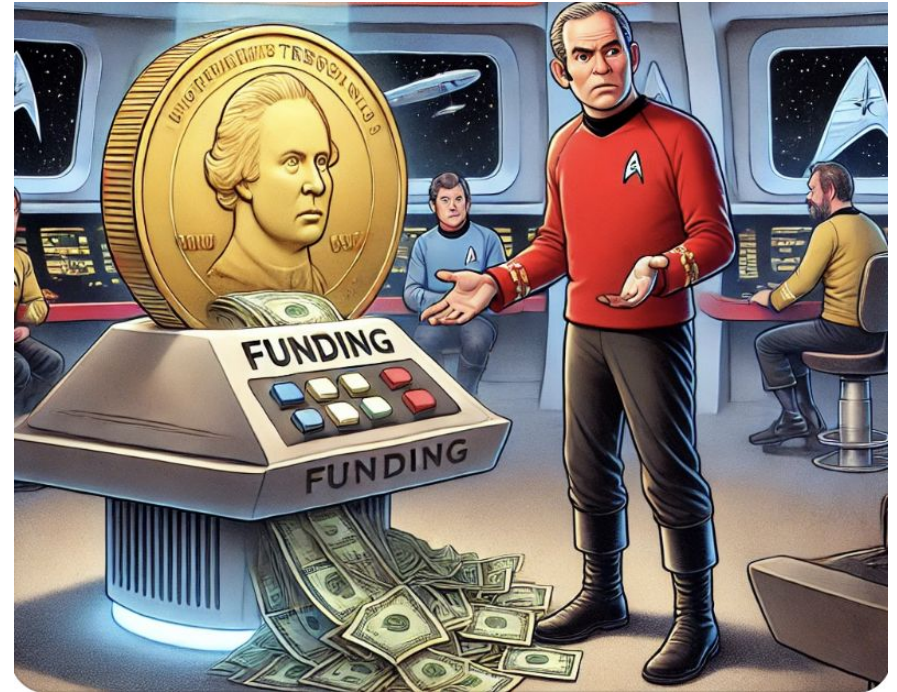
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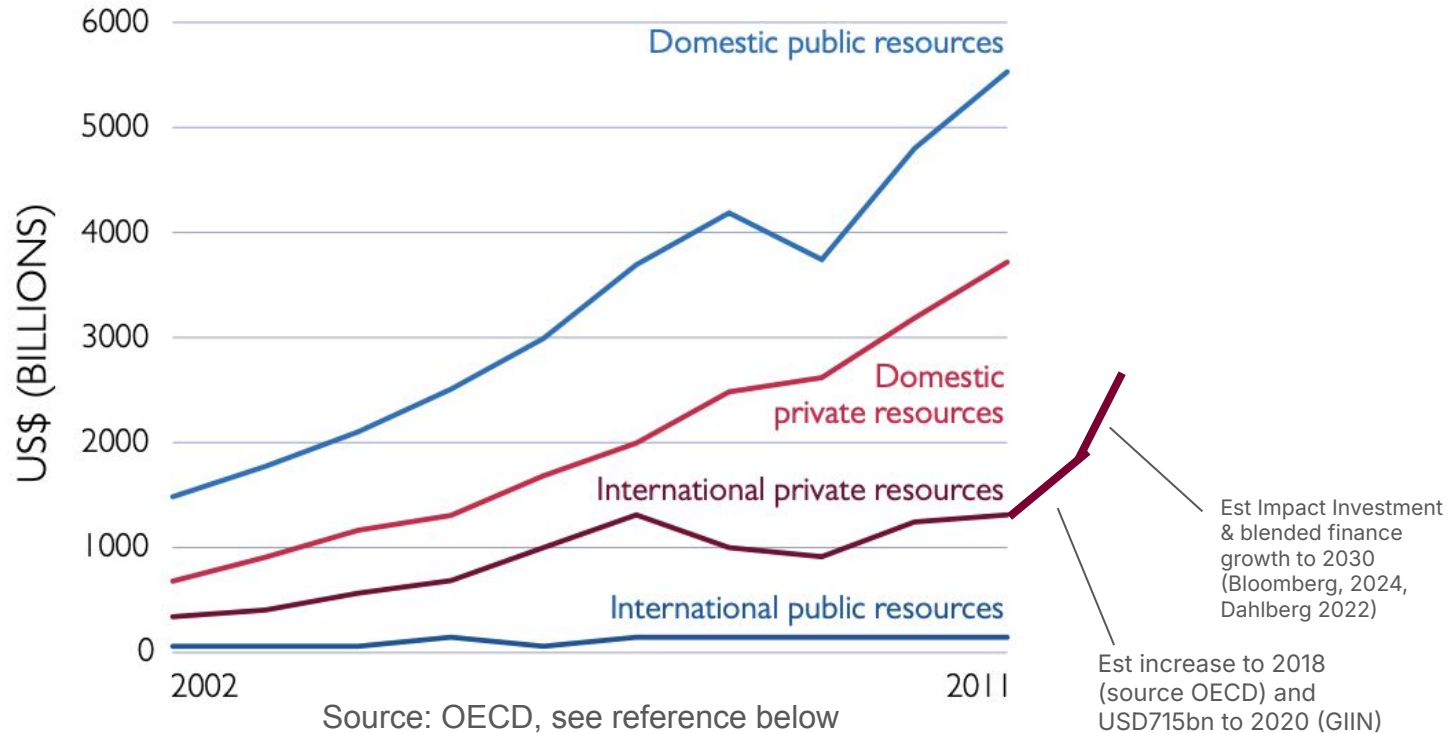


Humanitarian & Development funding is changing

1. **Donors** change how they give. Donors are using more than just traditional grants and are adding new types of funding with conditions attached (e.g. conditional and catalytic support)
2. **Private investments** and other sources of money (not from donors) are starting to make a bigger social impact.
3. Governments, donors, and private funders are working together in a **more complex financial world**. With the right rules and conditions, both public and private funds are helping support projects that include everyone in development plans.

Without changing how we fund it, we won't get there

FIGURE 4: Trends in development finance, to and within developing countries, 2002–2011



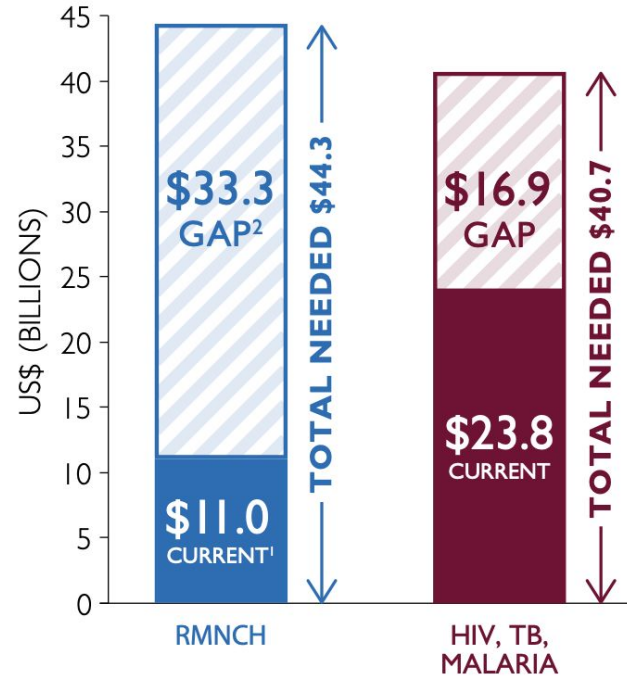
Reference to table above

CATEGORY	SOURCES
Domestic public resources	Tax and other public revenues, domestic debt
Domestic private resources	Gross fixed capital formation (excluding FDI) by private sector, private credit provided by domestic banks, market capitalization
International private resources	International, private transfers (private development assistance [PDA] remittances), FDI and other international private capital flows (bank lending, equity, and bond portfolio flows)
International public resources	ODA, Other Official Flows (OOF) and South-South Cooperation (SSC)

Sources: ODA+OOF – OECD DAC CRS Table I; Remittances and international private capital, GFCF and FDI – World Development Indicators (WDI); public revenue – IMF FAD database. Note: For ODA, OOF, remittances and international private capital, data drawn directly from relevant sources; for public revenues, authors' calculation using IMF FAD data on tax revenue/GDP and WDI data for GDP.

The funding gap to the SDGs is simply too large

FIGURE 6: Estimated annual external financing needs for key health areas 2015–2030⁸



Taking Reproductive Health or HIV, TB, Malaria as an example shows that the ambition of the SDGs are not achievable with donor funding.

¹ Current funding includes only development assistance for health (DAH)—it does not account for domestic resources or out-of-pocket spending.

² Gap is projected as of 2015 and may shrink as actors such as GFF improve efficiency of fund utilization.

Sources: IHME, WHO, GFF, ONE Campaign, Stop TB Partnership, Malaria No More

Many of our NGO partners
are simply **overwhelmed**

There is little head space and
time to think strategically how we
will finance our mission.

Here's what we can do together to
tackle this change.



The changing role of finance

Obsolete:

PRIMARY FOCUS: SOCIAL IMPACT

FINANCED BY PUBLIC RESOURCES:
GOVERNMENTS AND DONORS

NO COST RECOVERY

BREAK EVEN (COST RECOVERY)

PRIMARY FOCUS: FINANCIAL RETURN

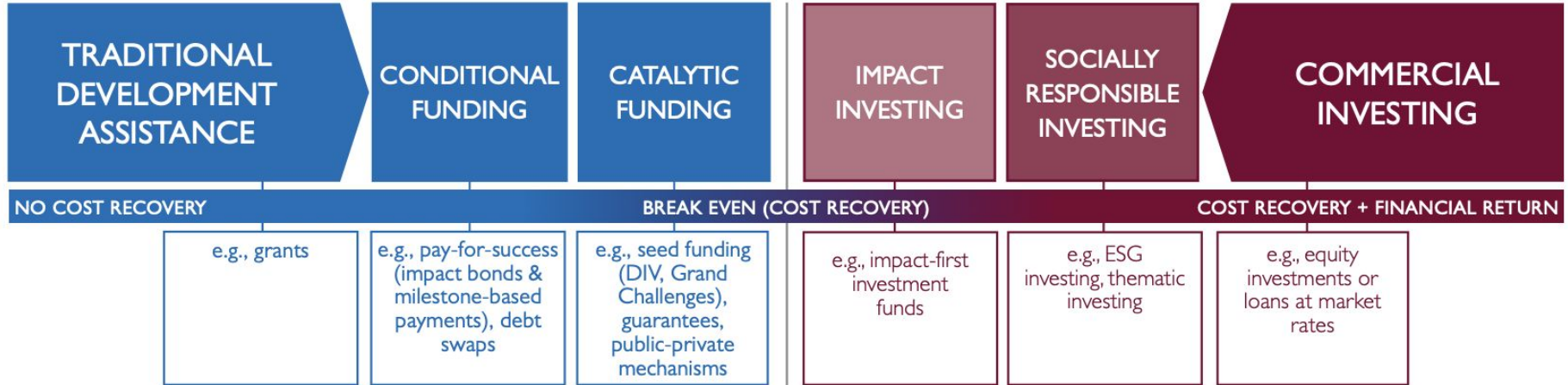
FINANCED BY PRIVATE RESOURCES:
INVESTORS AND PRIVATE CAPITAL

COST RECOVERY + FINANCIAL RETURN

Source: USAID

Organizations that have a plan to work with different types of funding sources will be in a stronger position to make a bigger impact in the future.

What is innovative finance?



Source: USAID

What is innovative finance?

	Guarantee	Debt Swap	Pooled Investment Fund	Social Insurance	Seed Funding / Flexible Grant Capital	Milestone-Based Payments	Development Impact Bond	Co-funding/ GDA
	Partial protection to lenders willing to extend loans to developmentally important but underserved sectors like health (e.g., USAID: DCA)	A developing country's debt is forgiven or transferred to another organization on the condition that the funds that would have been used to repay the loan are used for a specific purpose (e.g., USAID: Debt for Nature)	Funds from multiple parties are aggregated and used to support market-based solutions (e.g., Global Innovation Fund)	Insurance for social impact projects that unlocks private capital by protecting against some level of loss in the event the project is unsuccessful or the borrower is unable to repay the capital (e.g., USAID: Lulama)	Grant funding that operates like venture capital to finance high-risk, high-reward technologies and approaches that can be commercialized or scaled by others (e.g., USAID: Grand Challenges —Saving Lives at Birth)	Grant funding that is disbursed to recipients if and when pre-determined outputs or outcomes are achieved (e.g., USAID: Translating Research into Action— RBF4MNH)	A pay-for-success model that ties payment to the attainment of a pre-determined social outcome. Agreements include outcome funders, investors, service providers, and independent evaluation (e.g., USAID: Maternal Health DIB)	Public funding is used to leverage private funding (minimum 1:1 ratio) to increase impact by applying private sector knowledge and approaches to development problems (e.g., USAID GDA: Project Last Mile)
LEVERAGE MORE FUNDS	✓	✓	✓	✓			✓	✓
INCREASE EFFECTIVENESS OF FUNDS					✓	✓	✓	✓

Source: OECD, Dahlberg, USAID

Some practical examples



1. A MzN Partner in Eastern Africa build a USD15m SME investment fund from Impact Investors to invest into women-led SMEs with donor catalytic grant to support transaction costs.
2. A humanitarian partner in the Middle East partners with infrastructure investors to advice (and earn fees) on humanitarian aspects of the infrastructure being build.
3. A development NGO partner in Eastern Europe mobilized a guarantee to secure a 3 out of 10 defaults for loans to rebuild homes and farms.
4. A NGO partner in Western Africa coaches and helps innovative business owners in health and plastic recycling to secure funding from impact investors.

What you can do now

1. **Educate yourself** (new online and in person training course on innovative finance coming soon)
2. **Answer this: “Can your mission be financed differently?”** (a ½ day workshop should do)
3. **Develop 1-2 flagship programmes for innovative finance.**
4. **Hire/acquire specialist business development expertise**

Some lessons learned...

1. Changing funding landscape = new skills are needed
 - a. NGOs suddenly find themselves talking to new type of people (investors, banks, insurances)
 - b. The terminology can be outright confusion.
 - c. Most NGOs struggle conceptually and operationally with channeling non-grant funding.
2. An impact investment pitch is not a grand proposal. Shorter, sharper, with clear transaction design.
3. Good news for localisation and utilising your grassroots network. Many forms of innovative finance are inherently more local than donor grants.

Brand NEW Online Training Courses for NGOs ARE HERE!

Are you a Non-profit leader
looking learn and grow?

Book your course today

</mzn-training/training-courses/>



MzN
International

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?



BRAND NEW Online Training Courses



Write Winning Proposals

In this course you will learn how to write, manage, and negotiate a winning proposal. You will improve your proposal writing skills through exercises on real proposals, case-studies from the world's leading donors and learn together in small groups.

This course is tailored to empower NGOs like yours with the following skills: crafting winning proposals, mastering proposal management and budgeting, negotiating to secure grants and donor contracts, engaging in real-world exercises and case studies and collaborating effectively in small groups.



Sustainable Income for NGOs

This course covers all key principles of sustaining funding for non-profit organizations. You will explore the appropriateness of various income sources for different organizational needs, and learn to strategically set targets to achieve a well-balanced income portfolio. You will discover strategies for covering administrative costs, mix income streams, effectively find unrestricted funding, and build sustained financial success by engaging stakeholders differently.

<https://mzninternational.com/mzn-training/online-training/>

In-Person Training Courses



Write Winning Proposals

In this course you will learn how to write, manage and negotiate a winning proposal. You will improve your proposal writing skills through exercises on real proposals, case-studies from the world's leading donors and learn together in small groups.



NGO Funding & Reserves Course

Successful NGOs need the right funding mix to create impact and build a better world. But with donor funds severely restricted, and constantly changing priorities and demands, the key question is how can we build a financially sustainable NGO?



Mastering Project Budgets

The budget is the most frequent reason why proposals fail to win funds. And many projects are limiting their impact due to budget management issues. Let's fix that!

<https://mzninternational.com/mzn-training/training-courses/>

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.

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