



Fundraising techniques for NGOs in medicare services

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ARTICLE INFO

Article history:

Received: 8 December 2010;

Received in revised form:

27 December 2010;

Accepted: 1 February 2011;

Keywords

NGOs,
Fundraising,
Medicare Services.

ABSTRACT

Non-Governmental Organizations (NGOs) exist to satisfy human needs, which are unfulfilled by other social, economic and political institutions. Business sector avoids operations in those areas where it suffers loss while public sector does not have access due to its financial limitations or other priorities like defense building, regional and international politics. However, NGOs in developing world are growing quickly in numbers and areas, but to a large extent, their potentials are still unutilized because of funding limitations, their own institutional weakness and governments' skepticism towards the role of NGOs. This paper discusses the fund raising techniques for NGOs on financial autonomy and alternative grant making as well as self-financing possibilities.

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Introduction and background

Non-Governmental Organizations (NGOs) exist to satisfy human needs, which are unfulfilled by other social, economic and political institutions. Business sector avoids operations in those areas where it suffers loss while public sector does not have access due to its financial limitations or other priorities like defense building, regional and international politics. However, NGOs in developing world are growing quickly in numbers and areas, but to a large extent, their potentials are still unutilized because of funding limitations, their own institutional weakness and governments' skepticism towards the role of NGOs.

The non-governmental organizations, are merely motivated with missionary zeal, to serve the society. If these organizations do get the support for the services, in majority of the situations, the support from the Government or Private is not sufficient in the present, and not easily or automatically sustainable in the future (Leone and Van Horne, 2001; Rose-Ackerman, 1996).

There are however difficulties in the way of self-reliance and sustainability of the NGOs in regard to funding of their activities. The Government as well as other donor agencies, if not fairly, implicitly do combined whenever they invite NGOs for collaboration in their programmes (Posnett, J. and T. Sandler, 1989; Callen, J. 1994; Okten, C. and B.A. Weisbrod, 2000). They do have a set programmes and a set agenda of priorities, for such funding through NGOs. These many a times, do not match with the priorities of the organizations concerned, which if they accept the Government funding are obliged to fulfill the pre-set targets.

This paper discusses the fund raising techniques for Medicare services providing NGOs on financial autonomy and alternative grant making as well as self-financing possibilities.

Review of literature

Concerning financing and self-financing methods for NGOs, a book on financial autonomy and alternative grant making as well as self-financing possibilities was published as far back as 1989. The focus of the manual was to determine financing strategies for various types of "Southern" NGO (Vincent and Campbell, 1989).

According to Haverkamp *et al.* (1995), government subsidies to provide funds for the operating costs of an NGO, as

subsidies can appear in different forms, specifically as core project subsidies related and limited to certain projects, and finally as tenders for specific work that the non-profit organisation is asked to carry out.

As described by Morales (1997, in Radovanova, 1999) and listed by Atkinson and Messing (2002), NGOs rely financially on foreign aid from official development agencies and external private and public donors. Additionally, their financing is based on contributions from domestic foundations, business and individuals, as well as from domestic government subsidies and payments including grants and contracts. In addition, further revenue sources might be self-generated income and investment earnings (Atkinson and Messing, 2002).

A study from 1997 was carried out as a series of case studies, adapting findings from 1989. The main aim of this study is to show a broad variety of NGOs financing situations. Examples from various countries world wide, economic situations, self-financing methods and NGOs with several thematic backgrounds and at different ages have been included (Davis, 1997).

In line with the diversification of NGO financing sources, self-financing activities can contribute to the efficiency and effectiveness of NGOs, mainly by reducing the need for donated funds (Dees, 1998a).

Three scientific journal articles provide further insight into the topic, pointing to examples of traditional international non-profit organizations. One article identifies distinctions between social missions and market orientation (Dees, 1998). A second article describes stages for preparing NGOs for their self-financing initiatives (Letts, Ryan and Grossman, 1997) and thirdly, marketing alliances between NGOs and corporations are categorized (Andreasen, 1996).

European foundations can generally be categorized into four groups (Garonzik and Brown, 1998); independent foundations, corporate foundations, government-related foundations and fundraising organizations. There are also endowed, community and operating foundations. CEE foundations show specific characteristics defined as collector / distributor foundations or citizens-based charitable associations. Collector / distributor foundations use several sources, including the general public

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for fundraising in order to finance their operational and grant making programmes.

Several financing sources are available for NGOs. But economic cycles and political changes have an impact on the fluctuation and variety of the sources (Radovanova, 1999).

In 1999, a similar study was conducted among CEE NGOs. It involved types and challenges of self-financing approaches, views of donors in the region and an analysis of thematic differing NGOs in the Czech Republic, Hungary, Slovakia and Slovenia (Davis and Etchart, 1999a). In addition, a forum was held and findings were published (Davis and Etchart, 1999b).

Fundraising techniques

Recipients View on Medicare Services

The health / medicare should be provided free of cost, and a such it has always to be subsidized from outside sources. In general, providing free medicare is not only a heavy drain on the limited resources of the society, but it, in the process, kills the self-respect and humiliates the recipient, not only in the eyes of others, but also in his own self-esteem. In the long-run, it eventually completely demoralizes the recipient and makes him dependent on charity for ever (Baber, Roberts, Visvanathan, 2001; Baber, Daniel, and Roberts, 2002).

According to the above view point, the stigma that was there attached to the NGOs charging, however, nominal it may be, for the services rendered under medicare, has died out and now charging is looked upon by all and other sources in the community, as a rational and justifiable (Arrow, 1963; Weisbrod and Dominguez, 1986; Tinkelman, 1999; Yetman and Yetman, 2001).

The various known sources of funds and finances are discussed below as; Government, Foreign donors; Self-financing by the community etc.

Government

The Government provided funding / finances for the medicare, basically through two avenues, hospitals and community projects. For hospitals, the Government payments were either service – specific, eg. As Post-partum beds nurses training or on daily rate basis for a fixed proportion of beds for treating indigent cases, or to make good the deficit in the overall budget of the hospital. The community projects received from the Government funds channelised by foreign agencies under the bilateral aid-programmes.

Foreign Donors

Many of them preferred funding directly, for the community projects for out-reach services in the interior to rural or tribal societies. In certain cases, such foreign donor funds will be channelised through the Government of India. In the initial stages, such foreign funding will be available on cent percent basis, which eventually be phased out partially or completely, over a present time period.

According to Vincent and Campbell (1989) donors have the opportunity of coping with the negative impact of traditional funding through various forms of grant making. Donor can provide emergency relief and welfare grants, small grants designed for development projects and flexible programme grants, leaving responsibility for decision-making and the adaptation of plans to the NGO.

Self-Financing by the Community

This is progressively being followed in recent years. According to a definition by Atkinson and Messing (2002), self-financing can be seen “as the procurement of revenue by internal entrepreneurial methods – in otherwords, strategies used by NGOs to generate some of their own resources to further their mission”. In connection with the appearance of self-financing strategies among the non-profit sector, a variety of terminology

has emerged. The methods of self-financing by the community may fall broadly, into the following five categories namely, User Service Charges / Fees, Prepayment / Insurance, Commercial Units, Fund Raising and Contributions in Kind.

Benefits of Self-financing

Self-financing offers numerous advantages to NGOs' financial situations and the organizations themselves. More precisely, various key benefits are found. Firstly and most obvious, additional financing activities increase income and therefore contribute to the stability of the organization's monetary situation (Davis and Etchart, 1999). A second positive result is the diversified revenue base. Diversity leads to a stronger position against changes among funding sources and consequences of changing policies. In connection, dependence on donations can be reduced. Furthermore, NGOs can learn from using business skills and, through this, improve their organizational capability in planning, management and efficiency. This may result in advanced financial discipline. Increased liberty in decisions on using and distributing revenue is another benefit. Overall an NGO's self-confidence can be strengthened and supplementary value is added to its activities. The organization also benefits from the opportunity to develop its image and visibility. Through increased visibility, donors may more easily observe the organization. (Davis and Etchart, 1999a; Skloot, 1988). As Peizer (2004) believes, funding institutions appreciate successful NGOs that are self sustaining and mission-driven.

User Service Charges / Fees

These are defined as “any payment made by the beneficiary, directly to the Medicare provider”. They included fee for services, and prices paid for supplies of medicines. Charging fees for service is mentioned by several authors (Davis and Etchart, 1999a; Vincent and Campbell, 1989) and it is a well-known self-financing method among the NGO networks community around the world (Surman *et al.*, 1999).

Prepayment / Insurance

Contributions are made by individuals or households in advance of the service need. Only the sick avail of such services and the total cost is shared by all. Difference schemes may provide different levels of coverage, and different types of illnesses. Membership to such schemes in majority of cases provides free community care and subsidized referral services.

Commercial Units

These are widely used in hospitals which provide private wards, diagnostic services, optical shops and pharmacy stores, all run on purely commercial principle of profit motives, of course, mixed with service motive, by charging all those who can pay.

Fund Raising

This is done through collection of local donations, by organizing fairs and health meals, cultural evenings of plays, concerts, competitions, etc. By its very nature, however, this is sporadic and not on a continuing basis.

. Contributions in Kind

Whatever the beneficiary can easily afford, his agricultural product or craft articles or even his physical labour, or special talent or time

Conclusion

Depending on anyone of the above broad categories, is not enough for financial autonomy. A multiple-funding strategy has to be adopted. Of all these, only the Government is the most reliable one and that of foreign donors is sumptuous in the first blush, but which is uncertain. All these, however, call for proper and judicious management approach, one of the parts of the recipient, who should be able to clearly set his goal and

objectives, and decide about the priorities on sound basis.

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