SUSTAINABILITY AND SELF FINANCING FOR KMCP & PAX ROMANA

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OUTLINE

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What is Self Financing

- **Self-financing** is one of the options that an organization has to develop a more diverse income stream.
- It can also help to support programs and cover expenses that donors and grant makers do not want to fund.
How do Organizations do this?
There are many different approaches to self-financing.

- Manufacture and sell products.
- Resell products.
- Offer services based on organizational skills and expertise at market prices.
- Take on contracts from the government and the private sector.
- Collect fees from members and non members in exchange for services provided to members.
What activities have worked for other Organizations?

- The following examples of self-financing activities are based on a research project that involved nonprofit organizations in a number of South American countries.

- Most of these activities are closely linked to a specific program (e.g. health related services, agriculture) that the organizations runs. Some are unrelated to its mission.
Products sales by Organizations

- Orthopedic appliance and prosthesis.
- Grains and cereals.
- Construction of low-income housing.
- Shoes
- Meat, dairy and silk products.
- Food and drinks (pub).
- Diverse goods (mini-market).
- Wallets and woven goods.
- Publications.
- T-shirts.
- Artistic photographs.
- Baked goods.
Sales of services by Organizations

- Rehabilitation and medical services.
- Health programs.
- Guided tours for tourists, events and theatrical productions.
- Training related to microfinance and consulting services.
- Printing related services.
- Training on the use, technical support, maintenance and repair of IT equipment
- Land use planning services for rural communities.
- Resource development training.
- Employment services.
- Language classes and volunteering programs.
This might possibly involve founding a Social Enterprise that operates separately from the traditional nonprofit activities.
Benefits of Self Financing

- More freedom to decide about what to fund
- Increased diversity of financial flows
- Increased ability to cover overhead flows
- Job creation
- Additional knowledge and skills
Preparatory work involved

• considerable preparatory work is necessary before the organization can decide whether venturing into selling goods and services for a profit is an option that has chances to succeed.

• The preparatory work involves some activities that most NGOs will never have faced before, like:
  • Market Research
  • Analysis of core competence
The preparation requires special knowledge and skills from those that will conduct these activities. This includes:

- Market Research Analysis:
  - Who are potential buyers among current contacts?
  - Are there any other prospective paying customers?
- Analyze Competence
  - What are we really good at?
  - How do we distinguish ourselves from competitors?
Create ideas for self financing activities?
  - Conduct brainstorming activities such
  - How do other organizations generate income?

Check Organizational Readiness
  - What are the barriers to profit oriented ventures?
  - How can these barriers be overcome?

Check the view of external stakeholders
  - How will grant makers and beneficiaries react?
  - How will other stakeholders and the general public react?
FOOD FOR THOUGHT

- Is KMCP ready to take up the challenge?
- What does KMCP need to do to embark on this process if it is ready?
- What are some of the ideas we have to make this a reality?