

Agenda Item: Individual Fundraising Programme

Summary

This document outlines an investment plan designed to strengthen IPPF's global resource mobilization capacity by building an individual fundraising programme including infrastructure and market access in the USA over the next three years.

The C-FAR has reviewed the investment plan and recommended for approval **designation of US\$3 million from reserves** to develop the individual giving programme over the next three years. Of this amount, they confirmed IPPF can designate US\$1M effective immediately and the approval of the sum of US\$ 2 million will be conditional on availability of reserve balance available as on 31st December 2021 above the threshold fixed earlier this year.

Action Required

As part of the report from the C-FAR Chair, the Board of Trustees **to approve designation of US\$3 million from reserves to develop the individual giving programme over the next three years** commencing now. Of this the approval the sum of US\$ 2 Million will be conditional on availability of reserve balance available as on 31st December 2021 above the threshold fixed earlier this year.

3-year Investment Plan to develop unrestricted revenue for the Federation

1. Situation Analysis

IPPF currently has a relatively small portfolio of individual donors mostly based in the US, ranging from small dollar online supporters to larger gifts received via check, bequest and stock grants. Until our separation in September 2020, the individual giving programme was mainly developed and managed by the Western Hemisphere Regional Office (WHRO). With the separation, the infrastructure and know-how did not stay with the Secretariat. As such IPPF currently doesn't have any CRM or flexible payment processing systems (beyond the basic online giving site Paypal) to support and cultivate donations in the form of staff, vendors or systems.

By the end of this year, with no dedicated staff, we expect to secure approximately US\$ 1.2 million in unrestricted individual giving, with the large majority coming from two large bequests, the rest were bank transfers, checks and online donations. However, there is a gigantic untapped market in the US where we can raise significantly higher amounts especially given the brand recognition of IPPF once we establish proper systems in place to cultivate these donors.

Against this background, the IPPF Secretariat worked with a US-based fundraising expert to develop strategic investment options and scenarios for the next 3 years that will:

- (1) stabilize and better manage existing individual donor revenue and, more importantly,
- (2) lay out options and timing to create and grow new donor acquisition channels over time.

2. Rationale

This 3-year investment will help achieve several short-term and long-term objectives that are aligned with the Secretariat Business Plan, the Strategic Framework as well as the Global Income Generation Strategy by **growing unrestricted income** to support critical global priorities and initiatives.

This investment plan will achieve the following within three years:

1. To increase unrestricted revenue to build core funding and further diversify our funding sources, allowing us to go from an income of **US\$1M/year** income in 2021 to approx. **US\$4M/year** at the end of three years with an investment of approximately \$1M/year (\$3M over three years). This will also include plans to grow deferred planned giving sources.
2. To build, launch and maintain a unified IPPF global brand focused on developing key donor markets to be phased in over the next four years.

IPPF already has a 501(c)3 organisation set up in the US, with funds already flowing through from the US to the UK entity. This entity receives funding from anonymous and larger donations from HNWI/individual donors, as well as individuals.

What can we expect in donations with a 3-year investment plan (2022-2024)?

A **US\$3M investment** over three years to the development of the individual giving programme could yield **US \$7.4M in donations** over the same period.

3. Benefits for the Federation

A 3-year investment on individual giving will ensure IPPF is best positioned to rapidly respond to crisis events and solicit funds from the public but also proactively advocate for the IPPF brand and values as a way of better building a base of support. It will enable us to push forward with coordinated appeals to donor segments via multiple fundraising channels with messages that will most effectively inspire donations. Crisis situations are not the only path to increased support. Our plan would drive non-crisis funding opportunities as well.

Most importantly, this effort would help further diversify funding sources to decrease reliance on core support from donor governments and focus the Federation on raising more unrestricted support from the public to ensure we have the flexible funds to innovate new approaches to programing and/or fill critical operational gaps.

4. Core Program Investment Components

Support Systems for Existing Donors. While the dollar and donor amounts may be relatively small now, investment in CRM is essential as it will allow to quickly gather and report on donor activities and facilitate or execute donor fundraising and communications efforts. Without the CRM, the current completely manual reporting and management system would not scale from where it is today.

New Donor Acquisition. Given IPPF's desire for growth, this is where most investment is required. Although it is important to realize that donor acquisition is a long-term play. **There is no scenario in which year one investment is likely to return donations more than cost to acquire in the same year.** Considering the strength of the IPPF brand, it's very likely that when evaluated over a 3–5-year timeline, initial investments in building an individual giving portfolio will yield significant returns on investment (ROI) and, if managed properly, become a lucrative long term “annuity” providing large amounts of **predictable unrestricted funding** to the Secretariat.

A new donor portfolio will never “pay back” in just one-year, key metrics such as cost-to-acquire, average first gift, donor value over time and donor annual attrition are critical to assess the ultimate long-term value (LTV) of a new vintage or cohort of donors.

There can be many possible outcomes over the three years thus **the critical discipline in building up an individual giving programme is monitoring the metrics as they unfold and course-correcting** (improving acquisition yield, lowering attrition, improving conversion rates to major donors) along the way to improve the ultimate LTV of the vintage in question (and future ones as well.)

It should be noted the potential that comes from a tenured, stable and predictable base of individual donors once established is very big. While seemingly expensive in the beginning, an established base of individual donors brings very predictable unrestricted donations at a high “yield” particularly once an individual giving base is in “maintain” vs. “grow” mode with maintain defined as spending approximately the amount to keep the base constant.

Staffing. We will phase the investment on staffing over the first two calendar years of the plan. Such a phased approach would “release” incremental budget dollars in out years of the plan as metrics and channels are shown to have sufficient promise to deliver the Investment-to-Long-Term-Value ratios envisioned and approved by senior management.

Action Required

Against this background, on the 10th of November, C-FAR has recommended designating of US\$3 million from reserves to develop the individual giving programme over the next three years, subject to Board of Trustees approval. Of this approved amount, US\$ 2 Million will be conditional on availability of reserve balance available as on 31st December 2021 above the threshold fixed earlier this year.

As part of the report from the C-FAR Chair, the Board of Trustees **to approve designation of US\$3 million from reserves to develop the individual giving programme over the next three years commencing now.**