YIELD Hub

# SUSTAINABLE FINANCING FOR YOUTH-LED ORGANISATION

A Sustainability Framework

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# Welcome

**Whether you're leading a grassroots initiative, managing a youth-serving organisation, or simply looking for ways to strengthen financial sustainability, this resource is here to support you.**

Navigating the world of funding, financial planning, and long-term sustainability can be overwhelming—especially for organisations driven by passion and purpose. We understand the challenges, and that's why this framework was developed with youth-led organisations, for youth-led organisations. It is designed to be practical, action-oriented, and easy to apply, ensuring you have the tools needed to build resilience and financial independence.

# Acknowledgements

This framework was co-developed through Action Learning Cycle 6, with insights and contributions from youth-led and youth-serving organisations. We extend our gratitude to cycle 6 members, namely: **Sustainable Jamii, Young Experts: Tech for Health, Stretchers Youth Organization, YouthKommunity, and YUWA Nepal, Women Deliver, and Young Women in Action.** Through their collective experience and learning, they identified significant areas for reflection, commitment, and recommendations. These have also been compiled into a valuable resource that is accessible on the YIELD Hub website. We hope this resource will empower your organisation to take control of its financial future and build resilience for long-term impact.

# Key Challenges Identified by Cycle Members

- **Over-reliance on short-term grants:** Many organisations depend on a few large grants, making them vulnerable when funding runs out.
- **Lack of unrestricted funding:** Donors often fund projects but not core operational costs like staff salaries and administration.
- **Limited financial literacy:** Many youth-led organisations struggle with budgeting, financial reporting, and donor compliance.
- **Challenges accessing funding:** Grant eligibility criteria often exclude grassroots and emerging youth-led groups.
- **Absence of financial reserves:** Most organisations do not have emergency funds to handle unexpected financial shocks.
- **Limited experience with alternative funding models:** Many groups are unaware of or lack capacity to implement social enterprises, membership models, or other self-sustaining revenue streams.

This framework was developed to directly address these challenges by providing practical guidance, interactive tools, and real-world strategies to strengthen financial sustainability in youth-led spaces.

## Why Financial Sustainability Matters

Financial sustainability is critical for youth-led and youth-serving organisations to achieve long-term impact and independence. Many organisations in this space rely heavily on short-term project-based funding, leaving them vulnerable to financial instability when donor cycles end. Achieving financial sustainability means moving beyond survival mode to a place where organisations can plan for the future, adapt to emerging challenges, and continue serving their communities effectively.

A financially sustainable organisation:

- Has diverse income sources beyond donor funding.
- Can cover core operational costs consistently.
- Maintains financial reserves for emergencies.
- Develops strategic financial plans for long-term growth.

Investing in financial resilience ensures that youth organisations remain autonomous and can continue driving meaningful change without constant funding uncertainty.

> As Youth-Led Organisations, we experience similar challenges around funding and resource constraints, but it can be hard to discuss openly due to fears that admitting these challenges harm our credibility or create a sense of competition for limited resources. Creating a space where we can share openly our experiences and help to build one another up so we're better equipped to navigate this complex space is so helpful!
>
> - ALC 6 Member -

## Glossary

**Blended Financing –** A funding approach that combines grants, private sector investment, and self-generated income to ensure long-term financial stability.

**Core Funding –** Unrestricted funding that covers operational expenses, such as staff salaries, rent, and utilities.

**Unrestricted Funds –** Donations or grants that can be used flexibly across different organisational needs, rather than being tied to a specific project.

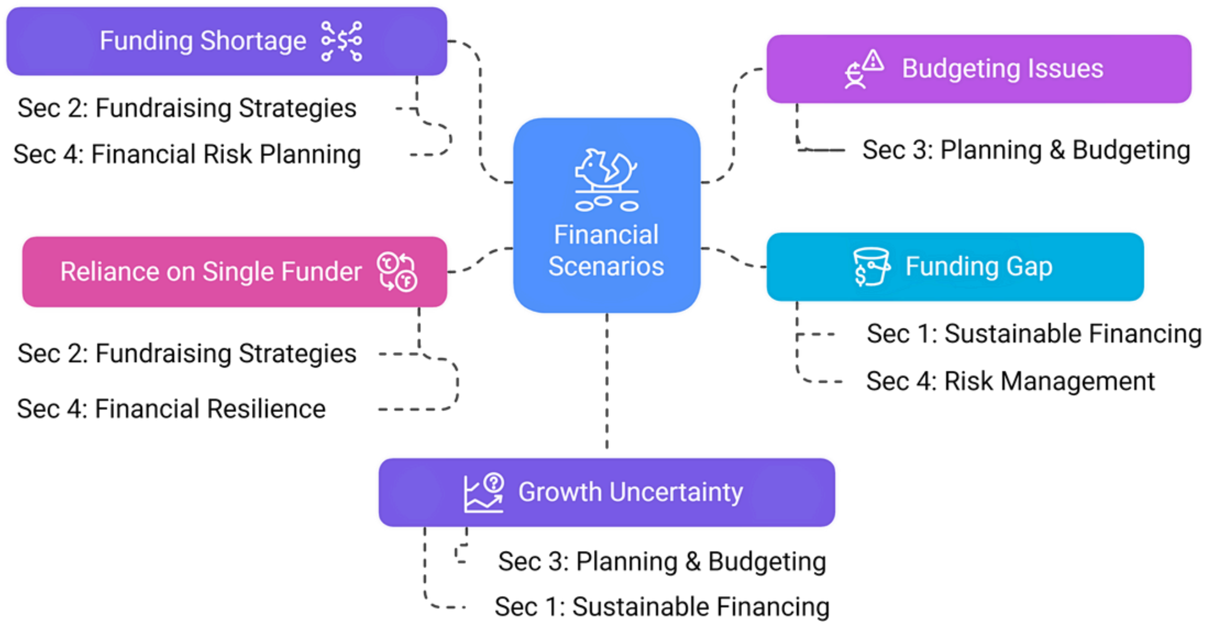
**Risk Management –** Identifying financial risks (e.g., loss of major donor) and developing strategies to mitigate them.

**Fundraising Pipeline –** A structured plan identifying potential donors, funding sources, and application timelines.

**Social Enterprise –** A revenue-generating business model that aligns with an organisation's mission while ensuring financial sustainability.

# How to use this framework

**This framework is a practical resource designed to support youth-led and youth-serving organisations in strengthening financial resilience. Use the scenario map to identify your current challenge and go directly to the sections of the framework that offer practical support. Below the map is a description of each section. Which Financial Scenario feels most familiar to you?**




# Framework Structure

**SECTION 1**

Understanding Sustainable Financing – Why financial sustainability matters and how to build a diverse funding base.

**SECTION 2**

Fundraising Strategies That Work – How to develop an effective and diversified fundraising strategy.

**SECTION 3**

Financial Planning & Budgeting – Tools and techniques for creating and managing organisational budgets.

**SECTION 4**

Risk Management & Sustainability Models – How to build financial resilience and explore long-term revenue models.

**Each section includes interactive tools, follow-up action points, and practical exercises to help you implement key financial sustainability practices in your organisation.**

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SECTION 1

# UNDERSTANDING SUSTAINABLE FINANCING

# Understanding Sustainable Financing

Financial sustainability goes beyond securing funding for today. It's also about ensuring your organisation can thrive in the long term. Sustainable financing means:

- Diversifying income sources beyond short-term grants.
- Building financial reserves and planning for risks.
- Aligning funding strategies with your organisational goals.

# Why does it matter?

**83% of youth-led organisations globally operate on under $5,000 per year**

**Project-based funding limits long-term stability**

**Youth organisations struggle with funding eligibility due to restrictive criteria set by donors**

# Sustainable Finance Reality Check

Assess your current financial situation by answering these questions using the three blocks provided to record your responses. Identify areas needing attention, such as over-reliance on grants or lack of core funding, and develop strategies to address these gaps.

| ? | | |
|---|---|---|
| | ✅ What percentage of your funding comes from grants? | |
| | ✅ Do you have core funding for salaries and operations? | |
| | ✅ Have you secured funding beyond the next 12 months? | |
| | ✅ Do you have more than one funder? | |

## Reflection Prompts:

- What are the biggest financial risks your organisation faces right now?
- How stable is your current funding mix? Are you overly reliant on one source?
- What are two immediate actions you can take to strengthen your organisation's financial sustainability?

## Guided Exercise: Assessing Funding Sources

### 1. Take 5 minutes to list all your organisation's funding sources

| | |
|---|---|
| | |

### 2. Now place them into three categories

| **Unstable (High Risk)** e.g., one-time grants, short-term funding | **Moderately Stable** e.g., multi-year grants, corporate partnerships | **Highly Stable (Low Risk)** e.g., core funding, long-term donors, social enterprise |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

### 3. Discuss as a team and note the following: what shifts can you make to move more funding sources into the "Highly Stable" category?

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SECTION 2

# FUNDRAISING STRATEGIES

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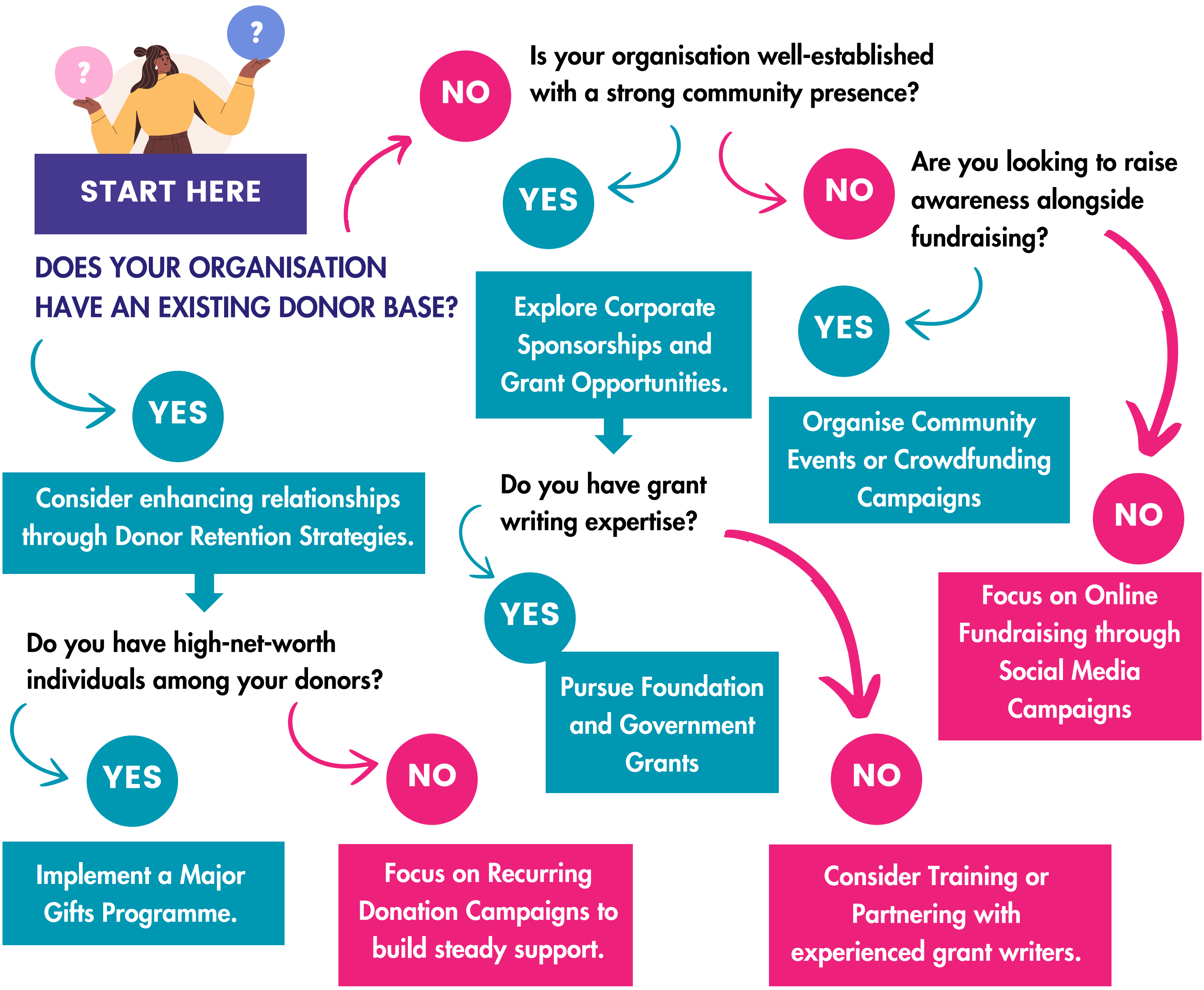
# Decision Tree: Selecting Fundraising Strategies

Securing funding is one of the biggest challenges for youth-led organisations. With limited access to traditional funding streams and competitive donor landscapes, many organisations struggle to maintain financial stability. However, fundraising goes beyond writing grant proposals, you should also build a diverse, strategic approach that aligns with your organisation's strengths and goals.

To help you determine the best fundraising path for your organisation, we've designed a Decision Tree. This tool guides you through key questions about your current funding approach, capacity, and opportunities, helping you identify the most suitable fundraising strategies—whether it's grants, corporate partnerships, crowdfunding, or income-generating activities.

Start at the first question and follow the branches based on your answers. Once you arrive at a **recommendation**, explore the practical steps in this section to begin implementing it.



## Follow-ups from Decision Tree

**Monitor and Evaluate:** Regularly assess the effectiveness of implemented strategies and make necessary adjustments.

**Diversify Efforts:** Over time, incorporate additional fundraising methods to strengthen financial sustainability.

**Engage Stakeholders:** Involve team members and volunteers in brainstorming and executing fundraising activities to enhance success.

## Guided Exercise: Funding Source Brainstorm

### 1. List three new potential funding sources your organisation has not explored yet.

### 2. Identify one concrete step you can take in the next month to secure funding from two of these sources.

### 3. Pair up with a colleague and pitch your idea—can they improve or refine it? Note their recommendations below.

## Reflection Prompts

1. Which fundraising method has been most successful for your organisation? Why?
2. Which funding sources have you overlooked or underutilised?
3. How can you improve donor engagement to increase long-term sustainability?

## Tool 1: Fundraising Strategy Canvas

A strong fundraising strategy requires planning, diversification, and sustainability. Many youth-led organisations struggle with inconsistent funding because they rely on a single source or react to opportunities as they arise instead of having a structured approach. The Fundraising Strategy Canvas helps your organisation map out its funding approach in a clear and actionable way.

Use Excel or whatever preferred software to map out your own fundraising strategy by identifying potential funding sources, setting target amounts, planning engagement activities, and ensuring diversification to mitigate risks. Below is a sample of how this could look.

| Funding Source | Target Amount | Engagement Plan | Diversification Strategy |
|---|---|---|---|
| Grants | $50,000 | Attend grant workshops | Apply to local and international grants |
| Individual Donors | $20,000 | Launch online campaigns | Develop monthly giving programmes |
| Corporate Sponsors | $30,000 | Partner on events | Offer CRS opportunities |

## Follow-ups:

**Regularly update the canvas to reflect changes in funding availability.**

**Use insights from successful donor engagements to refine messaging.**

**Evaluate fundraising effectiveness by tracking the percentage of secured vs. targeted funding.**

> Our organisations has been working towards better understanding the different structures and resourcing models Youth-Led Organisations can use and learning from others about how they have succeeded and gained wisdom from various ways of resourcing their work and their young advocates.
>
> - ALC 6 Member -

## Guide: Writing a Strong Grant Proposal

**Identify the Right Grant**
Research grants aligned with your organisation's mission & activities. Check eligibility criteria to avoid wasting time.

**Understand Donor Priorities**
Read guidelines and past projects to grasp donor focus.

**Develop a Clear Proposal Structure**
Outline the problem, goals, activities, budget, and impact.

**Make It Compelling**
Use data and stories to create a strong narrative. Show why your organisation is uniquely positioned.

**Review and Submit**
Proofread and follow submission instructions carefully. If possible, engage with the donor before applying (e.g., attend their webinars).

## Follow-ups:

- Use feedback from unsuccessful applications to improve future proposals
- Maintain a grant application tracker to monitor submissions and deadlines.
- Build relationships with grant officers to understand funding priorities.

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SECTION 3

# FINANCIAL PLANNING & BUDGETING

# Effective financial planning

Effective financial planning keeps an organisation stable, adaptable, and prepared for growth. Without structured budgeting, youth-led organisations often face cash flow issues, funding gaps, and difficulty covering operational costs. Even when funding is available, poor financial planning can lead to misallocation of resources and short-term decision-making.

Assess the strength of your organisation's financial planning by seeing if you tick all the questions presented below using the three blocks provided.

- ✅ You manage funds responsibly and maximise impact.
- ✅ You anticipate financial risks and adjust accordingly.
- ✅ You create long-term sustainability, rather than operating in survival mode.

## Challenges faced by Organisations in Cycle 6

Some organisations had unclear financial structures, making it difficult to plan for long-term sustainability

Project-based funding made it hard to cover operational costs, with few organisations securing core funding

## Practical Recommendations

### Financial Tracking Tools

Set up tools for monitoring and recording financial transactions

### Multi-Year Budget

Develop a budget that covers core expenses, programmatic costs, and reserves

### Accountability Policies

Create policies to ensure internal financial responsibility

## Tool 2: Budgeting & Cash Flow Template

A well-structured budget helps organisations stay on top of their finances, plan for future expenses, and avoid funding shortfalls. Cash flow tracking ensures that income and expenses are managed efficiently, reducing the risk of financial instability.

Use Excel or whatever preferred software to plan and track monthly income and expenses. Regularly compare projections with actual figures to identify variances and adjust financial plans accordingly. Below is a sample of how this could look.

| Month | Projected Income | Actual Income | Projected Expenses | Actual Expenses | Variance |
|---|---|---|---|---|---|
| January | $10,000 | $9,500 | $8,000 | $7,500 | + $500 |
| February | $12,000 | $11,000 | $9,000 | $8,500 | + $500 |

## Follow-ups:

**Identify patterns in revenue fluctuations and adjust fundraising strategies accordingly.**

**If expenses consistently exceed projections, explore cost-cutting measures.**

**Conduct quarterly budget reviews to ensure alignment with financial sustainability goals.**

### Quick Exercise: Budget Scenario Challenge

Let's create a hypothetical scenario and imagine your main donor reduces funding by 30%. How would you adjust your budget template to reflect the new financial situation? Can you identify cost-saving strategies while maintaining impact? Take some time to reflect before responding below.

**Now list the expenses that would need to be cut in this situation.**

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SECTION 4

# RISK MANAGEMENT & SUSTAINABILITY MODELS

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# Strategies to build financial resilience

Financial instability can derail even the most impactful organisations. A strong risk management plan ensures that funding gaps, donor shifts, and unexpected crises don't force you to halt operations. Without clear financial safeguards, many youth-led organisations struggle to recover from setbacks. Use the **5-star rating activity** below to assess your organisation's financial risk management.

**01. Our organisation has financial reserves or an emergency fund that can cover at least three months of expenses.** ☆☆☆☆☆

**02. If our main donor pulled out today, we have alternative funding sources to sustain operations** ☆☆☆☆☆

**03. We have a financial risk plan in place, including strategies for funding diversification and cost adjustments.** ☆☆☆☆☆

**How to interpret your score:**

- 🔴 3-6 stars: High financial risk – Immediate action needed to build financial safeguards.
- 🟠 7-11 stars: Moderate financial risk – Some safety nets exist, but improvements are needed.
- 🟢 12-15 stars: Low financial risk – Your organisation has strong financial resilience strategies.

# Learning from Best Practices

**Innovative Financing Models (Social Enterprise & Investment Funds):**

Some pioneering organisations have adopted creative financing approaches to secure long-term stability. A standout case is **Kagiso Trust in South Africa**, originally a grassroots anti-poverty NGO. In the 1990s, facing an end to apartheid-era donor aid, Kagiso took an unprecedented path – it founded an investment company as a revenue engine. By establishing Kagiso Trust Investments (KTI) in 1994 and engaging in equity deals, the trust generated dividend income to fund its programmes. This innovative model turned Kagiso into a self-funding entity.

According to its leadership, being financially self-sustainable through investments has enabled Kagiso to continue its mission through economic downturns like the COVID-19 pandemic. The results speak to the model's success: by 2021 Kagiso Trust's assets had grown to ~R5.8 billion, and it had reinvested over R2 billion into education, health, and development programs across South Africa. The Kagiso example illustrates how blended financing (donor seed funding + business income) and prudent investment can build extraordinary resilience.

## Risk Mitigation Decision Tree

Unexpected financial challenges can disrupt an organisation's ability to operate, especially when there are no backup plans in place. Whether it's a major funder withdrawing support, rising operational costs, or a lack of emergency reserves, having a risk mitigation strategy ensures financial stability. Below is a Decision Tree that can help your organisation identify financial risks and follow a path to 3 tailored mitigation strategies. Start at the first question and follow the paths based on your answers. Each branch leads to a recommended mitigation strategy tailored to your financial situation.

**START HERE**

**WHICH FINANCIAL CHALLENGE IS YOUR ORGANISATION MOST CONCERNED ABOUT?**

**A**

**We have no emergency reserves or financial cushion.**

**How soon do you need funds?**

*Immediately (within 1-3 months)* → **Urgent Cost-Cutting & Short-Term Fundraising**

*Not urgent but concerning* → **Reserve Fund Strategy & Budget Adjustments**

**B**

**Our main funder may withdraw, and we have no alternative income sources.**

**Do you have other funders in the pipeline?**

*Yes, but they won't cover all costs.* → **Diversify Funding Sources & Strengthen Donor Engagement**

*No, we depend on one or two funders.* → **Rapid Funding Diversification & Building Local Partnerships**

**C**

**Our operational costs are too high, and we are struggling to manage them.**

**Have you explored alternative ways to reduce expenses?**

**YES** → **Cost-Sharing with Partners & Efficiency Audits**

**NO** → **Operational Budget Review & Low-Cost Resource Strategies**

# Practical Steps to Strengthen Financial Resilience

Identifying financial risks is only the first step—what matters is how organisations respond. Without clear action, financial vulnerabilities can grow, making it harder to sustain operations and adapt to funding challenges. This section provides practical tips and initial steps to help organisations start implementing their risk mitigation strategies immediately, and identify quick wins that strengthen financial resilience over time.

## 1. Reserve Fund & Cost-Saving Measures

**KEY APPROACH:**

Start setting aside funds while reducing unnecessary expenses to create financial stability.

**Set Up a Reserve Fund Policy** – Allocate at least 5-10% of every grant or donation to a financial cushion.

**Cut Non-Essential Expenses** – Review your budget and identify two areas where costs can be reduced without affecting impact.

**Seek In-Kind Support** – Reach out to partners for free venue use, donated supplies, or volunteer-led services to offset costs.

## 2. Funding Diversification & Partnerships

**KEY APPROACH:**

Reduce reliance on one funder by developing multiple income streams.

**Map Out Potential Funders –** List five new funding opportunities (grants, corporate sponsors, community donations, etc.).

**Launch a Small Fundraising Campaign –** Test a crowdfunding or community fundraising event to bring in alternative revenue.

**Strengthen Donor Engagement –** Improve communications with current funders (e.g., send impact updates, invite them to events).

**Collaborative Applications -** Consider co-applying for funds with organisations that share the same values, rather than always going solo.

## 3. Operational Efficiency & Cost Reduction

| | |
|---|---|
| **KEY APPROACH:** Manage expenses strategically to maintain sustainability while keeping impact high. | **Conduct a Cost Audit –** Identify three cost-saving opportunities (e.g., using free digital tools, switching to online events, negotiating supplier rates). |
| | **Collaborate with Other Organisations –** Share office space, transport, or staff with similar organisations to reduce overhead costs. |
| | **Review Budget Allocations –** Shift funding towards essential expenses and cut or repurpose budget lines that aren't mission-critical. |

## Tool 3: Financial Resilience Planning Worksheet

Financial risks can't always be avoided, but they can be managed effectively with the right strategies. Now that you've explored different risk mitigation steps, this worksheet will help you apply them to your organisation's specific challenges.

Use Excel or whatever preferred software to list your organisation's top three financial risks, choose the most suitable mitigation strategy for each risk using the steps from the previous section, and then develop a practical action plan to start addressing these risks within the next three to six months. Below is a sample of how this could look.

| RISK | LIKELIHOOD | IMPACT | MITIGATION STRATEGY |
|---|---|---|---|
| Loss of major donor | High | High | Diversify funding sources; strengthen donor relations |
| Economic downturn | Medium | High | Build emergency reserves; adjust budget priorities |
| Regulatory Changes | Low | Medium | Stay informed on policy changes; engage in advocacy |

**Follow-ups:** Regularly review risk levels and update mitigation strategies accordingly. Develop a contingency budget with emergency reserves covering at least three months of operations.

# Next Steps

**Congratulations if you've reached the end of this sustainability framework. We understand that this is just the start of a journey that involves continuous planning and adaptation to strengthen your organisation's financial foundation.** We advise organisations to use this guide as a starting point for introspection and action. The strategies, tools, and exercises in this framework are designed to help youth-led and youth-serving organisations move beyond short-term funding cycles and build long-term resilience. We urge you to connect with others in this field, share your experiences and keep learning, adapting, and taking intentional steps toward long-term stability.

## Taking action

**Still not sure where to start? Take our Sustainability Assessment Quiz to find out which sections apply to your organisation's needs**

**Start Quiz**

## Connect & Share

- **Is your organisation on the journey to strengthening its financial sustainability? We'd love to hear how this resource is helping you take action. Tag us on social media, and include #LearningActivation**

- **If you have made progress towards your goals but need more personalised and direct support, you can contact us. The YIELD Hub provides technical assistance in the form of consultancy services for organisations interested in delving deeper. Send us an email, info@yieldhub.global**

We deeply appreciate the ALC 6 member organisations for their invaluable contributions and insights. Their seven-month dedication was crucial in creating this comprehensive resource.

# Contact Us

### Want to learn more about this resource?

Contact us: **info@yieldhub.global** OR check out our website: **www.yieldhub.global/resources** for other useful resources.

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