



LIETUVOS IR ŠVEICARIJOS BENDRADARBIAVIMO PROGRAMA



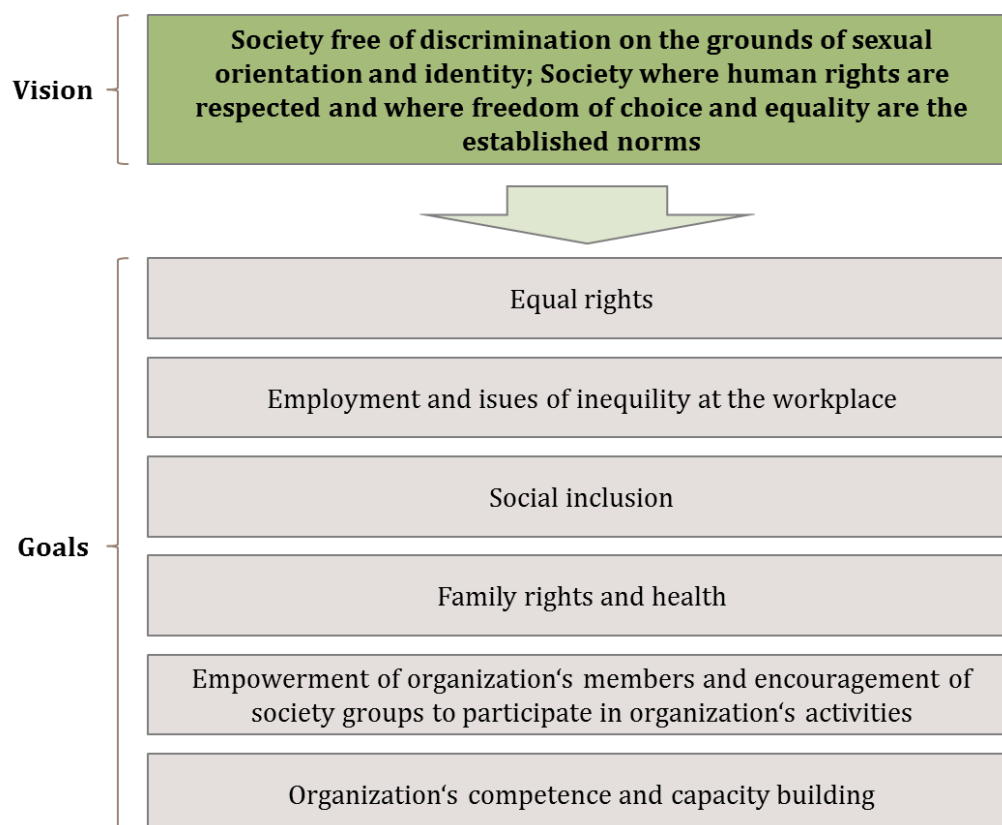
## FUNDRAISING FEASIBILITY STUDY

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## Summary

Lithuanian Gay League (LGL) is a national non-profit, non-governmental organization (NGO) which advocates for the rights of lesbian, gay, bisexual, transsexual, and transgender (LGBT) individuals in Lithuania against homophobia, discrimination and social exclusion. Through education, support, representation of LGBT community and international collaboration, LGL strives for a respectful, open and inclusive society where the rights of people are respected and applied equally to all citizens despite their sexual background. Organization's goals can be formulated as follows:



**Paveikslas 1:** LGL strategic goals

However, similarly to many other NGOs, LGL is prone to high dependence on its financing

sources, particularly public funding for projects. The need to strengthen its financial independence and develop a long term alternative funding strategy has become a key inspiration and a core aim of this study. The study “Funding opportunities and planning” is a part of the project “LGL institutional competences development” funded by Lithuanian – Swiss Cooperation Programme and is a result of cooperation between LGL and a professional consultancy company “Civitta”. This document seeks to introduce relevant fundraising practices from abroad, identify potential local funding sources, outline the key areas to invest in order to grow organization’s ability to attract alternative funds, and perform analysis of LGL strengths and weaknesses in relation to fundraising.

## **1.1.Financial context**

Despite growing attention to public inclusion and organizations that operate in the field of strengthening civil society and its competences, their potential is only weakly incorporated in a dominant political culture, including media. Due to high engagement into societal issues a majority of people involved in NGOs sector have higher education or are on the way of obtaining it. Despite assumed high level of knowledge and expertise among organizations membership, the major problem that NGOs are facing is financial unsustainability and low effectiveness of fundraising efforts.

Although it is easy to obtain information on financial struggles of NGOs in various media sources, a detailed account on what are the most effective funding strategies and resources has not been presented. Available data indicates that :

- Approximately half of active NGOs in Lithuania have a budget as low as 20 000 LTL, while the average annual budget is approximately 3000 -5000 LTL (Transparency International, 2007)

- Most of NGOs are operating without a clear budget or any other defined means of financing. In fact, 19.5% of NVO leaders are not aware of the scope of their annual turnover (Transparency International, 2007);
- Two thirds of Lithuanian NGOs indicate the lack of funding as a main problem that limits their organizational performance (Transparency International Lietuvos, 2007);

Furthermore, more than a half (55 %) of NGOs funding in Lithuania comes from public sources, such as specific project funding or support from public institutions locally, nationally or internationally, and only 24 % of total financing is received in a form of philanthropic support, including financial support from various private foundations or individual voluntarily donations (SEPC, 2010).

Due to the lack of funding organizations are not capable of completing their agendas, communicating their achievements or applying technological advancements to support day-to-day work. In terms of NGOs' financing there are two major issues of concern: a) the lack of funding, and b) a high dependence on very few available resources, aka projects' funding. While the first one is relatively straightforward, the latter requires a little more of elaboration.

While many organizations are competing for funding for their projects, this type of financing creates several ethical and organizational issues in a long run. NGOs that are characterized by high dependence on projects' are less flexible and engaged with their membership needs that occur on daily basis, since projects financing requires not only a lot of organizational resources but also restricts the use of its budget to a very limited list of specific and predefined activities. In addition, a repetitive funding from a certain source may foster an assumption about organization's political or ideological dependence from the funding source itself while also weakening NGO's public stand as a result. Finally, in the cases of complete lack of funding diversification organization has no other alternative but to keep on participating in projects, since it is the only way of sustaining organization financially it makes NGO's

future even more unsustainable after the end of project activities. Therefore, any attempts to strengthen organization's efforts to obtain its own finances are not only encouraged but also beneficial for the entire community.

## 1.2.Capacity building

Based on LGL's long term strategy and action lines identified within other related documents, several opportunity windows have been identified as highly possible and financially beneficial. However, it has also been noticed that LGL is not sufficiently prepared to undertake a large scale fundraising challenges due to underdeveloped infrastructure (mainly internet related), unfocused communication, unclear added value to the supporting party, missing forms of possible support and a lack of agreed direction in terms of operational management of such activities. Among many suggestions to build LGL's fundraising capacity several solutions were presented in detail:

- **Improvement of infrastructure** – during the evaluation of LGL's internet presence and users track it was noticed that organization does not have almost any information about the ways to contribute financially or otherwise, this makes any attempt of aid troublesome and time-consuming.
- **Communication** about financing opportunities should have a clear address and target, form, well defined goal and means to ensure backwards communication once donation is made. Therefore, clear vision from organization itself about the reasons for fundraising and desirable targets should not only be explained for transparency reasons but also to be able to attract different type and scope sponsors.
- **Correct NVO message** – although this may seem rather straightforward, many organizations struggle to get their message through. Despite all informative content that is required from a decent website of any organizational entity, it is extremely

important to highlight personification and why certain person or company should want to support an organization. Most often it is done by adding highly personalized message that would relate to one's former experience and appeal as a cause worth personal involvement (many brilliant examples by UNHCR, see below).

Personalization

World Humanitarian Day - August 19

## What would you do?

**Stay and risk your lives in the conflict?**

**Flee and risk kidnap, rape, torture or worse?**

**Could you survive?**

**Donate Now**  
Help a family in need

**MEET SOME SURVIVORS**

Colombia: Helena's dilemma

The pressures from the conflict forced Helena to flee once again, this time she had to leave quickly and was forced to leave her children behind with her mother.

**DOWNLOAD THE APP**

See if you've got what it takes to survive. Download **My Life as a Refugee**.

**iPhone**

**Android**

**NO ONE CHOOSES TO BE A REFUGEE**

Every minute eight people leave everything behind to escape war, persecution or terror.

If conflict threatened your family, what would you do? Stay and risk your lives? Or try to flee, and risk kidnap, rape or torture?

For many refugees the choice is between the horrific or something worse.

**YOU DO HAVE A CHOICE**

**\$50** provides blankets for 5 displaced families.

**\$100** provides kitchen sets for 5 displaced families.

**\$450** provides a tent to shelter 1 displaced family.

**Donate now**

Clear support mechanism

Goal's personalization

Staight forward ways of adding value

Real stories, objects, success cases

Paveikslas 2: UNHCR website

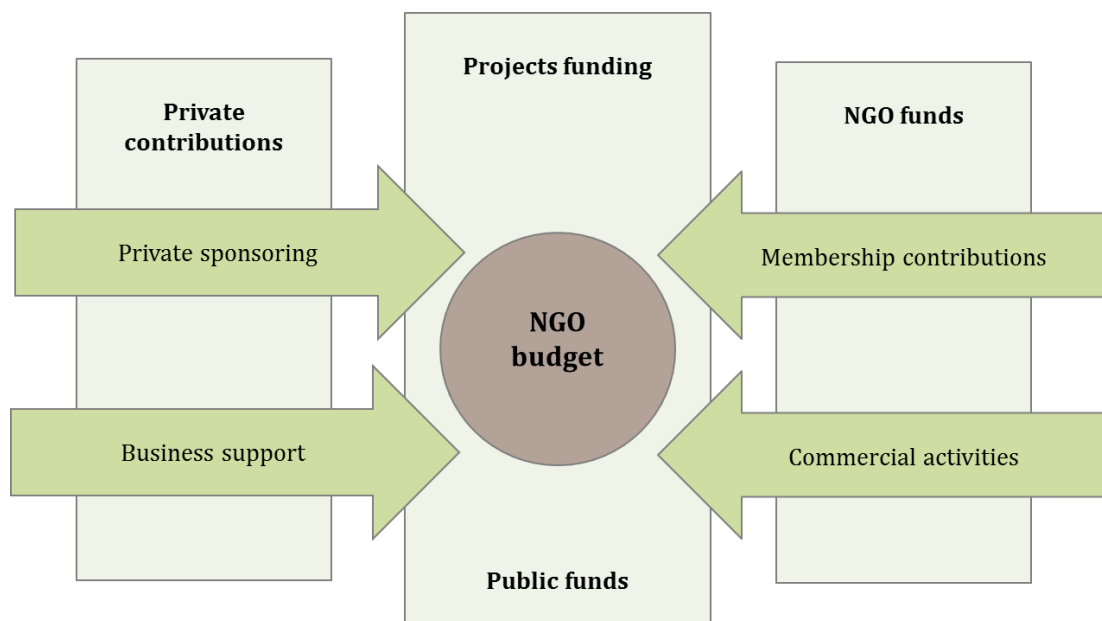
- **Form of information about organization** –any marketing effort matters, therefore informational materials that LGL is producing should not only be informative and aimed at internal use, but also tell the story, both visually and content wise, to potential supporters and sponsors. Marketing materials are not only useful to obtain new sponsors but also to keep in touch with the old ones.
- **Responsibility for fundraising** – fundraising is a time consuming process that requires sufficient dedication and expertise from the human resources side. Therefore, in the cases where it is possible a specific person should have a full time responsibility for overall organization and supervision of fundraising, starting with drafting strategic proposals for internal use, executing them and ending with donors' base maintenance.
- **Monitoring system** – as any other activity, fundraising requires constant progress monitoring. This may be done in many multiple forms and different periods as long as organization can keep a track of its work and results. In a case of fundraising not only monetary achievements should be taken into account, but also the improvements in business contacts base, website visits, or public image improvements could serve as the good points of reference.

Above mentioned ways of improving organization's stand should be taken into account as a solid starting point, especially given that most of the listed initiatives require minimal financial investments. Nevertheless, probably the biggest challenge to LGL's fundraising efforts is presented by its public image that often has negative associations among potential sponsors, the same is true for both individuals and companies. Therefore, in order to advance organizations capacity to raise additional funds the attempts to improve image should become a long term core concern. Placing more attention to LGL's long term goals, particularly inclusion, diversity, human rights and equal opportunities, should be a central point of attention that

fosters people's support and empathy rather than negative attitude towards the organization fighting for the mentioned values itself.

### 1.3.Funding opportunities and challenges

Although interested in fundraising, LGL is likely to remain relatively dependent on projects' funding or other public funds available to NGO sector. However, there are two more sources of funds that are important in obtaining financial security, namely private contributions and NGO's own funds (pav.17). While the first category involves private donations and business support, the second covers membership contributions and commercial activities available to a specific NGO type and mission.



**Paveikslas 3:** NGO budget

In a case of private contributions it is important to recognize that support can be interpreted as a broader concept than conventional finances, in fact, under its label support forms such as time, goods or services are also included and, hence, should not be understated. However, for



the purpose of this paper only six most feasible forms of possible sources of support are taken into account.

### **Seminars about gender equality and nondiscrimination**

Lithuania's strategy for the use of the EU structural funding 2007-2013 has emphasized its attention to the topic of gender equality and non-discrimination. Here this intention is defined as - fostering equality of men and women and ensuring non-discrimination on the basis of ethnicity, race, age, disability, sexual orientation, religion or any other beliefs. Similar declarations are also made for the upcoming period of the EU financial programming. Based on this commitment, all the parties that seek to obtain the EU support for human resources related projects, mainly trainings and qualification improvements, have to include a part on gender equality and non-discrimination. Although there are different ways of executing it, most common form is a day-long training with an external expert or a professional lecturer.

LGL has long established expertise in the field of non-discrimination and equality management in a workplace, therefore an additional investment of time in upgrading its skills and knowledge regarding the topics that are in a demand for the EU funded projects may be an opportunity worth consideration. At the moment there are very few companies that provide similar content trainings to business clients and with a growing attention from the EU institutions to supervise the ways in which funds for equality trainings are used, it is likely that the demand for quality trainings will be growing. In addition, offering trainings and seminars on the topics that relate to equality might be an efficient way to establish business contacts and improve the image.

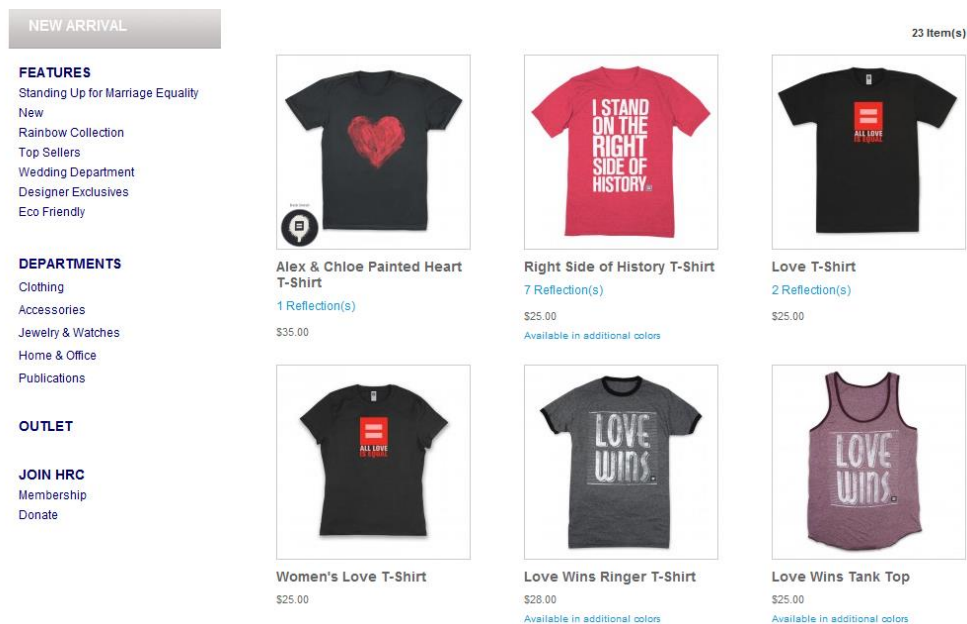
## **Membership fees**

Although LGL does not have formal membership, a consideration about introducing it should not be completely disregarded. Even small contribution might make a difference and foster members interest in organization's day-to-day activities and the ways moneys are spent and managed. Membership fees is a wide spread practice – while in some organizations members pay it only once, for example upon acceptance, in other cases there is an agreed periodicity. However, in order to establish this organizational practice, an agreement from the board and other related bodies needs to be obtained and adjustments to internal documentation has to be made prior to the collection of payments.

## **Selling souvenirs**

Many different ways of attracting potential sponsors have been already exhausted by organizations that run fundraising initiatives on yearly basis, however, it is a recent trend that is led by the buyers that purchase certain souvenirs not because they do really care about the content that it represents but instead are highly engaged with a visual presentation of a product itself. In fact, in some cases it goes as far as wearing certain fashionable garment without even noticing that it sends a message. The question is – how to make these products viral?

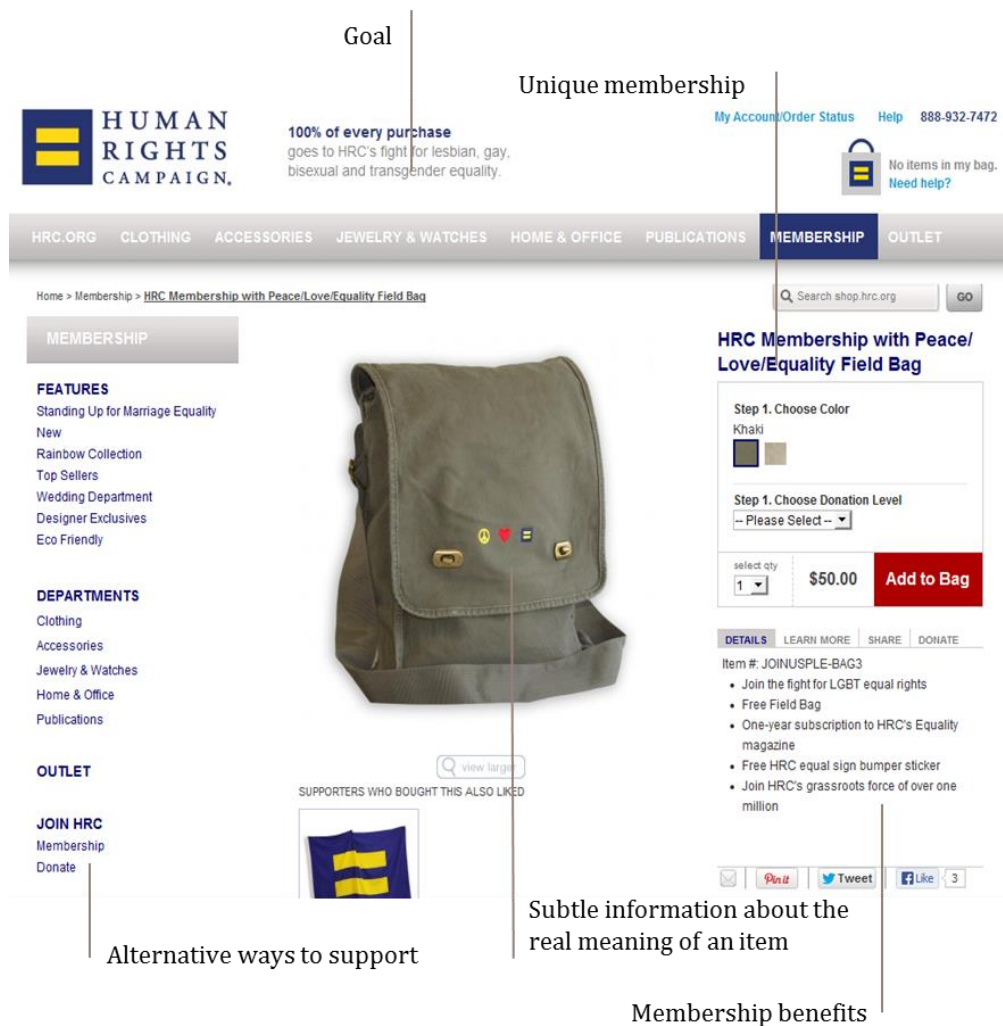
In the case of LGL a brilliant opportunity seems to be presented by „Baltic Pride“ event . While many people are afraid to demonstrate their support for this event openly, they most often remain silent about their stand on the issue. A distribution of certain garments such as T-shirts or bags in advance of the event may help not only to raise additional money, send a message about the upcoming event and its meaning, but also to empower less courageous people to take a stand.



**Paveikslas 4:** "Human Rights Campaign" approach

However, it is worth reminding that in any case the message should be subtle and tasteful – more people like visual presentation, more likely they are to obtain an item for its quality. This approach has been recently employed by music festivals' organisers that sell limited number of garments that have an exclusive graphical presentation referring to an event but still tasty and appealing to use before and after the event is over.

A good example is presented by „Humans Rights Campaign“ internet store (see an example above). This initiative has been fighting for the rights of LGBT people for quite a long time and went viral with several of its thematic products lines. Currently there is a huge department dealing with the sales despite the fact that most of the products are highly overpriced since the core meaning of buying still remains the one of donating to the initiative (see an example below).



Paveikslas 5: "Human Rights Campaign" internet store

## 2 % income tax donation

In the end of financial year all citizens of Lithuania have a right to donate 2 % of their income tax to the NGO of their choice. This can be done in administrating institution or electronically. In any case the procedure is relatively easy and does not create any additional burder to the donating party. In addition, it does not costs anything as well, since donation is taken from the already payed taxes. Although LGL seems to provide limited information in regards to this form of financial support, it could strive to obtain more benefits from this opportunity by mobilizing its membership and running promotional campaigns to encourage LGBT community to support .

## **Cooperation with arts community**

This form of support requires quite a lot of efforts but it also holds a high potential of financial return. Cooperation between different types of NGOs and arts community is quite popular practice that brings social and financial benefits well together. While art performances are great space for presenting certain problematic issue that is of concern to modern society it can also be beneficial financially if well organized. A good starting point for LGL could be an open-sky cinema evenings or similar events, since it would not only be financially profitable (although not tremendously) but also would raise an awareness about LGL as organization, its goals and struggles.

## **Business donors**

As mentioned earlier, public image of LGL is poor and often has a negative note on the tongues of potential supporters. While it will take a while to see the results in this direction, one way to improve current status is to clarify what is the added value to businesses that support LGL – is it a social responsibility, is it a integration of its employees or is it something else? An exit point from this situation could be a creation of certification for a discrimination free work place. This inniative could be promoted as a sign of quality and social responsibility, which is obtained after organisations is evalueted against certain predefined criterias and has participated in a required number of training hours.

## **1.4. Conclusions**

To take all into account, LGL has a high potential for fundraising but many things will have to be taken into consideration before an active efforts towards financial independence will be able to bring any results. The starting point for capacity building should be the investments

to improve infrastructure, upgrade communication and marketing materials, set a clear fundraising strategy, its goals and assign responsible people to execute it.

While technical issues may be solved on the spot, it is important to place more attention on the aspects of human rights, diversity, equality and social inclusions as major topics for communication with potential sponsors. In fact, this approach also seems to be in a line with LGL's strategic planning documents that outline human rights and social inclusion as major topics of the upcoming agenda. Although operational plan of work is not completely clear, action lines provided give an impression that almost all previously mentioned fundraising initiatives can be accommodated within one or another action line. In order to achieve its fundraising potential LGL should:

- Internally agree on desirable funding sources, their scope and priority order, define achievable short term goals;
- Appoint a responsible person for strategic and operational execution of fundraising within and outside of organization;
- Invest to content and technical opportunities of the e-infrastructure;
- Upgrade marketing materials and strategy;
- Prepare strategically appealing communication that would involve high amount of personalization, address different interest groups and generate content depending on the target group in mind;
- Collect information about procedures and formalities regarding fundraising, paying particular attention to the institutionalization of these practices within internal LGL documents;
- Start active fundraising and lobbying activities that would result to a long lasting partnerships between LGL and a private sector.

Due to its highly special set of expertise and overall sensitivity of LGBT topic, LGL has an opportunity to obtain alternative funds from multiple sources, however, some of them may need time and patience to be fully discovered. Therefore, it is extremely important to look at fundraising topic as a complex issue that requires working at many different levels at the same time – planning, executing and monitoring should go hand in hand in supporting each other and creating a positive feedback loop that would boost both organizations' financial health and its public image.