



INTERNATIONAL KNOWLEDGE AND EXPERIENCE EXCHANGE ON THE DEVELOPMENT OF NON-GOVERNMENT ORGANIZATIONS

Ho Chi Minh, 31.07-01.08.2014

Fundraising by Not-for-Profit Organizations (NPOs) / Europe

“Fundraising” refers to the process of soliciting and collecting voluntary contributions of money or other resources, by requesting donations from individuals, corporations, charitable foundations, or governmental agencies.

Fundraising methods include both traditional means and digital means of fundraising. Digital fundraising methods include web-based fundraising, pay-per-click donations, online payment, direct emailing, and fundraising (campaigns) through social media like Facebook, LinkedIn, Youtube and Twitter. In addition to these tools, various mobile phone services like SMS; *MyWallet* and *Premium SMS* and *DMS* are more frequently used. The legal framework for fundraising focuses more specifically on the traditional methods of fundraising.

The legal framework for fundraising seeks to enable fundraising; prevent the abuse or misuse of funds; and to increase transparency and accountability in order to avoid fraud. Fundraising rules may be included in the framework legislation or related laws such as tax laws or through specific legislation relating to fundraising activities (e.g., *Street and House to House Collection Act 1962* of Ireland). Regardless, the following topics are generally addressed by fundraising regulations:

- *permits and licensing*, which allow CSOs to carry out fundraising and collect money from the public;
- *reporting* about results (expenses and income) to donors and governmental institutions;
- *transparency and accountability* requirements;
- *state monitoring* of CSOs in general or of their fundraising activities in particular; and
- *tax regulations*, including benefits for donors and organizations and other kinds of *state incentives* to support fundraising.

Generally, fundraising rules provide a list of acceptable fundraising methods, including, for example: donations in sealed cash boxes, sale of souvenirs, sale of tickets, transfer of money to bank account, donations through collection sheets, and donations through collection sites. Restrictions may also be included in the law; for example, in some countries, it is not permitted to collect money in buses, trains, shops or restaurants.

The law may include limitations relating to:



- The use of the collected funds (in Slovakia, funds can only be used for the purpose stated in the fundraising permit; in other countries, there may be a fixed percentage that must be used for the charitable purpose);
- The means of fundraising (what methods can be used, where fundraising is allowed); and
- Banking arrangements (a fundraiser in Finland must open a separate fundraising account for each specific fundraising event).

In the case of cash collections, laws may also place limits on the collectors themselves. For example in Scotland and Ireland, a collector must be at least 14 years of age to conduct street fundraising. In Slovakia, collectors must be without reproach, trustworthy and generally reside in the village where the collection is held. Some laws will also enable administrators to dictate conditions (in relation to the conduct of the collection) which in his opinion are necessary or desirable for the maintenance of public order and the prevention of annoyance to the public, like limiting the number of collectors or prohibiting the wearing of fancy dress, masks or disguises by the collectors engaged in the collection.

Increasingly, laws also recognize the right of organizations to hire professional fundraisers. In Ireland, for example, a charitable organization may enter into an agreement with a person for the paid provision of a service to, or on behalf of, the charitable organization. In the United Kingdom professional fundraisers may solicit money or other property for the benefit charitable institutions, provided that such solicitation is accompanied by a solicitation statement.

An NPO conducting fundraising in public places must generally secure registration or fundraising permits from the relevant governmental authority (e.g., the police in Sweden and Finland; the charities regulator in Ireland). Application procedures vary from country to country.

For purposes of accountability, NPOs are generally required to publish reports on their activities, including information on fundraising activities (e.g., in Slovakia and Finland, reports must be submitted within a specified time period) and on financial activities (e.g., in Ireland, the financial report would cover all financial transactions of a charity). In some countries (Finland), the reports are submitted to the authority granting the fundraising permit; in other countries (United Kingdom), reports are submitted to the charity-monitoring authority.

To encourage and support fundraising, the tax laws in many countries provide for tax benefits for individual donors.