MODELS OF SUSTAINABLE DEVELOPMENT FOR NON-PROFIT ORGANISATIONS

A collection of case studies

Eurasian Harm Reduction Association, 2019
The Eurasian Harm Reduction Association (EHRA) (https://harmreductioneurasia.org) is a non-profit public organisation, uniting 251 organisational and individual members from 29 countries of the Central and Eastern Europe and Central Asia region (CEECA). EHRA’s mission in the CEECA region is the creation of a favourable environment for sustainable harm reduction programmes and decent lives for people who use drugs.

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ABBREVIATIONS

AIDS: Acquired Immune Deficiency Syndrome
CF: Charity Foundation
CO: Charitable Organisation
PBO: Public Benefit Organisation
CTEA: Classification of Types of Economic Activity
EU: European Union
GF: Global Fund to Fight AIDS, Tuberculosis and Malaria
HCV: Hepatitis C Virus
HIV: Human Immunodeficiency Virus
IE: Individual Entrepreneur
IOM: International Organization for Migration
LGBTQI: Lesbian, Gay, Bisexual, Transgender, Queer or Questioning, and Intersex
MSM: Men who have Sex with Men
NPO: Non-Profit Organisation
OST: Opioid Substitution Therapy
PIT: Personal Income Tax
PLWHA: People Living With HIV/AIDS
PWUD: People Who Use Drugs
STI's: Sexually Transmitted Infections
SW: Sex Worker
VAT: Value Added Tax
VCT: Voluntary Counseling and Testing
INTRODUCTION

This collection of case studies is an attempt by experts of the Eurasian Harm Reduction Association (EHRA) to introduce and systematise various models of alternative financing that have been implemented successfully in the current environment.

In recent years, many non-profit organisations (NPO's) in the countries of Central and Eastern Europe and Central Asia (CEECA) have witnessed significant changes in the structure of their revenues; the volume of grant financing provided by charitable foundations has been gradually decreasing. Such a development has forced NPO's to search for alternative sources of funding for their programmes and projects. At present, NPO's are moving towards significantly more complex financing models, such as crowdfunding, involvement of businesses in charitable projects, and the establishment of social enterprises, amongst others. These activities are reaching a new level and becoming more mature and professional; they are now taking into consideration the interests and particularities of all stakeholders involved in the process.

This publication offers a description of various alternative financing mechanisms which NPO's can use in their search for available financial resources, specifically the forms that such mechanisms could take; how the work should be built from the very beginning; what the motives of participating partners in such initiatives could be; and identification of the secrets of success and the possible risks, amongst other issues.

This collection is prefaced with an analytical article offering a typology of alternative financing models for NPO's. Furthermore, specific case studies are provided as illustrations of such models; the examples provided include both large and small scale projects.

Different outcomes are presented through the examples given of NPO's utilising alternative financing mechanisms. Certain organisations are successful in their implementation of one or other of the listed approaches, whilst others may have not had such an experience but still continue to be active in this sphere while learning from their mistakes; others may just be starting their journeys and are only considering additional opportunities.

This collection is intended to provide help for both experienced and beginner NPO's and could be of use to the leaders of such organisations, fundraisers and other specialists working with NPO's. It may also be of interest to specialists of state bodies, business structures and also to everyone who is interested in building long term relations with NPO's and who are willing to enhance their competencies in the fields of strategic partnership and fundraising.

A number of semi-structured online interviews with representatives of NPO's working with vulnerable groups and implementing various alternative financing practices were conducted to collect the data introduced in this publication. Most respondents were leaders of such organisations.

In total, 20 NPO representatives from 15 countries of Western, Eastern and Southern Europe took part in the survey, including Ukraine, Georgia, the Russian Federation, Moldova, Poland, Romania, Bulgaria, Slovenia, Serbia, Armenia, Croatia, the Netherlands, Switzerland, England, and Scotland.

It is hoped that many public organisations will be able to use the experiences presented here to obtain alternative financing for the implementation of their own projects.
The issue of securing funding from alternative sources is not an unfamiliar one for NPO’s. This matter is regularly addressed at various conferences, during the tendering process and through research. As a result, it is possible to trace the dynamics of change in the activities of NPO’s in this area. In this regard, this publication provides the key activities by NPO’s in this area that have already shown their effectiveness and could be used as examples for implementation in any country regardless of region. Consequently, the following examples lay the foundation for the basic typology of modern models of alternative financing for NPO’s.
The first possible source of alternative funding for NPO’s is the money that can be obtained from the state in the form of indirect support. Such opportunities are defined as subsidies available at the federal, regional and municipal levels for programmes of socially oriented NPO’s. Such subsidies may be used to pay for services provided by NPO’s; to compensate for the cost of renting facilities; or to cover utility costs, for example. In addition to subsidies, there are other forms of indirect support rendered by the state, such as subsidies, tax deductions and other forms of exemption.

1.1 Tax Deductions
The tax deduction mechanism allows taxpayers (usually individuals, but also corporate taxpayers in a number of European states) to direct a certain share of their annual income tax to NPO’s. Such taxpayers are free to choose the NPO to which their funds will be transferred. Currently, such schemes are available in Hungary, Slovenia, Slovakia, Lithuania, Poland and Romania (1% or 2% depending on the state).

1.2 Subsidies for social services providers
Legislation in a number of states view social service activities as being within the remit of the welfare sector with the goal of providing permanent, periodic, and one-off (including emergency) assistance to people to improve their living conditions and to expanding their ability to independently meet their basic needs. Social service providers can be both state and NPO’s. At the same time, uniform requirements are imposed upon both state and non-state social service providers as they are equal in terms of their respective rights and obligations. This provides an opportunity for NPO’s to receive state funding for their direct costs of service provision since it is assumed that all types of providers can deliver services equally.

1.3 Preferential rent of premises
Leasing premises at preferential rates is an effective tool for NPO’s to significantly save on their administrative costs. However, methods for obtaining special rental terms can be different. For example, NPO’s can independently appeal to local authorities during meetings of local coordination councils with requests to consider the possibility of providing preferential leases. Another option can be through tenders organised by local authorities for which NPO’s are invited to submit their applications.

The size of the price reduction depends on the decision of the local authority and can vary from 50% to 100%. The ability to use this privilege largely depends on the relationship that the NPO has developed with the local authority of the specific region.

1.4 Taxation of lotteries and gambling activities
If relevant regulatory and legal acts are adopted by the state, NPO’s can receive funding from state revenues accrued from taxing lottery winnings and gambling activities. For example, such mechanisms have been introduced in the UK and Croatia. In these countries, a certain percentage of the income received in the form of taxes from the lottery and gambling companies is allocated to finance NPO programmes in areas such as sports, harm reduction, healthcare, social and humanitarian work, culture, education, and the development of the civil sector. NPO’s receive access to such funding through participation in various tenders for projects organised by local authorities.

Internal resources are an important source of alternative financing for an NPO. For example, the budget of certain NPO’s are formed from their membership fees and are the main means of existence for such organisations. There also are variants when the sources of finance are either the funds of the founders of the organisation, or its trustees, or even its employees.

Another example of the use of internal resources is when an organisation utilises its property to generate income through its own entrepreneurial activities. Two types of this form of alternative financing have been identified: passive and active. Passive entrepreneurship means that an NPO utilises its existing resources for income generation. For example, an organisation could lend out the premises it owns, or rent out a car that is used to deliver goods three times a week but is idle for the rest of the time. Active NPO entrepreneurship activities can include, for example, social entrepreneurship; the sale of certain services to the state, businesses or people; running a charity store; or the distribution of author merchandise. These are ways for an NPO to use its own goods and services, produced in the course of its core activities, to generate a profit which is then directed towards the achievement of the organisation’s main goals.

2.1 Social entrepreneurship
NPO’s can receive income from their economic activities, such as from social entrepreneurship in which the NPO’s independent activity has the aim of generating a profit which will then contribute to the implementation of the NPO’s mission or its core activities. The creation of a social enterprise requires the accumulation of a certain starting capital. Grants from various organisations within the framework of projects aimed at the development of social enterprises by NPO’s could make it possible to raise such capital. For example grants from the European Commission, GIZ, DVV International, etc.

(Tonadgoma, Tbilisi, Georgia; Light of Hope, Poltava, Ukraine)

2.2 Expert services
Depending on the sphere of their activities, NPO’s can provide services on a paid basis. Such services may include, for example, research, expert support, trainings and consultancy services. The provision of paid services may be an integral part of the entrepreneurial activity of NPO’s and, therefore, is considered to be a mechanism of social entrepreneurship. The difference lies in whether or not a NPO creates a separate legal entity for the sale of such services. Depending on the statutory framework adopted in the specific country, a NPO may be allowed to provide paid services as part of its non-profit activities.

(Re Generation, Belgrade, Serbia; Crew, Edinburgh, Scotland)

2.3 Sales of goods
As part of their activities, NPO’s can sell various goods for cash. Among the goods that NPO’s can offer for a fee are informational materials (magazines, brochures) and souvenir products (T-shirts, bags with certain symbols). The key issue when choosing this financing mechanism is to determine the products the organisation can offer which are consistent with its charter and legal capabilities. In addition to the above, it is necessary to evaluate the organisation’s expenses related to the production or sale of certain goods so that the proceeds would at least cover such expenses.

(Kings of the Street, Ljubljana, Slovenia; Harm Reduction International, London, England)

2.4 Membership fees
Today, the budgets of many NPO’s consist of membership dues, and they are one of the main sources of their existence. Such a financing mechanism is available only to membership-based organisations, such as social and public associations and unions. Information on the obligatory payment of membership fees is included in the charter of such organisations. The amount of the member contribution may be arbitrary, and they are established by a general meeting of the organisation. Membership fees can be regular (for example, annual) or lump sums (for example, upon joining an association).

(Swiss AIDS Federation, Zurich, Switzerland)

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The third model that NPO’s can count on are funds provided by businesses. There is a whole range of motives that encourage entrepreneurs to collaborate with, or provide help to, a NPO. There are also a significant number of options on how the necessary resources can be obtained that include participation in tenders organised by companies, non-term lending, royalties on the sale of goods and services, and so on.

The largest private companies in the world have offices, production and sales networks on all continents. When in the 80s and early 90s large corporations, including those working in Africa, began to face the fact that their employees were infected with HIV and were dying, enterprises experience staff shortages and had to constantly train new employees due to high mortality rate because of the epidemic that broke out, they decided to respond to the problems themselves: build clinics, bring in medical personnel, equipment, medicines, conduct training and prevention programs, and provide assistance to families affected by HIV. With the spread of the epidemic around the world HIV programs of large private companies established at that time grew along. Some companies have Global Health and Safety Programs that deal with comprehensive HIV programs, and at the head office of, for example, Chevron, there is the global coordinator of the HIV program with medical education. In order to decide in which country and at what level to implement such a program, a company, like the Global Fund, looks at the level of the epidemic in the country and its own financial indicators or the size of the business in the region. Somewhere, as in some African countries, there are still comprehensive prevention and treatment programs; somewhere, it is cooperation with local NGOs to support prevention programs among the general population. Almost always, such programs include a component of training for their own employees, and local NGOs are sometimes involved in this task. And sometimes it’s just a small amount in the budget of corporate social responsibility, which the company can transfer to a local NGO as a charitable contribution. And sometimes it’s just a small amount in the budget of corporate social responsibility, which the company can transfer to a local NGO as a charitable contribution. Among the “champions” of corporations in the fight against HIV over the past decades are Chevron, Shell, BP, Exxon Mobil, Schlumberger, Coca-Cola, Heineken, Virgin, L’oreal, Unilever, DHL, Viacom, MTV Networks International, HBO, Lafarge, Levi Strauss & Co, Diageo, Accor, Procter & Gamble, Cisco, HP, Mercedes-Benz and a lot of large pharmaceutical companies. If your country has representative offices of these companies, you should get to know them better. This is not an easy thing to do - companies are tired of all kinds of applicants and sometimes ignore even the requests they need. Acquaintance can be made at business forums, industry conferences, chambers of commerce (in many countries there are representative offices of the European Business Association and the American Chamber of Commerce - AmCham). The fee for NGOs to join such associations is usually small and preferential, and makes it possible, within the framework of various committees and events, to get acquainted with company representatives and learn about opportunities for cooperation.

3.1 Royalties on the sales of goods and services
The royalties payable to NPO’s on the sales of goods and services are referred to, in business terms, as co-branding. Such a model involves a commercial partnership between a business company and a NPO with the goal of utilising the forces of both brands for the purpose of reaching joint social goals. The buyers purchase the goods and the businesses then transfer a share of the profit, generated through the sales of such goods, to the NPO’s account. When businesses participate in such initiatives, they increase the loyalty of their clients and demonstrate social accountability and, at the same time, increasing the sales volume of their products.

(Positive Initiative, Chisinau, Moldova)

3.2 Non-term lending
In practice, co-branding with businesses can be implemented in two ways. The first one is when a company is actually keeping a record of the profit received from the sale of certain products and then transfers a pre-arranged percentage of this profit to the NPO. The second approach is when a company does not account for its profits or losses for a certain product as it considers such activities to be mainly of an advertising nature. The NPO and the company either agree in advance, or the company decides unilaterally, on what fixed amount will be transferred to the NPO regardless of the volume of the goods sold. If it is agreed that the money is to be refunded later, then, in such a case, the business lends the money to the NPO for its activities on a non-term basis.

(Bulgarian Family Planning and Sexual Health Association, Sofia, Bulgaria)
3.3 Charitable grants
Currently, this mechanism is widespread among large companies that have developed their own programmes of corporate social responsibility and conduct their activities in various territories. In this case, in order to support the most interesting and highest quality projects in priority areas, the company can tender their grants for which NPO’s can apply. Typically, the operators of such competitions are either corporate foundations established by the companies themselves (MAC AIDS Fund, pharmaceutical companies (Gilead, Abbvott, Bristol-Myers Squibb, etc) or infrastructure organisations operating in the regions in which a company is present (such as local community funds, resource centers, etc.).

Such tenders can be open or closed (by invitation). NPO’s submit their applications for consideration by the announced deadline. A committee of experts then evaluates the applications in accordance with criteria described in the rules of the competition. The winning organisations receive targeted donations for the implementation of the project/event/activity declared in the application.

(E.V.A., St. Petersburg, Russian Federation)

3.4 Involvement of company clients in charitable activities
The mechanism of “charity together with the customers” is relatively new for both companies and NPO’s. In this case, the businesses encourage their customers to support the activities of particular NPO’s through donations of cash or commodities. At the same time, the company invests in channels of information about the initiative for its customers and establishes the most convenient way for such clients to make the donations. The development, design and implementation of such mechanisms are very costly activities for businesses. Therefore, such joint projects between businesses and NPO’s can be considered in the case of long-term strategic partnerships. Most examples of such collaboration exist between charitable foundations and banks (ING bank in Romania).

(Carousel, Bucharest, Romania)

3.5 Investment in projects
Investment in projects means the flow of funds is directed towards the implementation of a certain investment initiative. It is generally perceived that only credit organisations, government agencies, and large companies can engage in such investment activities. In fact, absolutely everyone, including NPO’s, can organise such initiatives and raise funds for the implementation of their projects through them. In order to succeed in this funding activity, one must be highly motivated and also undergo some theoretical and practical training. Among all other options of alternative financing, this business model allows one to find the money, and start the process of implementation of their project, rather quickly.

(Mainline, Amsterdam, Netherlands)
Various options of interaction of NPO’s and society can be considered as models of alternative financing. The spectrum of such options are very wide. People who are ready to offer their support to NPO’s can be both wealthy and ordinary. Therefore, the size of the contributions, and the volume of other kinds of support, will also be completely different. Crowdfunding, yet another alternative option for obtaining financing for NPO’s from members of society, has been gaining popularity recently. This is fundraising through utilising existing aggregator platforms. The rise in the popularity of crowdfunding is primarily due to the development of Internet communications as well as the desire of people to avoid intermediaries in the process of providing assistance and support to non-profit initiatives.

4.1 Purchase of goods by individuals for NPO’s
In addition to, or instead of, financial aid, people can support the social initiatives of NPO’s by purchasing commodities, equipment, premises, or transport for them or through other material inputs.

A certain company may be offering its goods or services for free, or with a discount, to the NPO itself, to its clients and partners. Two variants are possible here. The first is when a company is in possession of products it does not need and is willing to dispose of them by giving them away. In such a case, a company can contact a NPO. The second approach is when a NPO is interested in certain products and it is the NPO that contacts a company with a plea not for cash, but for the goods and/or services as a donation.

A trend has recently formed whereby companies make regular product donations to NPO’s or to their social and entrepreneurial projects, effectively integrating them into the companies’ production cycle. Most remarkable examples of such cooperation include joint projects of catering companies and charitable organisations to feed the poor, or the transfer of garment production waste and sewing equipment to rehabilitation workshops for people with disabilities.

(Simon Community Scotland, Glasgow, Scotland)

4.2 Crowdfunding campaigns
Crowdfunding is a mass-scale fundraising initiative for specific projects or for the implementation of specific ideas. This is a fairly young and innovative phenomenon in the world of NPO’s but is gaining increasing popularity. Thanks to crowdfunding, many NPO’s are able to launch their projects. This is a way to finance commercially unprofitable initiatives, such as charity events and campaigns. At present, crowdfunding is one of the most important and valuable alternative methods to financially help NPO’s with the implementation of their ideas.

(Single Step, Sofia, Bulgaria)

4.3 Donations
One important criteria for evaluating the effectiveness of a charitable initiative is the volume of private donations. In most cases, the goal of such charitable programmes is to provide financial support to individual social projects and initiatives of varying degrees of complexity and depth. Such causes vary from the simple purchase of gifts for orphanages to the financing much more complex and long-term projects.

(Pink Armenia, Yerevan, Armenia; The All-Ukrainian Association of Women Who Use Drugs, Kiev, Ukraine)
Indirect State Support
1.1 Tax deduction

The Foundation for Social Education (FSE) is a public organisation involved in education and the promotion of a healthy lifestyle, including the areas of sexual and reproductive health. The activities of the organisation include the following:

- free and anonymous testing for HIV, HCV, and syphilis at two counseling and diagnostic centres in Warsaw;
- Mobile Harm Reduction Unit: testing and needle exchange program;
- educational and informational seminars and trainings in the field of sexual health and HIV prevention;
- “hotline” counseling for people living with HIV and their relatives;
- provision of various preventive materials within the scope of their harm reduction project;
- legal support for people living with HIV and their relatives;
- AfterParty FES - support program for people experimenting with drugs;
- HIV prevention campaign.

Alternative financing mechanism: Designation of 1% of personal income tax

The Foundation for Social Education receives 1% of the personal income tax paid by the population. The work on legislation allowing for the distribution of 1% of tax in Poland began in 1996 and lasted for about 7 years. This funding mechanism for NPO’s was introduced into the Polish legal system in 2003. Accordingly, Polish taxpayers can direct 1% of their income tax to various NPO’s with the status of Public Benefit Organizations (PBO). In order to claim PBO status, NPO’s must meet a number of requirements:

- They must work in one of the following areas: social and charitable activities; promotion of integration and reintegration of people subject to social exclusion; support of various minorities and local communities; promotion of culture and education;
- They must participate in socially useful activities for the benefit of society as a whole or of specific groups that are in worse life situations than society as a whole; and,
- They must have participated in socially useful activities for at least two years before applying for PBO status.

The up-to-date list of PBO’s entitled to 1% personal income tax funding is available on the website of the National Freedom Institute - National Centre for the Development of Civil Society of Poland. The funds that NPO’s receive through this mechanism can be spent only on socially useful activities.

Necessary conditions

Laws and regulations governing tax distribution mechanisms for NPO’s.

Legal framework

- The Law on Personal Income Tax of July 26, 1991, establishes the procedure for the distribution of 1% of the total amount of income tax to NPO’s to address their needs.
- The Law on Public Benefit and Volunteering of April 24, 2003, regulates public benefit activities, determines the conditions for obtaining public benefit status, and establishes legal and fiscal rights of PBO’s (waiver of corporate income tax).
- The order of the Chairman of the Committee of Public Administration of October 26, 2018, defines the content, form and method of publication of information regarding the financing granted from 1% of personal income tax.
- The Decree of the National Radio and Television Council of April 29, 2011, determines the procedure for the free distribution of information by state radio and television programmes concerning the possibilities and regulations regarding the use of 1% of personal income tax.
- The Decree of the Chairman of the Committee of Public Administration of October 24, 2018, defines the detailed conditions and procedures for the inspection of the activities of PBO’s.
- The Decree of the Chairman of the Committee of Public Welfare of October 24, 2018, sets the rules for the submission of annual reports by PBO’s.

Implementation procedure

In order to apply for the status of a PBO, an organisation must submit an application form together with its financial report and organisational status to the State Register of Courts. An NPO receives the status of a PBO on the day when the State Register of Courts notifies the organisation that it meets certain criteria. To increase awareness of their activities and to motivate people to transfer 1% of their personal income tax to the NPO, the organisation is permitted to conduct social promotion campaigns utilising various paid and state-supported free tools, such as participation in special TV programmes.

How much money you get from 1% depends on your campaign budget. Because if you have a lot of money, you can post large amounts of information, for example, on social networks. We do not spend money on promotion campaigns because it requires a lot of money. We try to concentrate on the project activities at hand and be visible all year.

Magdalena Ankiersztejn-Bartczak

Financial statements and payments of taxes

- Non-governmental organisations (NGO’s) with PBO status are exempt from tax on income directed to the achievement of their statutory goals.
- NPO’s with PBO status are required to submit annual financial and narrative reports of their activities. Both documents, after their approval, should also be published in the database of reports of public organisations on the website of the National Foundation for Social Education
Warsaw, Poland

Legal form: Foundation
Year of incorporation: 2002
Mission: activities aimed towards the promotion of a healthy lifestyle in the field of sexual and reproductive health.
Number of employees: 102
Employment status: 2 people, full-time; others project contracts
Physical office: available, located in Warsaw
Website: https://fes.edu.pl/o-nas/
Freedom Institute National Centre for the Development of Civil Society, as well as on the website of the organisation itself.

- The narrative report must contain information concerning the socially useful activities of the NPO for the reporting period, including how the money received from 1% of personal income tax was spent.
- The financial report must include information concerning the expenses related to the achievement of the statutory goals and to the business and administration activities as well as information concerning the number of employees, total remuneration costs, value of assets and liabilities of the organisation.

Achievements
The Foundation for Social Education has been utilising this mechanism since 2012 and usually receives about €1,000 – 1,500 per year. The majority of people donating their money are friends of the Foundation, totaling about 50-70 people. It is possible to receive more funding, but then the NPO has spend money for promotion and take a more prominent position among other NPO's that are included in the current PBO list. In this situation, the organisation is required to spend additional funds and time for the promotion of its name, which is not always a priority.

Challenges
In Poland, the Catholic Church has a strong influence on the society, thus the organizations such as Foundation for Social Education, which focus on HIV and sex education, are not popular in the country, as their activities run counter to the official ideology. This directly affects the amount of financial support that can be obtained by them from the distribution of 1% personal income tax.

People think that they will receive a lot of money once they obtain PBO status; however, this is not true, especially not in Poland. There are a lot of such NPO's here, that is why you must be really clever and actively prove reasons why people should be giving their money to you.

Magdalena Ankiersztejn-Bartczak

1.2 Subsidies for social service providers

Life route
Moscow, the Russian Federation

Legal form: Charitable Foundation
Year of incorporation: 2009
Mission: provision of assistance to people with learning disabilities in the realisation of their rights to education, rehabilitation and a decent life.
Number of employees: 52
Employment status: Most employees work under labour contracts; several people work under independent contractor agreements.
Physical office: available, located in Moscow
Website: https://liferoute.org

Organisation’s activities
Life Route Charitable Foundation runs various programmes for people with special needs, including the following programmes: employment; supported employment; assisted living at training (educational) apartments; assistance for people living in psycho-neurological residential care facilities, amongst others. It also runs two workshops: the ceramics workshop Osobaya keramika and the carpentry workshop Artel' blazhennykh. These workshops allow people with various learning disabilities to be included in the process of social and labour rehabilitation whereby they are assisted by teachers, psychologists, craftsmen, and volunteers. The workshops were created specifically to provide employment opportunities for people with special needs for whom finding a job is difficult.

Alternative financing mechanism:
Subsidies for social service providers
Life Route CF provides paid social services to clients who either do not directly pay for such services, or who only partially pay, since all expenses of the organisation are covered by the state. This is due to the fact that in 2018 the Fund was included in the Register of social service providers in Moscow. Inclusion in this register allows the organisation to provide socio-psychological, socio-domestic and socio-medical services to clients who need them, such as people with disabilities and those with mental disorders. These services are financed through subsidies from the state budget. This cooperation requires the organisation to deliver its social services, and to cover related personnel costs, out of its pocket, followed later by reimbursement by the state for such expenses at pre-approved rates, consequently, to do this the NPO must have a certain supply of cash available. Depending on the level of income, recipients of social services can themselves pay in full or partially for the services they receive. In such cases, the organisation receives its compensation partially from the state and partially from the recipients of such services.

In 2019, Life Route CF expects to receive around 10 million Roubles (₽) (approximately USD160,000) for the provision of social services (40% of the total budget of the organisation).

Necessary conditions
- Documents granting the right to provide social services, plus contracts between the representative of the service provider and the recipient of such services.
- Premises and technical resources for the provision of services.
- Salaries for staff (social workers, psychologists, etc.).

Legal framework
- The Federal Law of the Russian Federation of January 12, 1996, No. 7-FZ, “On Non-Profit Organisations”, stipulates that a NPO can carry out entrepreneurial and other income-generating activities only insofar as such activities serve the purpose of achieving the goals for which such an organisation was created, provided that such activities are indicated in the organisation’s articles of association.
- The Order of the Department of Labour and Social Protection of the City of Moscow of August 26, 2015, No. 739, “On the Approval of the Standards of Social Services”, specifies the standards for the provision of social services, such as their
CF is utilising the combination of a simplified identification of the needs of target CF receives for full-time staff and -180 (together with invited CF had to: charitable organisation -2004 CF receives compensation for the -15%.

Implementation procedure
To get listed in the Register of Social Services Providers of Moscow, Life Route CF had to:

• prepare a set of required documents (a copy of their Charter; documents concerning their registration with the state, etc.);
• submit an application to the Department of Labour and Social Protection of the City of Moscow; and,
• receive the decision of the Department regarding their inclusion in the Register together with the corresponding Certificate.

Financial statements and payment of taxes
• Life Route CF is utilising the combination of a simplified taxation mechanism together with an ‘Income Minus Expenses’ calculation system. Thus, the organisation is subject to taxes accrued on the profits earned from the provision of social services. If the organisation spends all the money received as income within the scope of one quarter (the expenses equal the revenues or exceed them), then the tax rate is 1%, and if there is a positive balance then the rate is 15%.

• At the end of each month, Life Route CF draws up a report about the number of services provided and their types as well as information on the recipients of the services and the amounts. This report is provided to the Department of Labour and Social Protection of the City of Moscow. After the report is verified, Life Route CF receives compensation for the expenses incurred within 11 working days from the date of the registration of the organisation’s request for reimbursement of its expenses and for the provision of subsidies.

Achievements
Thanks to the financial resources that Life Route CF receives for its social services, the organisation has managed to launch a programme of assisted living. People with disabilities are spending certain periods of time in apartments provided to the organisation by local authorities and are assisted by psychologists and social workers in their quest to master the skills crucial for their independent lives, such as cooking, cleaning, shopping, etc.

Challenges
Life Route CF were not able to obtain their placement in the Register of Social Service Providers at the first attempt. The Foundation had to submit their application several times. There is also a need to extend the variety of social services provided and to increase the tariffs for them.

1.3 Preferential rent of premises

People get to know about our activities... they develop some kind of positive attitude towards the people with special needs which is also very important.

Ivan Rozhansky

Don’t be afraid...because many organisations are somehow afraid to start profit generating activities. It is because they see contradictions...but this profit generating activity helps our development. The more money the organisation earns, the more it will be used to help beneficiaries as this is the goal of every organisation: to help as many people as possible.

Ivan Rozhansky

100% of Life Cherkassy
Cherkassy, Ukraine

Legal form: Charitable organisation
Year of incorporation: 2004
Mission: identification of the needs of target groups and provision of all-inclusive integrated assistance to such people.
Number of employees: 180 (together with invited specialists)
Employment status: full-time staff and consultancy
Physical office: available, located in Cherkassy
Website: http://fhth.ck.ua

Organisation’s activities
The target groups of the 100% of Life Cherkassy charitable organisation (CO) are people who use drugs, sex workers, PLWHA, former prisoners, and victims of human trafficking, homeless people, women who have suffered from violence, etc. The organisation provides HIV prevention services, counseling and testing for HIV and STI’s, harm reduction services, psychological support, assistance in undertaking rehabilitation, etc. The organisation owns and runs two Reintegration Centres for the homeless and persons released from detention facilities where such people can receive services that assist in their social adaptation (document restoration, temporary registration and temporary residence up to 6 months) and Centre for women who found themselves in difficult life circumstances, including those who suffered from violence.
Alternative financing mechanism:

Preferential rent of premises

A few years ago, 100% of Life Cherkassy CO initiated discussion with local authorities on the possibility of preferential rent of premises for NPO’s working with vulnerable groups. As a result, it was decided to grant 100% of Life Cherkassy CO the rights to rent several premises at the preferential rate of $0.04 and $0.05/m² per year. Today, the NPO is providing logistics services as part of the trainings and events framework held in one of these premises. Initially, 100% of Life Cherkassy did not intend to generate income from this type of activity; the idea arose in connection with the emergence of demand for such services in the city.

The premises in question feature six separate rooms equipped with the necessary equipment and furniture fit for the purpose of conducting various types of events, plus there is a possibility to organise catering for participants in events. Repairs and engineering support for the space is funded by donors from the local business community, by the profits generated by the NPO’s own social enterprise (a furniture production facility), and from funds of projects holding their events at the NPO premises. The premises are located in the centre of Cherkassy city and, therefore, enjoy strong demand. However, due to the lack of a legislative framework that would regulate the ability of the NPO to provide such services, there exists no way to advertise them widely. For the same reason, all financial statements are prepared through an individual entrepreneurship scheme (the activities are officially conducted by the IE’s - individual entrepreneurs). The funds accrued from the provision of logistic services (less than 1% of the organisation’s total income) are spent on utility bills for the premises and on the purchase of products for coffee breaks (tea, coffee, water).

Necessary conditions

- Availability of the premises.
- Legal grounds for the provision of logistic services.
- Financial resources for the renovation of the premises, purchase of equipment and furniture.

Legal framework

The Law of Ukraine of March 22, 2012, No. 4572-VI, “On Public Associations” regulates the creation of public associations; allows them to carry out business activities if they meet the goals of the public association and contributes to the achievement of their goals; regulates the right of the public association in view of fulfilling their statutory goals to own, utilise and dispose of core assets and other properties that have been transferred to such a public association by its members, or by the state, including properties that have been transferred for temporary use or on various other grounds.

Implementation procedure

The provision of logistic services required the organisation to ensure that the premises were fit for other purposes and needs, such as trainings and seminars, and that it was also possible to organise catering for participants. Repairs to the premises, and the purchase of necessary equipment and furniture, were made possible through optimisation of available financial resources and the organisation of additional funding.

Financial statements and payment of taxes

IEs the organization has a contract with provide quarterly financial reports to the National Tax Agency. Income received from the provision of logistics services is subject to payment of Self-Employment tax (5 %).

Achievements

As the organisation never intended to generate profits by conducting such activities, the matter of financial gain is not applicable. Currently, revenues earned from such activities are sufficient to cover the utility bills and minor expenses related to the organisation of events. However, the ever-increasing demand for logistic services by the public due to the convenient location of the premises in the center of the city may help in generating profits in the near future.

Challenges

The organization managed to cope with the following difficulty - searching for the resources for the repairs and purchase of necessary equipment.

1.4 Taxation of lotteries and gambling activities

It is my opinion that a logistics service is a very profitable activity if it is organised properly. If one has time to get engaged, this is a very good and profitable business.

Natalia Nesvat

The most important thing is to have a goal and to possess a clear understanding of what you want to achieve in the end, what the results should be, and to continue moving towards this goal, not to lose heart and not to stop. Once you stop and get disappointed – that’s it, you have wasted your time.

Natalia Nesvat

Flight

Zagreb, Croatia

Legal form: Association
Year of incorporation: 2003
Mission: improvement in the quality of life of vulnerable groups in Croatian society through the design and implementation of public health programmes and the provision of social services based on the needs of clients.
Number of employees: 4
Employment status: staff contracts
Physical office: available, located in Zagreb
Website: http://www.udruga-let.hr/en/about-us/

Organisation’s activities

The Flight Association has been actively working for over 16 years. Its activities include: implementation of harm reduction programmes; HIV prevention; work with youth; and free legal assistance, amongst others. All activities are related to the implementation of the association’s three main programmes: harm reduction
(HIV and drug use); youth work; and activities aimed at single-parent families.

**Alternative financing mechanism:**
50% of profits generated by lottery and gambling activities
In 1998, the Government of the Republic of Croatia established the Office for Cooperation with NPO’s. In 1999, the Office announced an open tender for the allocation of funds from the state budget. To date, approximately €210 million have been allocated on an annual basis to NGO’s in all sectors. The activities of NPO’s are being financed from the state budget and from the taxes imposed on the lottery and gambling industries (lotteries, casinos, betting activities, slot machines). 50% of such revenues are directed by relevant ministries to finance NPO programmes in 8 areas (sports; combating drug use; social and humanitarian work; people with disabilities; technical education; culture; children and youth; and development of civil society). Criteria is reviewed annually to determine recipients of funds generated by lotteries and gambling as well as the methods of their distribution.

Every three years, the Ministry of Health publishes a call to NPO’s involved in harm reduction activities to apply for funding available in this area of activity. Other support programmes are renewed on an annual basis. Despite the fact that the funding for harm reduction programmes is allocated every three years, NPO’s must still sign contracts with the Ministry of Health every year but do not need to re-apply for funding until their three-year period of support lapses.

Throughout the last 16 years, *Flight* has applied to tenders issued by various Ministries in Croatia involved in different types of project. Currently, the organisation, its representatives and activities are well known at the ministerial level and this provides for a certain level of guarantee in securing the necessary funding.

**Necessary conditions**
- Legislation governing the distribution of income generated by lottery and gambling activities.
- Project proposal.
- The institutional capacity to provide services as per the submitted project proposal.

**Legal framework**
- The 2015 Regulation on Criteria, Standards and Procedures for Financing Publicly Beneficial Programmes of Associations regulates criteria for financing and contracting programmes and/or projects, financial measurements, financing procedures for programmes and/or projects, and the execution of contracts, amongst other matters.
- The 2002 Gambling Act regulates the distribution among NPO’s of profits generated through the taxation of gambling activities.
- The Provision on the set of criteria to determine the beneficiaries and the procedure for the distribution of the profits from lottery and gambling activities is adopted annually.
- The 2015 Law on Financial Transactions and Accounting of Non-Profit Organisations governs the taxation and financial conditions of NPO activities.

**Implementation procedure**
To receive funding through the system of distributing profits generated from lottery and gambling activities, the organisation must prepare and submit a project proposal. When applying for participation in tenders, *Flight* must follow the general requirements for all applicants as follows:
- Complete the narrative and budgetary forms of the project proposal.
- The project proposal has to include a history of the organisation and the CV’s of the project managers.
- The proposal must cover a description of the target group; goals; methodology; activities; expected results; and evidence of human and institutional capacity to successfully implement the project.

The standard tender features several approval levels:
1. **Formal level:** the company must be registered in accordance with the Law on NPO’s.
2. **Administrative level:** all documents and signatures as required in the tender announcement must be submitted.
3. **Evaluation of the submitted proposal:** the contents and the financial section. The evaluation committee assigns points to each NPO project proposal and then ranks them. Organisations can earn points for their length of active service, and the number of projects and clients, amongst other attributes.
4. Finally, the organisations that earn the highest points are granted the right to conclude a contract with the Ministry that had issued the tender.

After a proposal is approved and a contract is signed, *Flight* has to spend the money in accordance with the project budget. Minor changes can be introduced to the budget, however all such revisions must be approved by the involved Ministry.

**Financial statements and payment of taxes**
- Financing obtained from lottery and gambling activities is tax free.
- Reports on the projects financed by funding from lottery and gambling activities must be finalised within 6 months of completion of such projects and the final reports must be presented to the Croatian Ministry that had commissioned the project within 12 months after completion of the project. As *Flight* is financed with money from the taxing of lottery and gambling activities through the Ministry of Health, reports are to be prepared for this Ministry.

**Achievements**
As the organisation never intended to generate profits by conducting such activities, the matter of financial gain is not applicable. Currently, revenues earned from such activities are sufficient to cover the utility bills and minor expenses related to the organisation of events. However, the ever-increasing demand for logistic services by the public due to the convenient location of the premises in the center of the city may help in generating profits in the near future.

**Challenges**
The Ministry of Health usually signs contracts with NPO’s in early spring, which leads to delays in the transfer of actual funds. As a result, NPO’s receive financing with a five-month delay, including the money necessary for twages and the purchase of goods required for their work. This situation makes organisations financially dependent and vulnerable. In addition, applications for financing can only be submitted every three years and administrative errors may often lead to the rejection of project proposals; this can result in the closure of certain projects.
I sent applications to the Ministry of Demography regarding youth every year and I received refusals. However, this does not mean that we are unable to pay salaries to our employees; this only means that we will not have additional activities in our organizational portfolio. That is due to the fact that we have a harm reduction programme that constitutes more than 90% of our financing. I am applying for various project ideas...if we receive financing – great; if not – we shall survive.

Iva Jovović

The biggest problem is the submission of the first project proposal and securing the funding. Every tender that follows will be a lot easier as you already have a prepared set of documents...Certain NPO's I saw...could not continue with their activities because they received no funding after their first proposal and simply gave up...At the same time, other NPO's received a seriously good boost through being rejected and came out stronger as a result.

Iva Jovović
II. Internal Resources
2.2 Social entrepreneurship

**Tanadgoma**

Tbilisi, Georgia

**Legal form:** Nonprofit legal entity  
**Year of incorporation:** 2000  
**Mission:** improvement of physical and mental health of the population of Georgia through implementation of preventive, educational, diagnostic and rehabilitation programmes as well as through advocating for such services.  
**Number of employees:** 80  
**Employment status:** project contracts  
**Physical office:** main office in Tbilisi; offices in Batumi, Kutaisi, Telavi, and Zugdidi.  
**Website:** www.tanadgomaweb.ge

Organisation’s activities

In its work, **Tanadgoma** pays special attention to the problems of women and key populations including; men who have sex with men (MSM); people who use drugs (PWUD); sex workers (SW); prisoners; LGBTIQ; victims of human trafficking; people living with HIV (PLWHA); and migrants. **Tanadgoma** operates in the following programme areas:

- preventive measures in the context of HIV, STI’s and viral hepatitis, including counseling, testing, distribution of information materials and personal protective equipment;
- social support and referral of clients to other medical institutions;
- awareness raising activities on sexual and reproductive health, human rights and drug dependence;
- rehabilitation for people experiencing drug dependence.

Alternative financing mechanism:

**Production of promotional materials**

One of the activities **Tanadgoma** is involved in to obtain alternative financing is its social enterprise, **TG Promo**. It is engaged in the production of promotional materials such as T-shirts, cups, bags, etc., as well as in printing of business cards, invitations, programmes, etc. **TG Promo** social enterprise is functioned as a branch of **Tanadgoma**.

**TG Promo** was established in 2015 when the organisation received financing for the development of its own social enterprise during the 2015-2017 project supported by the International Organization for Migration (IOM). Since 2017, **TG Promo** has been receiving financial support from one European Union project. The main goal in creating **TG Promo** was to provide work, rehabilitation and social integration for people who use drugs, former prisoners and migrants. Under the terms of the contract, project participants have the right to be employed by **TG Promo** for up to 6 months. Income generated by the **TG Promo** social enterprise amounts to less than 1% of all annual income of the organisation. Currently, the activities of **TG Promo** require additional financing to support its existence.

**Necessary conditions**

- Tender application for start-up financing of a social enterprise.
- Social enterprise development strategy (business plan, marketing strategy).
- Financial resources for the purchase of equipment and raw materials.
- Premises and technical resources for production.
- Salaries for employees of the enterprise.

Legal framework

- The Law of Georgia on Entrepreneurs of October 28, 1994, regulates the ability of an organisation to establish a branch that is not a legal entity.
- The Civil Code of Georgia of June 26, 1997, determines the possibility of a non-entrepreneurial (non-commercial) legal entity to be authorised to engage in entrepreneurial activities of an accidental nature, the profits from which are to be directed towards the realisation of the goals of the said non-entrepreneurial (non-commercial) legal entity.
- The Tax Code of Georgia of September 17, 2010, defines the objectives of taxation and tax rates.

Implementation procedure

The following steps had to be taken for the establishment of the **TG Promo** social enterprise:

- Preparation of a project application for participation in the IOM tender;
- Acquisition of financing for the creation of a social enterprise;
- Search for premises that meet the needs of the social enterprise and the conclusion of a lease agreement with the owner of the office premises;
- Training of key personnel and service beneficiaries on the use of the purchased equipment;
- Establishing communication with potential clients, such as souvenir shops and large supermarkets; and,
- Establishing communication with non-governmental organisation’s and promotion of the social enterprise services to them.
In general, Tanadgoma does not consider its TG Promo social enterprise to be a successful alternative financing mechanism for a number of reasons: the enterprise is not sustainable and requires constant external financing; due to the low product demand the productivity of the enterprise does not meet the original expectations. Currently, the organisation is looking for opportunities to change the format of its social enterprise, in particular how to change the form of its activities in order to improve productivity.

One option considered was the provision of art therapy services and the creation of clay products. These activities are part of the framework of an EU-supported project since 2017. Art therapy is carried out as an additional activity by the same recipients of services who work at TG Promo. Tanadgoma considers the selling of clay products as a promising opportunity. The key steps in the further development of this concept is the definition of the marketing and business strategies as well as the search for professional managerial talent with an understanding and experience in sales.

Financial statements and payments of taxes
• The activities of social enterprises are deemed to be commercial activities. The profits generated by such commercial activities (the difference between the total income and deductions by the enterprise) are subject to income tax.
• The profit tax in Georgia is 15%.
• A financial report, including a report of income generated by the social enterprise, is to be submitted to the Tax Service.

Challenges
The key challenges include the lack of human resources and the lack of a clear management algorithm. In addition, insufficient interest by staff affects the efficiency of the enterprise as a whole. The marketing and promotion strategy of TG Promo among mainly non-governmental organisations did not yield the expected results. It has been difficult to find potential customers. Such factors have a negative impact both on the sales and on the competitiveness of the social enterprise as a whole.

Achievements
The achievements of the TG Promo social enterprise are that several waves of service beneficiaries have obtained new professional labour skills and can immediately apply them in subsequent employment. A distinctive, positive feature of the recent development of clay item production is that people can be employed for long periods of time, not just for 6 months.

Light of Hope

Poltava, Ukraine

Legal form: Charitable organisation
Year of incorporation: 1999
Mission: provision of a wide range of social services and creation of conditions for the sustainable functioning of the public health system in accordance with the best international practices.
Number of employees: 56
Employment status: members of staff with employment contracts.
Physical office: available, in Poltava
Website: https://www.lightofhope.com.ua

Organisation’s activities
The main activities of Light of Hope are social protection of key populations; public health protection; human rights; provision of technical assistance to local authorities to resolve socially significant problems of society; development of civil society institutions.

Light of Hope provides the following services: HIV and STI prevention; counseling for PWUD, SW, MSM, prisoners; HIV information and education activities for key populations; making HIV treatment accessible to PLHIV; case management services, adaptation, integration and employment services for internally displaced persons in the Poltava region from Lugansk and Donetsk regions and from the Autonomous Republic of Crimea.

The organisation runs the Adaptation Centre for the homeless and people released from detention; a shelter for female victims of domestic violence and human trafficking; a Youth Centre; and the Training and Production Centre Social Enterprise that provides access to training and the learning of professional skills for socially vulnerable population groups in order to gain employment.

Alternative financing mechanism:
Garment and furniture production
The Training and Production Centre is the leader in the organisation and development of social entrepreneurship in Ukraine. The centre was created to support, and socially integrate, representatives of various key groups into society, to assist them in professional education and subsequent employment.

The financial support of DVV International has made it possible to...
receive premises at smaller rent and purchase basic equipment when the Centre was established and training programmes were launched in two areas: sewing and carpentry. After clients of the Centre successfully completed their training and were subsequently employed by other organisations, a decision was made to create a production facility and to establish employment opportunities in its own organisation.

In 2014, Light of Hope, together with its partner, the public organisation Institute of Analytics and Advocacy, registered the social association The Social Enterprise Training and Production Centre. The financial support for the development of this social enterprise (equipment, training, and consulting support) was granted by different international technical support projects. Today, the enterprise is licensed for vocational education and engaged in teaching sewing skills (sewer or pattern cutter) and providing work to clients of the Adaptation Centre for the homeless, people released from detention facilities, and women in difficult life circumstances. In order to mitigate the risks and to make it possible to efficiently and timely execute orders there is a rule that the proportion of Adaptation center clients could not exceed 40%. It also provides training and employment at the furniture production facility for men released from detention facilities, clients of opioid substitution therapy (OST) programmes and PWUD. Over the past few years, the Employment Service Agency has been a partner of the social enterprise in training and retraining of the unemployed and contracted industrial trainings for its clients.

The garment manufacturing facility produces bed linen, men’s underwear and clothing. The organisation has had experience of producing garments under contracts with customers from Poland and France. It is now working on a line of products under its own brand. The furniture manufacturing facility is working both with legal entities and individuals. It periodically participates in, and wins, open and closed tenders for the production of furniture for the needs of the police, prosecutors, local governments and various government agencies and with the help of international technical support projects.

The income generated by the garment manufacturing and furniture production facilities is spent on the creation of new jobs at the enterprise itself, on raw materials, and on the needs of the organisation in service provision to the target groups. Purchase of new equipment as well as modernization of current equipment is a separate expense item. Currently, the production facilities boast €90,000 worth of equipment that had been financed directly through the income of the social enterprise.

In 2018, The Social Enterprise Training and Production Centre took the initiative to unite the social enterprises of Ukraine. This initiative was supported by more than 30 social enterprises of Ukraine, as a result the Association of Social Enterprises of Ukraine was created. The Association is developing a regulatory framework governing the activities of social enterprises, developing the potential of existing and new social enterprises and advocates for the support of social enterprises at the national and local levels in Ukraine.

Necessary conditions

- Applications for start-up financing for the launch of the training programmes and the expansion of the social enterprise.
- Legal expenses for the incorporation of the social enterprise.
- Development strategy of the social enterprise (business plan, marketing strategy).
- Premises and technical resources for production.
- Financial resources for the purchase of equipment and raw materials.
- Staff salaries.

Legal framework

- The Law of Ukraine “On Charitable Activities and Charitable Organisations”, No. 5073-VI, of July 5, 2012, establishes that charitable organisations have the right to carry out business activities without the purpose of making a profit that contribute to the achievement of their statutory goals. The law also defines the right of charitable organisations to create separate divisions, to found and to participate in other charitable organisations, as well as unions, associations, and other voluntary organisations with the purpose of carrying out joint charity activities.
- The Law of Ukraine “On Public Associations”, No. 4572-VI, of March 22, 2012, regulates matters of incorporation of public associations; determines the possibilities of conducting business activities if they meet the goals of such public associations and contributes to the achievement of these goals; regulates the rights of public associations to own, use and dispose of its funds and other property that have been transferred to a public association by its members or the state, as well as property that has been transferred for temporary use or on other grounds with the purpose of fulfilling the union’s statutory goal.
- The Tax Code of Ukraine regulates VAT exemption for public associations and charitable organisations that do not have a profit making goal for the purpose of their subsequent distribution among the founders, members of their governing bodies, or employees of such organisations. Moreover, the income (profit) of a non-profit organisation is used exclusively to finance the costs of maintaining such a non-profit organisation, the implementation of its goals, objectives and activities, which are determined by its constituent documents.

Implementation procedure

The process of establishing The Training and Production Centre consisted of the following stages:

- Defining the strategy for the creation and development of the centre.

Roman Drozd

All clients of our organisation who underwent trainings and re-qualification at our organisation were then successfully employed and started working in other organisations. Then we had this idea: why do we refer people elsewhere if we can teach here, if we can create jobs and provide employment? In the majority of cases, our clients will still require psychosocial assistance provided by our social workers, case managers, and psychologists for the time being...
2.2 Expert services

- Conducting an analysis of the labour market in Poltava, determining the professions in demand that could be obtained by representatives of the target group;
- Appealing to local authorities with the initiative of creating a training and production centre for key population groups and a request for the allocation of premises for this purpose at a reduced rental price;
- Submitting a project proposal for financing to DVV International for the purpose of purchasing equipment and raw materials for garment production and furniture manufacturing facilities;
- Search for specialists who would teach sewing and furniture making skills;
- Legal incorporation of the social enterprise as a public association;
- Formation of the development strategy and the business plan for the social enterprise;
- Submission of an application for participation in the call for projects by small and medium-sized enterprises for funding by the International Technical Assistance Project;
- Establishment of sales channels of finished products in Ukraine and other countries, and research into potential clients and customers; and,
- Expansion of production and the launch of its own brand.

Financial statements and payment of taxes

- Income generated by the sale of products at a social enterprise are not taxed.
- The organisation submits its annual financial statements together with a report on the use of income (profit) by a non-profit organisation to the Tax Service of Ukraine.

Achievements

**Light of Hope** is the first NPO that has launched its social production in Ukraine. A clear business strategy and prioritising the creation of as many jobs as possible allows the organisation to constantly increase production.

Challenges

The organisation had a clear development strategy, so there were no difficulties in implementing the mechanism of a social enterprise. However, due to the fact that the **Light of Hope** was the first NPO in Ukraine to launch its own production with no prior experience, many organisational processes dragged on for a long time.

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Roman Drozd

*It was the first registered social organisation in Ukraine that was registered with a CTEA (Classification of Types of Economic Activity) code for garment manufacturing and furniture production. This created the precedent in Ukraine. Prior to that moment, social organisations with industrial CTEA codes never existed. We had a clear understanding that to maintain the status of a social enterprise we could limit ourselves to 5 jobs, but we also understood that we had to create the maximum possible number of jobs then we can generate amount of income that would be enough to sustain the majority of services and programs of organisation.*
2.2 Expert services

Organisation’s activities
The activities of Re Generation are aimed at advocacy and the implementation of harm reduction programmes for people who use drugs, including information endeavours and promotion of safe use of psychoactive substances and alcohol. The organisation promotes effective drug policy; it implements advocacy campaigns, and it attracts the media in its attempts to expand harm reduction programmes in the country. Re Generation also conducts training to increase the potential for other organisations and professionals who work with people who use drugs. Re Generation is the only organisation in Serbia that conducts research among people who use drugs. Some of the services of the organisation are provided on a voluntary basis. Thus, outreach work is carried out by its employees for free. There are cases when certain expert services are also provided for free, for example, the organisation is invited to help with a festival and its organisers do not have money to pay for the involvement of Re Generation.

The organisation’s target groups at present are young people, Roma, PWUD, LGBTQI, migrants, people living with HIV, and other key populations.

Alternative financing mechanism:
Trainings for business partners and research activities
Re Generation receives the main volume of its financing through the provision of paid expert services to commercial, state and non-profit organisations.

The organisation conducts trainings during various festivals for commercial companies. Last year, Re Generation conducted paid trainings in four cities of Serbia as part of a campaign to prevent the risky use of alcohol by students. This campaign was jointly implemented with a commercial organisation producing beer which contracted Re Generation to provide services. Re Generation collects and analyses data for NPO’s and government agencies as part of its research on various aspects of drug use by young people in Serbia. The research is mainly conducted for European organisations working in the field of harm reduction as well as for government agencies responsible for the implementation of healthcare programmes. In addition, Re Generation conducts training to increase knowledge and the potential of employees of various organisations and prevention campaigns among young people as well as creating media resources (videos) to advocate for harm reduction with focus on nightlife, etc.

Re Generation provides such services on its own, as the members of its team possess specialised education and significant practical experience in all activity areas. Consequently, in 2011, all employees received education as trainers with support of the Global Fund. Re Generation spends the acquired funds (about 70% of the total budget of the NPO) on its own mostly outreach ones, depending on the current needs of the organisation.

Necessary conditions
• Strategy for the development of the organisation.
• Experience and expertise of employees of the organisation.

Legal framework
• The Law on Donations and Charitable Foundations, No. 177, of November 23, 2010, establishes that charitable foundations can receive income from their economic activities provided that such activities are related to the goals of the foundation, are permitted by the Charter of such organisation, are not a primary activity of the organisation, and are listed in the Register of Companies. An NPO must register one type of economic activity (the main economic activity) but may also carry out other types if they are provided for in its Charter.
• The Law on Corporate Income Tax exempts NPO’s from income tax provided that:
  • The income from business activities does not exceed the threshold of 400,000 Dinars per year (about €3,400);
  • The income is not distributed between the founders, employees, and board members;
  • All accrued profits are utilised for the achievement of the goals for which the organisation was created.

Implementation procedure
Provision of paid services by Re Generation was made possible through:
• staff training and accumulation of lived experience to conduct trainings and research;
• devising the 5-year strategic development plan of the organisation, identification of a pool of commercial organisations with the available funds with which to establish cooperation;
• establishment of communication with other NPO’s, networks and associations involved in the field of harm reduction activities as well as the participation of a number of them.

We have all previously completed different trainer courses. We have all progressed through various levels in our work…We have a list of research activities we are capable of doing and when we are contacted, we can demonstrate them. I believe that it is necessary to step beyond the boundaries of our own thinking, to consider and look for people with whom you can cooperate, to whom you can offer your services, to sell your knowledge and expertise.

Irena Molnar
Financial statements and payment of taxes

- The funds received under contracts for the provision of paid services (research and training activities) are not subject to taxation as Re Generation is not in the VAT system as NGO.
- Such funds are reported in the financial statement of the organisation which is submitted annually to the Tax Service of Serbia.
- The organisation also provides an annual financial report to the Agency for Commercial Registers.

Achievements

Cooperation with private campaigns of the alcohol production industry made it possible for the organisation to establish cooperation with various universities. This has laid a good foundation for the expansion of the scope of Re Generation activities. The research that the organisation conducts is in high demand and is also popular among the specialists. Yet another achievement is the fact that Re Generation uses its own research data when conducting advocacy campaigns. This makes the expertise of this NPO unique.

Challenges

The organisation has not experienced any difficulties in its work, the only challenge is to keep people engaged on a voluntary or honorary basis.

"The topics we select are not the topics that the others choose for their activities. We conducted research on prevalence of substance use or for example new psychoactive substances before they are consumed in night clubs, at parties or music festivals. We have around 3,600 young people responses; this is the sample at national level, which was the largest number we have ever achieved. No governmental research will ever be able to reach such a number of recreational drug users or club goers."

Irena Molnar

Organisation’s activities

Crew conducts its activities in the sphere of harm reduction; it provides information, counseling and individual support on drug use and sexual health; distributes condoms, pregnancy tests, etc.; conducts testing for HCV and HIV. Informational and educational work is also carried out in schools, colleges and universities on the issues of risky behaviour, harm reduction, sources of assistance and support, and overcoming of stigma and isolation. One of Crew’s most important areas of activity is outreach work in clubs and during festivals where activists offer information about harm reduction and immediate support in crisis situations; they also work in the law courts on cases related to drug-law offences.

Alternative financing mechanism:

Training and consultation activities

Crew started its harm reduction trainings about 20 years ago, during the period when there was a vast gap in knowledge and training on stimulant-related issues in Scotland. Initially, the trainings were supported by the state and the organisation provided such services as volunteer counseling for people who use stimulants. Later, Crew reformatted this aid model and, from then on, the training has been offered by certified consultants instead of volunteers. To develop its own training services and to establish its sale system, the NPO hired a business company representative who worked full time for the organisation during a 2-year period. Currently, Crew offers training courses to enhance the capacity of local organisations and professionals who work with people who use drugs. The key learning topics are drugs and effective harm reduction strategies. The organisation offers several types of training that include a standardised and free half-day course and specialised paid trainings depending on the needs of organisations and the specifics of their work. In addition, Crew conducts open group trainings. Tickets for such activities are available through a special online platforms. The organisation employs a coordinator (works full time with state support, but can also conduct additional trainings for a fee) and dedicated trainers, one part-time trainer and several trainers for specific sessions for periods of increased demand. The training coordinator attends topical conferences several times a year to maintain their awareness of good practices in harm reduction. The NPO utilises social networks and newsletters to promote its training activities.

After completion of each training, Crew invoices the organisation for which the trainings were held and then receives payment into its bank account. Funds generated by the sale of tickets through the online platform also go to the Crew’s bank account. The
average income accrued from training activities is about €12,500 per year. Most of the income is spent on salaries of the trainers, administrative expenses (travel, accommodation) and a smaller portion is reinvested into the organisation’s services. Along with its training activities, Crew provides consulting support to various organisations. The income from this latter activity is small (about €1,800 per year) and is spent on the needs of the organisation.

Necessary conditions
- High level of expertise and leadership.
- Financial resources for the education of their trainers.
- Salaries for the business specialist and the trainers.

Legal framework
The Scottish Charity and Trust Act 2005 governs the fundraising activities of organisations in the country.

Implementation procedure
To be able to provide training services and consulting support, the key point for Crew was to establish, develop and maintain its own potential:
- Search and recruitment of a business professional for the development of the training service system;
- Improvement of the expertise of members of the organisation through training and certification;
- Participation of the training coordinator in topical conferences several times per year to maintain their awareness of good harm reduction practices.

Financial statements and payment of taxes
- The organisation does not pay taxes on income earned from the provision of consulting services if the amount does not exceed the threshold value for the registration of an organisation as a payer of VAT: £85,000 (about €95,000) per year.
- As a charitable organisation, Crew submits its financial statements to the Scottish Charity Management Office.
- As a limited liability company, Crew submits its financial statements to Companies House.

Achievements
Due to the fact that the organisation constantly maintains a focus on issues related to the development of leadership and building of its own potential, Crew possesses a high level of expertise and exerts influence on the formation of drug policy in Scotland and is able to express the needs of the target group.

Challenges
Since Crew began its activities on a volunteer basis, the idea to professionalise its skills and experience in the provision of paid services was met with anger because it was different from the organisation’s primary goals. Therefore, convincing people, and making arguments in favour of providing paid services for the purpose of maintaining both the organisation and its sustainability, took a considerable amount of time.

We were recently invited to share our opinions regarding the necessity to reform Scottish drug policies. This is why I think that the education and hard work that we had done brought us to the point when we could become a part of this discussion. And we could represent the views of the people who use our services.

Emma Crawshaw

2.3 Sales of goods

Kings of the Street
Ljubljana, Slovenia

Legal form: Association
Year of incorporation: 2005
Mission: reduction of personal, social, economic, and legal damage to, and upholding the rights of, the homeless and changing public perception of homelessness.
Number of employees: 26
Employment status: full-time staff contracts.
Physical office: located in Ljubljana and Maribor.
Website: http://www.kraljiulice.org/

Organisation’s activities
Kings of the Street is the largest organisation in Slovenia dealing with the problems of homeless people and their social isolation. The NPO started its activities with the launch of the country’s first street magazine written by the homeless themselves. Kings of the Street conducts outreach work in the streets where the homeless live and provides counseling and information about the organisations where one can receive help. The organisation maintains a day centre for the homeless and other marginalised groups of people, where visitors can get food and clothing, use the library, computer, internet, phone, store their personal belongings or money, receive legal and social assistance as well as individual support in finding job vacancies and subsequent employment. The organisation also provides harm reduction services for people who use drugs, including needle and syringe exchange.

In addition, the NPO carries out a social security programme by providing safe and comfortable housing (one person - one room) and social support for the homeless, as well as for people who use drugs. This innovative programme, supported by the municipality of Ljubljana and Ministry of social affairs, is based on the Norwegian model and was adapted for Slovenia. The programme lasts for 18 months on the basis of 4 houses and 5 apartments and requires a monthly financial contribution to stay.

The organisation also provides a programme of open and alternative forms of education for the people who have been
excluded from the other forms of formal and non-formal education. This programme includes various social, educational and cultural seminars, and creative workshops as well as foreign language and computer literacy courses.

Alternative financing mechanism:
Magazine sales
The organisation earns revenue from sales of the street magazine Kralji ulice (Kings of the Street) authored by homeless people themselves. The organisation started through distribution of the magazine. The team worked on the street conducting outreach and the sale of the magazine was launched through another organisation, a day centre for people who use drugs. The activists used money from a group of researchers in the field of social pedagogy to launch the magazine. The first issue of the magazine was published with a circulation of 3,000 copies. Currently, the magazine is published monthly with a circulation of about 15,000 copies in Ljubljana, the capital of Slovenia, and in Maribor (the second largest city in the country) and in their respective suburbs. 80% of the content of the magazine is contributed by homeless people. At the end of the year, the authors of the articles receive payment from the organisation. The materials cover the life of homeless people and street life in general, address the issues related to risky behaviour and social exclusion, and provides information about the activities of Kings of the Street and about other organisations working with key groups. The magazine is part of the International Network of Street Papers. The magazine is also distributed by people from the key groups, currently more than 100 of them per month. From the beginning until now there had been more than 800 different vendors involved. The search for new vendors and contributors for the magazine is carried out during outreach work on the streets. The basic principle of the sale is as follows: the seller, usually a homeless person or a drug user, buys a magazine from the organisation for €0.50 and then sells it on the street for €1. Any person can become a street vendor without presentation of identification or any information. There is only one condition: sign an agreement stipulating the rules governing sale of the magazine. Initially, a street vendor receives three free copies on a trial basis; this allows them to earn a minimal income allowing the purchase of additional copies. The net profit (after paying for printing services, etc.) generated by the magazine sales is around €12,000 annually. The major portion of these funds is used to pay the authors at the end of the year, the authors contribute the articles; similar work is carried out with magazine sellers. The process of creating and publishing the magazine consists of the following steps:

- Establish communication with potential authors and motivate them to write articles for the magazine.
- Provide ongoing support and assistance to authors while they are writing the articles; similar work is carried out with magazine sellers.
- Agree with each vendor on adherence to certain rules when selling the magazine: no begging, no drugs or alcohol consumption, friendly behaviour, etc.

The process of creating and publishing the magazine consists of the following steps:

- the editorial board defines the features and topics of each issue;
- the authors contribute the articles;
- the magazine is sent to print;
- after printing, copies of the magazine are distributed among the street sellers and then reselled by them at a higher price.

Necessary conditions
- Defining contents of the magazine.
- Provision of technical and organisational conditions for the authors of the articles (access to a computer, to sources of information).
- Financial resources for printing the issue.

Legal framework
- The Law on Public Organizations establishes that associations can engage in economic activity that generates profits if it is consistent with their mission and related to achieving the organization’s existence goals. Any income from the activities of the organization or from other sources should be used exclusively within the organization’s goals and not be distributed among its members.

Financial statements and payment of taxes
The Kings of the Street organisation does not pay income tax on sales of the magazine. However, the NPO reports the amount of proceeds from this source of income in its annual financial statements which are submitted to the tax authorities.

Achievements
Writing the magazine articles and selling it generates great interest among the representatives of key groups. The practice reveals that people are more interested in their involvement in these processes than in the material rewards. In addition, publishing the magazine helps to establish communication between homeless people and society, to change perceptions and form a friendly attitude towards the homeless.

Challenges
Due to the specific features of the life of key groups, it is sometimes difficult to maintain the motivation level necessary for cooperation.

That was a very bold move – to launch the magazine in such conditions. However, we were sure that it was going to work.

Bojan Kuljanac

You must be a bit - or rather - crazy to start such activities. And, of course, you must believe in what you do.

Bojan Kuljanac
Organisation’s activities

Harm Reduction International (HRI) is a leading international non-profit organisation, the activities of which are aimed at the reduction of the negative physical, social and legal consequences of drug use and of repressive drug policies. The organisation promotes the rights of people who use drugs and their communities through research and advocacy. Every two years the organisation holds an international conference that functions as the main global forum for the exchange of information and best practices at the crossroads of human rights, drug policy and harm reduction.

Alternative financing mechanism:

Rental of exhibition booths at conferences and registration fees for conference participants

The harm reduction international conferences are primarily held with the financial support of donors. A significant part of the budget is also made up by the registration of participants, with some income from the rental of exhibition booths. HRI also receives a small amount of income from the sale of its branded products: i.e. T-shirts.

HRI immediately uses the funds received from the rental of exhibition booths to pay scholarships for conference participants and cover conference costs. The organisation sells T-shirts at cost price.

Necessary conditions

• Financial resources for the design and printing of T-shirts;
• Financial resources for the production and assembly of exhibition booths;
• Financial resources for venue hire, catering and other conference costs.

Legal framework

The law regulating the activities of charity organisations is the Charities Act 2011 and Regulations 2015 (SI 2015, No. 322).

Implementation procedure

A budget is drawn up for the organisation of each Harm Reduction International Conference including the cost of renting the venue, providing catering services, scholarships, and conference staff salaries, etc. Activities such as rental of exhibition booths to help to fill the budget.

Financial statements and payment of taxes

• As Harm Reduction International is a registered charity, it enjoys various tax benefits. The funds generated by the sale of branded products, and the lease of booths, are not subject to income tax.
• The organisation submits its annual financial statements to the Charity Commission, reporting the income generated by rental of exhibition booths.

Achievements

Drawing up preliminary budgets and conducting in-depth assessments of costs and profits allows the organisation to recover the funds invested in non-profitable events.

Challenges

This mechanisms utilised by Harm Reduction International do not yield more income than the cost of the event.

When we are talking about alternative financing, we have to be more strategic. We may wish to think of ways to sell our services utilising our position in the non-governmental sector, to build new partnerships with commercial organisations which are not as limited in the use of their own money as we are, with due consideration to ethical factors and without commercial influence on our work.

Naomi Burke-Shyne

If our goal is generation of income, then we need to think wider than T-shirt sales, this does not work out as an income generating activity.

Naomi Burke-Shyne
2.4 Membership fees

Swiss AIDS Federation
Zurich, Switzerland

Legal form: Association
Year of incorporation: 1985
Mission: prevention of new HIV infections; improvement in the quality of life of people affected by the HIV epidemic and their relatives; development of social solidarity with HIV-positive people, their families and friends.
Number of employees: 15
Employment status: staff contracts
Physical office: located in Zurich
Website: https://www.aids.ch

Organisation’s activities
The Swiss AIDS Federation operates 8 regional centres, bringing together 26 organisations and performs the coordinating role throughout the whole country.

The activities of the organisation include:
• HIV and STI prevention campaigns among key populations: MSM, SW and migrants;
• provision of support to people living with HIV as well as to their families (free legal advice, information and support, financial assistance);
• raising public awareness in the context of HIV; fighting discrimination against people living with HIV through various information campaigns;
• organisation of specialised conferences and seminars for specialists working in the field of HIV;
• creation of networks at national and international levels for the mutual exchange of knowledge and expertise; and,
• communication and public relations.

Alternative financing mechanism:
Membership fees
The Swiss AIDS Federation possesses extensive experience in raising and receiving funds from alternative financing sources. 30 years ago, the Swiss AIDS Federation organised the movement which brought together people living with HIV and their families. Today, it exists as the Red Ribbon Club has more than 400 members. All club members pay annual membership dues.

The minimum annual contribution is CHF750 (about €675) for new members and CHF60 (about €54) for organisations. The main motivation for becoming a member of the club is to help HIV-positive people and to support activities aimed at prevention of new HIV infections. The share of the membership fees in the overall budget of the organisation is less than 1% per year.

Necessary conditions
• Coordination of club activities.
• Attracting new members and maintaining communication with existing ones.
• Financial resources for club events.

Legal framework
The Swiss Civil Code stipulates that an association may conduct business for the achievement of its goals.

Implementation procedure
Collection of Red Ribbon Club membership fees involves the following steps:
• Formulation of the main goal and objectives of the club;
• Determining the motivation for joining the club as well as what the club can give its members;
• Distribution of information about the club on social networks, on the organisation’s website, and through partner organisations, etc.
• Regular information to club members regarding:
  • activities of the organisation;
  • use of members’ funds;
  • opportunities for participation in events and receipt of services;
• emphasis on the importance of membership fees, expression of gratitude from the organisation;
• distribution of additional informational materials among members of the club;
• information and entertainment meetings and events for members of the club.

Financial statements and payment of taxes
• As a non-commercial organization, the Swiss AIDS Federation is tax exempt.
• The association is not required to report on funds that were not received from the state or government agencies.
• Associations in Switzerland are not subject to state regulations unlike charitable foundations.

Achievements
Membership fees are a stable source of income for the Swiss AIDS Federation. They allow the organisation to invest in its existing projects and in the creation of new ones.

Challenges
Previously, it was easier to attract new members to the club because information on HIV was less accessible and people were more motivated to unite.

Andreas Lechner
Today, we are more professional…we are working on the prevention of HIV. We are trying to preserve this movement, but this is not the same as it was 30 years ago, when most died.

Andreas Lechner
This approach is very successful and is very important for us. However, it works because the Swiss are well-to-do. It may work differently in a different society.
III.

PARTNERSHIP WITH BUSINESS
Organisation's activities
Positive Initiative is an organisation for patients living with, affected by, or vulnerable to, HIV which operates throughout the entire territory of the Republic of Moldova. The NPO conducts its work in the following areas:

- psycho-medical and social services for the prevention, treatment, rehabilitation, care and support for key vulnerable groups, both in the civilian sector and in the penitentiary system;
- large-scale campaigns involving well-known public figures and people living with HIV who openly talk about their status; informing civil society through mass media; organisation of topical activities;
- organisation of roundtables, working meetings, and educational trainings; enhancing the potential of employees of partner organisations through exchange programmes, participation in international conferences and meetings, sub-granting to members and partners of the NPO;
- participation in the development of standards and regulations for the provision of psychosocial support services, including activities in the sphere of sexual and reproductive health of people living with HIV and people who use drugs. Initiation of the development and adoption of a mechanism for provision of psycho-medical and social services for the prevention, treatment, rehabilitation, care and support for key vulnerable groups, both in the civilian sector and in the penitentiary system;
- organisation of roundtables, working meetings, and educational trainings; enhancing the potential of employees of partner organisations through exchange programmes, participation in international conferences and meetings, sub-granting to members and partners of the NPO;
- participation in the development of standards and regulations for the provision of psychosocial support services, including activities in the sphere of sexual and reproductive health of people living with HIV and people who use drugs. Initiation of the development and adoption of a mechanism for provision of psycho-medical and social services for the prevention, treatment, rehabilitation, care and support for key vulnerable groups, both in the civilian sector and in the penitentiary system.

Alternative financing mechanism:
Royalties on the sale of goods and services
Positive Initiative has had positive experience of campaigning to collaborate with businesses with the view of raising funds. Over the course of three years, the organisation realised its Bright Light of the Good Deeds campaign, during which commercial agents (owners of the restaurants, pharmacies, shops, etc.) donated a certain percentage of profits from the sale of their products to the campaign, i.e. the provision of birth kits to women living with HIV. The funds received were registered as a charitable donation. To devise an effective strategy for its interaction with business community representatives, the organisation involved external expertise, a sales specialist, who provided services for free.

Necessary conditions
- External expertise through consultation with a specialist.
- Documentation: cooperation agreements; letters of request; thank you letters.
- Financial resources for the organisation of meetings with business partners.

Legal framework
- The Charter of the Positive Initiative Public Association stipulates that the organisation can receive funding from various sources and by any means possible for the achievement of its statutory goals.
- The Law of the Republic of Moldova, No. 837, of May 17, 1996, “On Public Associations”, establishes that public associations (NPOs) may conclude bilateral and multilateral agreements with individuals and legal entities on economic, financial and industrial cooperation, on the provision of services and the performance of work aimed at implementing the statutory goals and objectives of the organization.

Implementation procedure
Positive Initiative launches its campaigns in accordance with the following algorithm:
- Formulation of the campaign strategy; determination of the main goal of raising funds (the needs) that would be understood by a wide range of people;
- Involvement of external experts (specialists from outside the NPO environment) to evaluate the ideas and strategies for the realisation of the campaign (for free);
- Organisation of meetings with business representatives for the purpose of making them partners in the campaign;
- Informing the public via social networks and the media about the number of partners involved in the campaign, intermediate actions and results, the amount of funds raised, and the number of birth kits purchased;
- The organisation of periodic meetings with business partners to discuss campaign progress at different stages.

Funds from campaign business partners were raised through the following methods:
- Positive Initiative had prepared and mailed letters to potential business partners of the campaign with a plea for financial help; after money was donated, a “thank you” letter was mailed to each donor;

It was very important for us to explain at this stage that, of course, we need money and that we cannot have never enough because the problem is huge, but it is important for us that you [business representatives] help us in providing support to the people who nobody wants to support. It is very important for us to change this discriminatory stereotype that leads to such consequences. Therefore, firstly, the money is important for us and, secondly, the fact that you [business representatives] are standing next to us and position yourselves as people who live in the modern world and are adequate in their assessment of the reality.

Ruslan Poverga
If business partners vary, and if they belong to different areas and income levels, this can complicate communication with them. Positive Initiative chose medium-sized and well recognised businesses for the realisation of its campaign, the representatives of which already had experience in participating in such campaigns.

Challenges
Raising funds is a kind of selling of the idea for people to “do good things”. NPO’s often do not deal with this approach and do not understand how to implement it. The expectations that NPO’s may have of representatives of the business community, thinking that the latter would be invested in the campaigns at the same level as NPO’s, can become a problem.

Many business community representatives agreed to participate in the campaign. However, at a certain stage, the share of people who did not fully understand what they were participating in became significant: about one-third of all business partners. Consequently the number of partners was reduced. This created a certain impact of which already had experience in participating in such campaigns.

Achievements
The real opportunity to change and shape public opinion regarding the issue of people living with HIV became the main achievement of the business partnerships during the campaign. To achieve the success of the campaign, it was extremely important to step away from the usual thinking of NPO’s and to understand how the people who are not working in the field of HIV perceive the campaign. The involvement of an external marketing specialist was instrumental in achieving this goal.

At a certain stage of the development of specific plans, it becomes necessary to involve experts from those spheres we plan to work in as their opinions matter the most. All-in-all, this has to be presented to the public and to the partners in a form that is different from the one we use to communicate with donors, we have to learn to present the information in a simple, easily understandable format.

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Ruslan Poverga

3.2 Non-term lending

Bulgarian Family Planning and Sexual Health Association
Sofia, Bulgaria

Legal form: Association
Year of incorporation: 1992
Mission: improvement of sexual and reproductive health for all, regardless of their gender, ethnicity, faith and age.
Number of employees: 7 people, plus one coordinator in each of the regional branches.
Employment status: staff contracts
Physical office: available, located in Sofia
Website: http://www.safesex.bg

Organisation’s activities
Bulgarian Family Planning and Sexual Health Association provides its services in the context of sexual and reproductive health, sexuality education, HIV and STI prevention and advocates for the improvement of access to these services. The Association provides services in 5 cities of Bulgaria: Sofia, Plovdiv, Stara Zagora, Ruse, and Pleven. The main target groups are young people and representatives of key populations who find it difficult to access medical and social services, including Roma and other ethnic minorities, people with disabilities, and victims of human trafficking, amongst others.

Alternative financing mechanism: Non-term lending
In 2016, the Association initiated the launch of the Condom With a Cause fundraising campaign together with Sexwell, a network of sex shops in Bulgaria. The goal of the campaign is to promote safe sex and the use of condoms. Sexwell transfers €1 to the Association for each package of condoms sold.

The goal of the initiative is to raise funds for the purchase of rapid HIV and STI tests and for free voluntary counseling and testing (VCT) services for clients of the Association (previously those services were supported by the Global Fund). Sexwell transferred the entire planned amount to the Association in the form of a no-term loan before the campaign was over. In order to repay the amount provided by Sexwell, fundraising activities continue; so far, €1,530 out of a total of €3,000 has been raised.

The campaign initiative is an extension of the fundraising training organised by the Bulgarian Centre for Non-Profit Law, in which specialists of the Association took part. As part of the training, each participant was granted €1,200 for subsequent investment in various projects. The Association invested this amount in the production of a video promoting the importance of using condoms. This video is used in the Condom With a Cause campaign.
Necessary conditions

- Completed campaign strategy.
- Proposal to Sexwell to participate in the campaign.
- Sales promotion video.
- Financial resources for production of the video.

Legal framework

- The Law on Non-Profit Legal Entities of Bulgaria, No. 81 of 06.10.2000, stipulates that non-profit legal entities can engage in additional commercial activity only if those are related to the main field of activities declared at the time of incorporation, and provided that the proceeds are used for the achievement of the goals set out in the entity’s Charter.
- Corporate Income Tax Law governs taxation of profits of local legal entities.

Implementation procedure

The Condom With a Cause campaign went through the following stages:

- Development of the idea and the formation of the campaign strategy;
- Search for a partner company for the realisation of the campaign;
- Sending the offer of cooperation to Sexwell and communications regarding the implementation of the campaign;
- Production of the video promoting the importance of condoms and distribution of information about the campaign, its essence and its goals (within the framework of a different fundraising initiative of the organisation); and,
- Distribution of information about the campaign on social networks and on the websites belonging to the Association and Sexwell.

Financial statements and payment of taxes

- The Association is exempt from taxes as it is a NPO.
- All non-profit legal entities engaged in entrepreneurial activities must submit a financial report to the National Statistical Institute and the income tax form to the National Tax Office.
- Non-profit legal entities operating in the public interest are required to submit their reports (financial and narrative) to the Central Register.

When we told Sexwell about our goal of raising €3,000, they replied that they believed in us, in our ability to raise this amount sooner or later and gave us the money to purchase the tests and conduct VCT.

Radosveta Stamenkova

Achievements

Due to the fact that the organisation managed to establish good communication with the Sexwell company, the Association was able to receive the funding earlier than expected and purchased testing systems for VCT.

Challenges

The Association had originally planned to launch this campaign in cooperation with the Durex condom brand, but, having received no answer from them, launched the campaign with Sexwell instead. Later, Durex finally expressed their willingness to participate in the campaign, but it was already launched. According to the Association, if the campaign was realised in partnership with Durex, the fundraising goals could have been reached faster.

3.3 Charitable grants

E.V.A.
St. Petersburg, the Russian Federation

Legal form: Association
Year of incorporation: 2010
Mission: improving the quality of life of women living with socially significant diseases.
Number of employees: 74
Employment status: 6 staff and 68 service contracts.
Physical office: available, located in St. Petersburg.
Website: https://evanetwork.ru

Organisation’s activities

The E.V.A. Association is the first Russian non-governmental network organisation created to protect women affected by HIV and other socially significant diseases. E.V.A unites activists, specialists and NPO’s - a total of 78 people from 27 regions of Russia. The areas of activity that the organisation is involved in include the improvement of access to medical and social services; reduction of stigma and discrimination; and the development of the Association’s potential for the benefit of its members, building the capacity of the community of HIV-positive women and activists.

Alternative financing mechanism:

Non-term lending

The organisation boasts of positive experiences in obtaining financial support from pharmaceutical companies. The Association establishes cooperation with such companies during various Russian and international conferences. For example, in 2017 with the support of Bristol-Myers Squibb (a pharmaceutical company from the USA) an educational project was implemented for the early detection of HIV infection and viral hepatitis. As part of the project, 7 webinars were held for social workers, psychologists, NGO activists, the general population and media representatives. The project lasted about three months with a total budget of 300000 RUB ($4200).

Sometimes, it is the representatives of pharmaceutical companies who initiate such cooperation. As a rule, it is manifested in the form of financial assistance and in the provision of various goods. E.V.A. occasionally receives products from large condom manufacturers and then distributes them to its clients together with other preventive materials. E.V.A. also participates in tenders held by pharmaceutical companies in the Russian Federation and abroad.

Necessary conditions

- Application offer for cooperation.
- Establishment of communication, information research, and preparation of an application.
Legal framework
The Federal Law of the Russian Federation of August 11, 1995, N135-ФЗ, “On Charitable Activities and Charitable Organisations”, stipulates that sources of property formation for a charitable organisation may include charitable donations such as those of a targeted nature (charitable grants) provided by citizens and legal entities in cash or in non-monetary forms.

Implementation procedure
E.V.A. builds its cooperation with representatives of pharmaceutical companies using the following process:

- Make acquaintance with representatives of pharmaceutical companies at conferences, obtaining contact information for further communication;
- Undertake research concerning the company’s work: does it have a department that deals with non-profit organisations? Is there a specific system of interaction with NPO’s in place? Is there a standard format for applications for cooperation proposals?;
- Prepare and submit proposals following the provided outline or using their own template; and,
- Provided that approval is given, conclude an agreement with the pharmaceutical company.

Financial statements and payment of taxes
- If contracts with pharmaceutical companies are concluded for donations, then they are exempt from taxation.
- The organisation submits reports to the Federal Tax Service including information on the amounts and sources of its revenues.

Achievements
In the process of cooperation with pharmaceutical companies, the organisation was able to spend part of the donated funds in support of its statutory activities. Thanks to funding procured from pharmaceutical and business companies E.V.A. was able to build a network of peer-consultants.

Challenges
E.V.A. encountered procedural difficulties when filing its applications with certain pharmaceutical companies. This was because those companies did not always have clear mechanisms for grant applications or did not provide templates or information about the departments that work with NPO’s.

Organisation’s activities
Carusel provides services aimed at improving the quality of life of key populations including people who use drugs and alcohol, sex workers, and people living on the street, amongst others. The organisation works in the following areas: rapid HIV, hepatitis B and C testing; harm reduction; psychological assistance and counseling; material support (food, clothing, household goods); accompanied visits to medical institutions or social services; support groups for alcohol and drug users and for their parents. Carusel also organises various social, educational, cultural and advocacy events.

Recently, the activists of the organisation created a homeless night shelter which can accommodate up to 50 people. The Carusel outreach team offers the night stay and accompanies homeless people to the shelter during their street work. Homeless people receive food, clothing, psychological, medical and social support and many other services at the shelter.
Alternative financing mechanism:  
Fundraising campaign among the clients of a partner bank  
Carusel has already been cooperating with local banks for a number of years. The organisation receives financial support through charitable donations made by the banks themselves and by their customers. For example, in 2016, ING Bank, as part of its tender programme for NPO’s providing assistance to key populations, supported the Carusel night shelter project for homeless people and allocated a grant of €120,000 for this purpose. For the same purpose, the bank organised fundraising among its clients. When making online payments, customers of the bank were invited to donate amounts starting from €0.50 to the account of Carusel. As a result of this campaign, 3,600 people made donations totalling €24,000 during a period of over three months.

In 2019, the same bank supported yet another project of the organisation: a mobile shower for the homeless. The bank allocated a grant of €60,000 and, again, ran a fundraising campaign among its customers using its online payment system. This time, over €10,000 was raised during a three-month period. Currently, 20% of Carusel’s total annual budget comes from the financial support given by ING Bank.

Necessary conditions  
• Project application submitted to the bank.
• Maintaining regular communication with the bank.

Legal framework  
• The Law on the Fiscal Code of Romania, No. 571/2003, of December 23, 2003, stipulates that Associations are exempt from income tax on the following types of income:
  • membership and registration fees;
  • grants;
  • donations, cash and goods received from sponsors;
  • income generated by incidental activities: fundraising events with paid admission; festivals; raffles; conferences used for social or professional purposes described in the Charter of the organisation.

Implementation procedure  
Carusel was successful in securing financial support from ING Bank because it:
• Developed and submitted an application for the tender held among NPO’s providing help to key populations; and,
• Established partnership relations and built communications with the bank for the purpose of running fundraising campaigns among the clients of the financial institution to support the organisation’s projects.

Achievements  
Thanks to Carusel’s strategy of attracting public attention to its activities, the organisation has become visible, recognisable and has established a good reputation. This provides invaluable help when establishing partnerships with other organisations, including ING Bank.

Challenges  
The second campaign in support of the mobile shower project was launched among the bank’s clientele with a slight delay. That is why a smaller amount of money was raised compared with the previous campaign in support of the night shelter for the homeless. This highlights the importance of regular communication with banks and businesses in compliance with the agreements and deadlines both on the part of NPO’s and their partners.

We avoid any and all payments or actions in cash. We made this decision a long time ago. This is my recommendation for everyone. Everything has to be transparent and traceable. The organisation must be reliable because people do not always trust [you]; we live in a highly corrupt country. But when you do it, it will be much easier for you.

Marian Ursan

Our strategy is to enjoy small contributions – but on a monthly basis.

Marian Ursan

Financial statements and payment of taxes  
• Carusel does not pay taxes on donations and grants from banks.
• The organisation submits annual financial statements, including information regarding funds received through donations and grants, to the National Tax Administration Agency.
3.5 Project investment

Mainline
Amsterdam, the Netherlands

Legal form: Foundation
Year of incorporation: 1990
Mission: improving the health and quality of life of drug users
Number of employees: 20
Employment status: most employees work under part-time contracts
Physical office: located in Amsterdam
Website: https://english.mainline.nl

Organisation’s activities
At the national level, Mainline is engaged in the development of information materials for people who use drugs and for specialists who work with them; conduct outreach work, which includes the provision of preventive materials, counseling, and testing, etc. Outreach work is carried out in homeless shelters, in prisons, on the street, and at the home of PWUD as well as on relevant online forums and websites. At the international level, Mainline provides support to organisations working with people who use drugs in the form of trainings, sharing expertise/capacity building and coaching on the job.

Alternative financing mechanism: Museum of drugs
Mainline has organised and run a fundraising campaign to finance the opening of a drug museum in Amsterdam (‘Poppie Drug Museum Amsterdam’) which is expected to function as a social enterprise. The museum will host various events, exhibitions and art installations on the topic of drugs and drug use, art shows and other events. The project is part of the long-term strategy to secure a stable source of income for the NPO. At first the museum will host short or long-term exhibitions at different locations. It is planned that the museum will start generating a profit in 5 years’ time after it first opens its doors.

The idea of a drug museum is related with the achievement of three goals:
1. Provision of information and training on topics such as drugs, dependence, and drug policies;
2. Generation of income and its subsequent redistribution to Mainline social projects; and,
3. Employment of people who are drug dependent.

Mainline has registered a separate legal entity to operate its social enterprise (stock corporation). The NPO ran a crowdfunding campaign to raise first funds and can issue shares to investors interested in this social enterprise. According to the Charter of the registered social enterprise, 30% of museum revenues must always go to the Mainline Foundation, the rest to be distributed among investors in the form of profit.

Mainline’s crowdfunding campaign raised €30,000 through 402 individual donations. Under the terms of use of the platform the organization had to pay €121 fee (VAT included) as well as 7% of the collected sum (excluding VAT).

Necessary conditions
• The motivation, time and strategy to create a social enterprise;
• Financial resources for the procurement of informational materials used in the campaign;
• Document support (legal incorporation of the social enterprise);
• Platforms and instruments for the implementation of crowdfunding campaigns and,
• Sound business plan to attract investors

Legal framework
The Income Tax Law of May 11, 2000, stipulates that donations are tax exempt.

Implementation procedure
The process of creating the social enterprise, and attracting business investment, identifies the following key steps:
• Development of the museum format and identification of its target audience;
• Budget calculations;
• Preparation of the business plan and strategy for attracting investors;
• Selection of the legal form of the social enterprise, incorporation of the legal entity;
• Negotiating and building communication with investors as part of the proposed cooperation; and,
• Issuance and sale of museum shares to investors.

Financial statements and payment of taxes
• Revenues generated by social enterprises are subject to corporate tax. If the amount of annual income of the company does not exceed €200,000 then they are subject to 20% tax, when the income exceeds the above threshold, the rate of 25% is applied.
• Mainline submits financial reports to the tax authorities.
• The legal entity behind the social enterprise also undertakes to submit its financial statements to the tax authorities.

Achievements
Having made the necessary calculations and prepared the business plan, Mainline recognised the huge potential in the project of the Drug Museum. That is the reason they invested all their time in the realisation of this idea and to do it on their own.

Challenges
Mainline is the pioneer in the implementation of such a project. Therefore, there is little-to-no information available regarding the issue of shares and involvement of investors in the operation of a social enterprise. The activists have to find their own answers to questions that arise from their experience. For example, a lot of effort was invested in the selection of the legal form for the incorporation of the social enterprise so that it could be attractive to investors, but, at the same time, would still preserve the original idea and uniqueness of the project. Expensive rent of the premises in the centre of Amsterdam imposes its own adjustments and limitations when the decision for the location of the museum needs to be made.

Many people see only the potential to make money in this idea. We managed to attract certain people; however, they only saw the business potential and failed to comprehend our drive. We had to let them go because they never understood the reasons why we got involved in this. I am not doing it for my personal gain...I am driven by certain higher ambitions: to have a sustainable funding source for harm reduction work...

Machteld Busz
IV.

INTERACTION WITH SOCIETY
Simon Community Scotland
Glasgow, Scotland

**Legal form:** Charitable organisation and limited liability company
**Year of incorporation:** 1963; rebranded in 2015
**Mission:** Elimination of the causes and consequences of homelessness, provision of safe living places and access to necessary support for everyone
**Number of employees:** 250
**Employment status:** permanent and fixed-term contracts
**Physical office:** located in Glasgow
**Website:** http://www.simonscotland.org

**Organisation’s activities**
Simon Community Scotland provides help to the homeless and people at risk (of becoming homeless). The organisation delivers a wide range of support through its outreach services, information and consultation centres for people living on the street and runs an accommodation service featuring various types of housing for people in need. The organisation’s activities are focused on providing people with suitable and permanent housing in the shortest possible time rather than placing them in various temporary homes for short periods. Simon Community Scotland operates in Glasgow, Edinburgh and across Central Scotland. In addition, it runs a free hotline for everyone in need of help and support related to homelessness or the risks associated with it.

**Alternative financing mechanism:**
Donation of goods through the Amazon platform
Simon Community Scotland has done the 12 Days of Giving campaign throughout the Christmas period on Amazon with the purpose of procuring clothes and domestic items for its clients. Amazon published the wish list on its website consisting of 12 items most needed by homeless people. While shopping on Amazon, visitors were invited to pay for an item from this wish list, inclusive of delivery costs to the offices of the organisation. Simon Community Scotland involved famous Scottish people in the promotion of the campaign. These people were asked to choose an item from the wish list and to make a video about it to be posted on social networks along with a message describing the importance of the campaign itself and in helping the homeless in general. Those videos were published on social networks during the 12 days of the campaign with each day dedicated to a specific item from the wish list. In addition to the videos with celebrities the organization also published personal stories of homeless people. The campaign received €16,725 worth of garments and other items. The organisation itself did not spend anything on the realisation of this campaign.

**Necessary conditions**
- The list of items needed by the homeless
- Campaign platform (Amazon)
- Personal stories
- Established relationships with public figures to promote the campaign

**Legal framework**
The Scottish Charity and Trust Act of 2005 regulates fundraising activities of organisations.

**Implementation procedure**
The campaign was organised based on the following steps:
- Creation of the list of 12 most needed items based on responses of a focus group;
- Creation of the Amazon wish list for Simon Community Scotland;
- Negotiations with celebrities concerning their possible involvement in the campaign activities;
- Creation of 12 stories uncovering the importance of each item;
- Daily publication of those stories on social networks: one day – one story, accompanied by videos of famous people explaining the importance of certain items from the wish list and urging others to join the campaign, and;
- Promotion of the campaign on social networks, among friends and partners of the organisation.

**Financial statements and payment of taxes**
The organisation does not pay taxes on donations that it receives if it uses them for charitable purposes, described as “charitable spending”.
- Simon Community Scotland submits its financial statements as a charitable organisation to the Office of the Scottish Charity Regulator.
- Simon Community Scotland submits its financial statements as a limited liability company to Companies House.

**Achievements**
Thanks to its “viral” nature, the information about the campaign spread across social networks, among people and organisations very quickly. This contributed to the wide coverage of the campaign and the achievement of good results.

**Challenges**
There were no significant difficulties related to the realisation of the campaign. The organisation had to monitor the availability of items included in the wish list and in stock by Amazon suppliers.

**We do not have a dedicated budget to invest on development of a fundraising strategy; however, every day we receive similar proposals from companies who enquire about how they could support us. Although this support is unsolicited, it is very much needed and we are extremely grateful.**

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**The stories we tell as part of the campaign, they motivate people to donate and join the campaign. But it is very important to determine the needs of the target group and to collect donations specifically taking into account these needs. Last year we had a similar campaign, we asked for support but didn’t specify the needs. As a result, we got a lot of things that we could not use.**

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**4.1 Purchase of goods by individuals for NPO’s**
Organisation’s activities
Before Single Step, there were no supportive resources for LGBTQI youth and their parents in Bulgaria. To help young LGBTQI and their parents, and to overcome existing stigma in Bulgaria, Single Step offers the following comprehensive activities:

- Peer support groups for young LGBTQI who have already accepted, or are in the stage of accepting, their sexual orientation/gender identity as well as support groups for their parents;
- Psychological support network across the country to consult LGBTQI people;
- Opportunities for free HIV testing;
- Employment Centre for young LGBTQI starting their careers;
- GenerationArt, an open competition for people from all over the country, which provides young LGBTQI artists with the opportunity to realise and present their work to a wide audience.

At present, Single Step is creating a Community Centre which is designed to incorporate two basic functions: a safe haven for LGBTQI youth where they can meet and find individual or group support, and a public space where topical events and exhibitions can be held, complete with a café and library facilities, etc.

Alternative financing mechanism: Raising funds on specialised platforms
To raise the necessary funds, Single Step organises crowdfunding campaigns. They are usually held on various crowdfunding platforms designed with NPO’s in mind, such as on www.globalgiving.org and www.ausevox.com.

The first campaign, Help create a viable LGBTQI community in Bulgaria, commenced in 2017. Within this campaign one of the founders of Single Step ran 12 marathons during 12 weeks in 12 European cities to increase awareness about the campaign and to raise the necessary funds. Personal story and the video shot during the races formed the basis of the on-line campaign on crowdfunding platform. The campaign is still going strong. Out of the planned $20,000, more than $17,000 have been raised so far from 134 donors. Another campaign, Run for Single Step, attracted doobations of more than $4,300 from 63 donors during a period of 10 months.

The www.globalgiving.org platform recognises Single Step as one of the most efficient non-profit organisations. Single Step prefers this platform as, in addition to the wide opportunities offered by the site, it allows the organisation to raise money in the USA where the NPO enjoys great support among the local Bulgarian community. Currently, 18% of the entire budget of the organization is from crowdfunding.

Necessary conditions
- Goal, vision and strategy.
- Video, personal experience.
- Platforms and instruments for the implementation of crowdfunding campaigns.

Legal framework
- Non-profit organisations are allowed to engage in additional commercial activities only if such activities are related to the main field of the activities declared at the time of incorporation, and provided that the proceeds from such activities are used for the achievement of statutory purposes.
- The Corporate Income Tax Act regulates taxation of profits of non-profit organisations.

Implementation procedure
The main stages of Single Step’s crowdfunding campaigns include the following:

- Formulation of the purpose and general vision of the campaign;
- Development of the comprehensive communication and marketing strategy for the campaign;
- Development of the main notional components of the campaign, such as slogans, personal stories, videos, etc.;
- Formulation of the campaign statement that can be understood by people and can generate responses;
- Identification of crowdfunding methods and tools to be used within the framework of the campaign.

When running crowdfunding campaigns, it is crucial to increase the campaign’s awareness and improve recognition of the organisation itself. To achieve such goals, Single Step sign charitable assistance agreements with so-called ambassadors to involve them in the process. Such ambassadors, in turn, engage their subscribers on social networks; create their own mini campaigns, promoting the cause, etc.

I am looking at Single Step as if it is a business start-up: there is a lot of pain in the market and a huge demand for dealing with it, and I have the solution; I am building the right team and our product will be able to change lives.

Nikoleta Gabrovksa
Financial statements and payment of taxes

- Donations are not taxable.
- Profits from trading activities (such as from running a shop) are subject to corporate tax of 10%.
- NPO’s report to the registration authorities and to the Registry Agency regarding both their finances and a description of their activities.

Achievements

Every Single Step crowdfunding campaign was a success and the goal of raising certain amounts of funding have been reached in every case.

Challenges

Fundraising activities utilising crowdfunding campaigns require a lot of actions on behalf of the organisation. Often, NPO’s do not have the capacity and resources to get involved in such activities.

I realised that when you are doing something with all your passion, with all your heart, when you are engaging your community, whatever it may be, then like-minded people try to help you because they trust your determination to bring forth real change.

Nikoleta Gabrovska

4.3 Donations

Pink Armenia
Yerevan, Armenia

Legal form: Association
Year of incorporation: 2007
Mission: create a safe space for LGBT people by promoting well-being and protection in all spheres of life.
Number of employees: 20
Employment status: full-time staff contracts
Physical office: available, located in Yerevan
Website: http://www.pinkarmenia.org

Organisation’s activities

Pink Armenia is the largest organisation of the LGBTQI community in Armenia. Within the scope of its mission, the NPO carries out the following activities:

- trainings and seminars on the basics of civil society, sexuality, health and human rights;
- actions against stigma and discrimination;
- provision of social, psychological, and legal counseling;
- preparation and distribution of information on human rights, sexuality and crosscutting issues;
- conducting studies, producing annual and alternative reports;
- contribution to the national and international advocacy activities.

Alternative financing mechanism:

Voluntary donations from private persons

Pink Armenia uses voluntary donations from individuals as a mechanism of alternative financing of its activities. This mechanism began yielding results and people began donating funds when the organisation spoke out about what it needed the funds for, and what the actual amounts were. The NPO collects money at various events from gatherings in support of the values of the organisation and in showing interest in the continuation of it activities. Such events can be organised by both Pink Armenia and by its friends and partners in which activists of the NPO participate as speakers or guests.

One of the key points for Pink Armenia when they were inviting private donations, is the clear understanding of the areas in which they currently lack funding. The next step is external communication when the organisation formulates its specific needs and identifies the volume of financing needed.

Pink Armenia has held an event celebrating ten years of its activities. The team members held a fundraising campaign to cover the expenses related to the event on the same day. As part of this event, flyers were handed out with information on how the collected funds would be spent and donations were collected using a donation box in exchange for small symbolic gifts presented to every donor. The amount of donations collected that day fully covered the costs of the event.

A large number of people expressed their willingness to help the goals of the organisation and, consequently, they make direct inquiries on how they can provide help. Pink Armenia openly discusses its needs; for example, the cost of maintaining their offices, which is $12,000 per year. Pink Armenia regularly circulates newsletters through all available communication channels whereby the NPO expresses its gratitude to donors and reports on how the donated funds are spent. In general, the share of donations in the total budget of the organisation is up to 5%.

Necessary conditions

- Definition of the strategy, and objectives for donations and clearly defined needs of the organisation.
- Technical resources for organisation of events.
- Financial resources for organisation of events; design and production of visual materials.
- Small benefits and gifts for donors.

Legal framework

The Law of the Republic of Armenia “On Non-Governmental Organisations” of December 16, 2016, stipulates that NPO assets are subject to corporate tax of 10%.

Donations are not taxable.

The NPO expresses its gratitude to donors and reports on how the donations were spent. In general, the share of donations in the total budget of the organisation is up to 5%.

Alternative financing is usually not enough to ensure the existence and functioning of the organisation. Therefore, we utilise such alternative routes for minor causes; for example, for some specific case when we need to collect a certain amount of funds.

Mamikon Hovsepyan
Implementation procedure

*Pink Armenia* defines the following steps for the collection of private donations at its events:

- Identification of the needs of the organisation for which funds will be collected;
- Formulation of a strategy for collecting donations during events;
- Design and production of flyers with a description of the goals of the event, what the funds are being collected for, and how they are intended to be spent;
- Planning and organising events with minimal investment; for example, in partnership with other organisations, using premises provided for free or at a discount, etc.;
- Placement of donation boxes in convenient and visible locations; and,
- Distribution of promotional symbolic gifts to donors.

Financial statements and payment of taxes

- Donations are not taxable.
- The organisation submits monthly and annual reports to the tax office. The monthly report reflects the running income of the organisation, while the annual report reflects the total amount of revenues of the organisation and the amount of its expenses.

Achievements

*Pink Armenia* was able to show that donations are not just a means of financial support. By making donations, people get to feel part of a specific campaign. They show solidarity, they begin sharing information about the organisation and its activities, and this strengthens the relationship between the organisation and the people who support it.

Challenges

Collecting donations requires a lot of effort, and it is not always possible to achieve the results one expects to see.

The All-Ukrainian Association of Women Who Use Drugs | Kiev, Ukraine

**Legal form:** Charitable Foundation  
**Year of incorporation:** 2018  
**Mission:** protecting the rights of women who use drugs  
**Number of employees:** 13  
**Employment status:** 2 full time staff, 11 consultancy agreements  
**Physical office:** located in Kiev  
**Website:** [https://www.facebook.com/UNWUD/](https://www.facebook.com/UNWUD/)

Organisation’s activities

The All-Ukrainian Association of Women Who Use Drugs (VONA) carries out advocacy activities aimed at supporting drug-dependent women, protecting their rights, countering discrimination, and improving access to sexual and reproductive health programmes.

Alternative financing mechanism:

**Collection of voluntary donations by third-party NPO**

During the first year of its existence, VONA accumulated positive experience in obtaining alternative financing, in particular in the form of donations from other non-profit organisations. At one of the international conferences for the exchange of experience between its participants, VONA managed to draw attention to itself, in particular, to the existing problem of limited access of drug dependent women, one of the most stigmatised groups in Ukraine, to sexual and reproductive health services.

The VONA story generated a keen interest and a desire to help in Jakob Huber, a conference participant, who opened the world’s first safe drug consumption room in Bern, Switzerland. To collect funds for the cause, a fundraiser for VONA was announced as part of the traditional charitable donation drive held in Bern on Christmas Eve. The NPO received its first charitable donation of CHF 2,040, collected by AIDS HILFE BERN, from the hands of Jacob Huber personally, who went to meet the activists of the organisation in Ukraine. With these funds, VONA was able to purchase pregnancy tests, gynecological and birth kits for women living with HIV and drug dependence and for women receiving OST.

**Necessary conditions**

- Participation in conferences, seminars, trainings.
- Definition of the strategy, objective of the fundraising, and clearly defined needs of the organisation.

We are deeply engaged with the problem; we are most aware of the needs of the women we work with. We know where the problems are; we constantly monitor [the situation] and know what has to be done.

Galina Kornienko

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**Asking people [for help] is the hardest thing. In the beginning, I was embarrassed to tell people what we needed the money for and, instead, we would provide the general description of our organisation together with opportunities to leave donations if [people] wanted to. And people were not sure how much they were willing to give and for what.**

Mamikon Hovsepyan
Legal framework

According to the Tax Code of Ukraine, cash or assets received by non-profit organisations for free, or in the form of irrevocable financial assistance, together with voluntary donations are exempt from tax.

Implementation procedure

VONA received the charitable donation from an organisation in Switzerland thanks to the following activities:

• Active positioning of VONA at the international conference: informing participants about its activities, expressing the existing problems of the key group for which the organisation is involved;
• Discussion of current needs with AIDS HILFE BERN, and;
• Collection of donations for VONA by AIDS HILFE BERN during a charity event in Bern.

Upon receipt of requests for pregnancy tests, gynecological and birth kits from the regions of Ukraine, VONA converted the funds it received to Hryvnia, the national currency of Ukraine. After the necessary number of tests and kits were purchased, a transfer register was compiled, according to which the regional coordinators received their share of the acquired materials. The materials were then distributed among the target group in accordance with the distribution register.

Financial statements and payment of taxes

• Donations are tax deductible.
• The organisation maintains its own internal accounting system on the distribution and expenditure of donated funds received.

Achievements

Thanks to VONA’s expertise and activity, as well as to its advocacy efforts aimed at increasing visibility of the existing problem, it became possible to provide targeted assistance to the key group across 12 regions of Ukraine.

Challenges

There is a significant difficulty in obtaining financing for women living with drug dependence in Ukraine, in particular within the context of their access to sexual and reproductive health services and to family planning services. This is due to the fact that this group is not prioritised by the state and donors, unlike other key groups. Thus, organisations like VONA are forced to seek alternative funding, primarily in the form of private donations.

When speaking about the target group that we are involved with, here we have to work with society to ensure the change in attitude towards this target group. Only then can we hope for some more active donations coming from business and society as a whole. Only persistent educational work can achieve this. And continuous dialogue about what harm reduction is, why it is needed, that this is not a free drug that we are distributing right and left.

Galina Kornienko
Having described the cases of alternative financing of NPO activities, we would like you to become acquainted with the success stories shared by colleagues, since we believe that the greater the range of knowledge that non-profit organisations have access to, the more stable and successful will be their daily work to change the world for the better.

We have collected here fundraising stories describing hard and painstaking work with their own resources, and through cooperation with the state, private and business partners, resulting in the consolidation of efforts and resources of many people, organisations and structures around a single idea.

The variety of cases we have attempted to present in this collection is by no means exhaustive; there is an entire palette of mechanisms available to non-profit organisations for the purpose of raising funds for their activities. We are, therefore, convinced that when we return with a similar collection in the future, we will discover more stories of how non-profit organisations are finding alternative financing approaches to solve the social problems that are important for them.

We will be happy if this collection becomes your guide, not only the fundraising technologies, but also as to how a dialogue of true partnership between NPO’s, the state, business and society can be built.

All of the examples come from real practice. Everything described in this collection was recently implemented by our colleagues. With this collection, we want to show that no matter the objective of your fundraising, everything is possible. It is important to study, to gain knowledge from experience, to practice, and to never give up as everything will work out!

The EHRA team
USEFUL LINKS

Grant Aggregator for NPOs https://www2.fundsforngos.org/

Money for the start-up or development of social business
1. EU funding programmes https://europa.eu/youreurope/business/finance-funding/getting-funding/eu-funding-programmes/index_en.htm
2. EU funding for StartUps https://eustartupservices.eu
3. The Draper Richards Kaplan Foundation http://www.drkfoundation.org/apply-for-funding/what-we-fund/

Crowdfunding platforms
1. Global giving https://www.globalgiving.org
2. GoFundMe https://www.gofundme.com
3. CauseVox https://www.causevox.com
5. Russian platform «Nuzhna pomosh» (Need help) — fund for funds, raising funds for socially oriented non-profit organizations throughout Russia. Information for NPOs https://nuzhnapomosh.ru/nko/

Grants from pharmaceutical companies
1. Gilead https://www.gilead.com/purpose/giving/grant-funding
3. Pfizer https://www.pfizer.com/responsibility/grants_contributions/description_funding_recipient_organizations
4. Eli Lilly and Company https://www.lillygrantoffice.com/international
5. MSD https://www.msdresponsibility.com/our-giving/foundation/

Grants from international companies and socially-oriented businesses