

Ethical Fundraising

Principles of Good Practice in Fundraising at VSO UK

This paper outlines the principles by which funds will be raised by VSO UK.

1. Donors

Donors are entitled to know how VSO spends the money they give. An annual statement of accounts will be published, and in addition, all reasonable requests for information on expenditure will be welcomed, and details supplied.

Donors are normally entitled to confidentiality, if they request it, on the level of their gifts. Any gift worth more than 1% of VSO's annual budget in the year in which it is received, however, will not be kept confidential, and will be declared in the annual statement of accounts.

Donors are entitled to anonymity, if they ask for it, although not where its purpose is to conceal a vested interest. Wholly anonymous donations will be accepted provided there is no reason to suggest that to do so would expose VSO to bad publicity.

2. Beneficiaries

Overseas partners and volunteers are entitled to know who VSO's major funders are, and to have access to any contracts that negotiate funding for work to which they are party.

An Annual Review will be published listing major donors.

3. In Asking

Appeals will always give actual and never fictional examples of VSO's work.

Printed appeals will only quote volunteers and overseas partners verbatim with their prior agreement.

It is often negative circumstances overseas which explain the need for VSO's work, and which prompt donors to give. It is legitimate and necessary for fundraisers to state these. Negative messages and images, if representing the truth, are not in themselves harmful, but a lack of balance is. Fundraising material will seek to convey the positive features that volunteers also encounter, especially ensuring that the commitment of local partners to resolving their own problems is properly represented.

External agencies hired for creative and fulfilment purposes, or for telephone marketing, will be paid on a fee basis, and not on a percentage commission. Similarly, fundraising staff will not normally be paid performance-related pay.

4. In Receiving

Donors are entitled to expect administration costs to be kept to the minimum needed to perform an effective service.

Procedures relating to mail opening and the movement of cash within the office, recommended by the Internal Auditor, will be observed.

Donations will be banked within 7 days of receipt, and thanked within 7 days of receipt.

Enquiries and complaints will be answered within 3 days of receipt.

Any complaints received will be centrally logged. All complainants will be offered access to the Head of Fundraising.

5. In Recording

Funds raised expressly for particular work, regarded as “restricted”, and the expenditure they give rise to, will be accounted for separately.

The names and addresses of donors and any other information about them will be regarded as confidential to VSO, and in no circumstances will it be sold.

Reciprocal mailings, i.e. the mailing of the literature about another charity to VSO’s donors, in exchange for them mailing VSO literature to an equivalent number of their donors, may be engaged in, but always providing that the mailing list remains with VSO.

The costs of fundraising, overall and by activity, will be monitored, and will be reported annually to the Trustees.

6. When To Accept

In handling the ethical issue of when to accept and when to refuse donations, the following practice should apply:

Trustees (and so, on their behalf, fundraisers) have a duty to maximize resources for their charity. If they choose to refuse a donation, they have to be able to demonstrate to the Charity Commission that they have acted in line with the charity’s objects.

The position of a charity towards a contentious donor is not the sum total of the personal beliefs of staff members. Rather, it is determined by whether its charitable objects are affected by association with that donor. It is the role of the Trustees to determine this.

Normally Trustees may argue for refusing a donation on one of three grounds:

- the money is associated with criminal sources,
- the donor’s objects are entirely opposed to those of the charity,
- receipt of the donation would lead to a decline in support for the charity, and could be shown to result in a fall in the resources available to beneficiaries.

Where these circumstances do not apply, or where no benefit is given to a donor in return for their gift, VSO’s interests are best served by raising as much money as possible, and VSO will accept a donation from whatever source.

The matter of judgment does arise in those circumstances where an association with a donor can be shown, as a consequence of their public reputation, to weaken VSO, perhaps by alienating other donors, overseas partners, UK supporters, volunteers or potential volunteers. If, on balance, acceptance of the donation weakens VSO more

than the money would strengthen it, then the funds should be declined. In making this difficult decision, recognition needs to be made that different forms of association bring different degrees of benefit to donors, and different implications for VSO in terms of bad, or good publicity. Sponsorship of VSO advertisements by a controversial company donor, for example, would be higher cost than simply a mention in the Annual Report.

In the UK it is the responsibility of the Head of Fundraising to alert the Honorary Treasurer to instances of potential conflict; the Treasurer will judge whether to bring them to a full meeting of the Trustees.

7. When To Invest

Different considerations arise where VSO is investing its reserves in a company; this is because providing the resources for a company implies a level of responsibility for the subsequent actions of that company. For this the Trustees have approved a separate Ethical Investment Policy which is publicly available. This states that VSO will not invest in companies “which have any significant involvement in activities which conflict with the work of our volunteers, or are seen by most of the affected people we work with in poorer countries as having a significant net negative impact on their human development”. The policy excludes investing in companies involved in the export of weapons, banks owed more than £100 million by Third World countries, companies which are in violation of international codes on the marketing of breast milk substitutes and pharmaceutical products, companies which market pesticides and tobacco products in the Third World and companies which extract tropical hardwood other than from sustainable sources.

VSO Board of Trustees 2006