Ayrımcılığa Karşı Gökkuşağı Derneği

The Role of Funders in the Financial Resilience of LGBTI+ Organisations:

Experiences and Recommendations

January, 2024

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2024

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Financial resilience is the foundation of a robust, effective and sustainable organisation. Financial resilience, which can be briefly defined as long-term financial sustainability, requires long-term financial planning, diversity of funds, regular follow-up of financial performance and creation of reserve resources. As a consequence of restrictions imposed on the freedom of assembly in Turkey, LGBTI+ organisations can't diversify their resources or maintain reserve resources to use in times of crisis.

Organisational resilience is correlated not only to the efforts made by an organisation but also to its work environment and stakeholders. Given that the vital income resources of LGBTI+ organisations consist of funds and grants, relationships with funders can be decisive in increasing the resilience of organisations in times of sudden change and crisis.

Grant experiences of LGBTI+ organisations

LGBTI+ organisations, which have faced various administrative and legal pressures from the moment they embarked upon the process of becoming an association, have gone through what can be described as a state of constant crisis, in particular since 2015. The process that started with the blocking of all events related to LGBTI+ persons and their rights continues with government representatives and politicians pointing them as targets. While the organisations had strived to alleviate the impacts of a two-year-long COVID-19 pandemic when they had to work using online tools, they have also put in a great deal of effort using their limited resources to support the LGBTI+ persons affected by the earthquakes of February 2023. The fact that LGBTI+ organisations, which engage primarily in project-based work and rely on inadequately flexible grants, continue to exist in this process rife with sudden changes and crises can be seen as a success in itself. Where do funders providing grant support to LGBTI+ organisations stand in this process, and to what extent have they been supportive regarding working conditions, adaptation to circumstances and resilience?

In April 2023, 12 LGBTI+ organisations from various provinces across Turkey came together at a meeting to address this question and shared their experiences in recent years of grant applications, implementation and reporting. The meeting was noteworthy in that the organisations could identify good practices, and it made the organisations realise that the problems they faced while implementing the grant were not specific to them; on the contrary, most organisations faced similar issues. This section addresses the points highlighted at this meeting. Experiences of LGBTI+ organisations with funders could be classified under four main headings: general observations and challenges faced in the application, implementation, and reporting stages.

1. General observations by the organisations about grants

Most organisations at the meeting stated that the working procedures of funders are not inclusive of LGBTI+. According to the organisations, in particular, employees at grant programmes have difficulty in understanding the repressions and risks faced by LGBTI+ organisations and fall short of developing a supportive discourse and approach or ensuring the flexibility required by the circumstances. Furthermore, the misconception that LGBTI+ persons are a homogeneous group or that LGBTI+ organisations engage only

in certain key areas of rights is regrettably quite common among funders. For example, disaster relief grants offered to civil society in the aftermath of the devastating earthquakes in February 2023 overlooked the ability of LGBTI+ organisations to work for the affected persons living in the earthquake zone, leaving LGBTI+ organisations out of the scope of priority beneficiaries. Every so often, LGBTI+ organisations can even be kept out of the range of grant programmes whose priority area is to ensure gender equality. In fact, funders should acknowledge the connection between LGBTI+ rights and various areas of work by adopting a holistic approach and recognising the diversity of target groups and activities of LGBTI+ organisations.

To determine the grant management capacity of organisations, donors may establish some **criteria,** including an organisation's age, grant experience and financial resilience. Considering that not all organisations have equal access to resources, hence neither do they have the same experience, easy-to-implement grants that are available to organisations from different regions and of varying scales should become widespread. Otherwise, we will perpetuate a system where grants are given to better known or larger organisations or to organisations that submit the best applications because they have the most experience as opposed to the organisations that need the grant the most.

The scale of grants accessible to LGBTI+ organisations in Turkey is another topic of discussion. Large grants worth millions or short-term grants with minimal amounts are given to LGBTI+ organisations. This distribution results in organisations without the capacity to manage large grants but in need of more than "small grants" to carry on with their work being left out and missing out on the opportunity to gain knowledge, equipment and experience required to manage a large grant in future. Furthermore, regardless of the scale, almost all grants require implementing a particular project; in other words, the number of flexible grants that allow organisations to cover their non-project institutional expenses from the grant is very limited. Although the grants for short-term projects are functional in carrying out some specific work, the fact that they are the primary income resource of the organisations negates the efforts for effectiveness and sustainability. After all, in today's world, where everything changes so rapidly, it is unrealistic to expect organisations to deliver the project outputs as planned a few years ago. [1]

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1   Adene Sacks, Heather McLeod Grant, and Kate Wilkinson (2018), *The New Normal: Capacity Building During a Time of Disruption*, https://openimpact.io/wp-content/uploads/2022/05/TheNewNormal_CapacityBuildingDuringATimeOfDisruption-Report.pdf (Last checked: 21.11.2023).

The ability of organisations – small-scale and local organisations in particular – to create **reserve resources** by savings enables them to continue their work when there are intervals between grants. Consequently, reserve resources are essential for financial resilience and strong organisation. Regrettably, there are no grant programmes that allow organisations in Turkey to carry out their activities and achieve savings at the same time. So much so that it takes several negotiations to adjust the project budget for human resources so that severance pay could be made to the staff.

2. Challenges faced in grant applications

The most frequently pointed out challenge regarding grant applications by LGBTI+ organisations has been the **language barrier** since grant applications are made in English. LGBTI+ organisations in metropolitan cities usually have sufficient human resources and financial resources to submit a grant application in English; however, this is only sometimes the case for LGBTI+ organisations that work at the local level with a limited number of people. Therefore, to ensure inter-organisational and inter-regional equality in access to grants, donors should take a step toward either accepting applications made in Turkish or providing translation support.

Many questions exist regarding whether donors who provide small grants, in particular, adhere to specific **standards and principles** in the process. According to LGBTI+ organisations, application criteria, priority groups, focus areas of grants, evaluation criteria, and procedures usually need to be clarified and announced. On the other hand, organisations occasionally have to consent to grant amounts much less than the applied amount due to revisions demanded by donor organisations until the approval stage. Given that the organisations plan their annual activities and budgets based on grants, donor organisations should adopt more transparent and predictable processes.

The lack of clarity in the **guidelines** for grant applications and vague and generic expressions in the guidelines that fall short of guiding applicants are among the shortcomings frequently stated by LGBTI+ organisations. Guidelines should be explanatory as much as possible to strengthen access to resources and encourage, in particular, the organisations that lack adequate experience in grants. This may turn the grant application into a learning process by helping inexperienced organisations comprehend the logic of projects. On the other hand, it is worth recalling that a well-drafted application guideline could positively impact the grant implementation process.

Another problem with the grant application process is the lack of an effective **feedback** mechanism. Representatives of LGBTI+ organisations at the meeting believed that they did not receive sufficient, convincing and meaningful feedback about the rejection of their project applications. Donor organisations give standard and general responses instead of drafting replies specific to the relevant project applicant. Explanations provided to applicants during evaluation and appeal processes would not only ensure transparency but also help organisations understand their shortcomings and contribute to their preparations for future grant proposals.

3. Challenges faced in grant implementation processes

The root of the problems faced during the implementation of grants lies in the **distrust** between funders and beneficiary organisations. LGBTI+ organisations stated that funders have a perception that they, the grant beneficiaries, would not use the resources effectively. This perception is accompanied by an overly controlling and intrusive method of communication and hierarchy rather than a spirit of solidarity between the two parties. Some organisations noted that they sometimes face degrading behaviours, including the occasional request by donors to see photos of food served at meetings to ensure that the expenditures comply with the policies. Furthermore, despite the progress, albeit small, made in recent years, there still exist some donor organisations which put the confidentiality of LGBTI+ persons at risk by not being content with a meeting participant list but also asking for photos taken at meetings. Funders should try to better understand LGBTI+ organisations' areas of work and the groups they work with instead of making demands on the ground of accountability, which end up jeopardising confidentiality and safety. In doing so, they can recognise covert prejudices and the power imbalance in grant-based relations and consequently build trust-based relationships with organisations.

Another point the organisations raised was that they could not establish healthy and systematic **communication** with the representatives of donors. Meetings are held at regular intervals; however, it is impossible to argue that organisations' needs and problems are heard sincerely and well enough to develop solutions. Besides, there have been cases demonstrating that the implementation changes when the relevant persons in charge are replaced and that communication is impeded due to inadequate handover of information about the previous period. On the

other hand, appeal and complaint mechanisms against the behaviours and attitudes of persons in charge of grant programs are either non-existent or not run properly. Considering that there is an "invisible" hierarchy between donor organisations and grant beneficiary organisations, there have been many cases where organisations have not reported arbitrary behaviour because of their apprehension that they might not get another grant in the future. Consequently, it is worth recalling that donors have an obligation to establish and effectively use their internal mechanisms while they expect grant recipient organisations to adopt ethical codes of conduct and good practices on accountability. Besides, the flexibility required to overcome existing and possible crises and risks is only possible with open communication and dialogue. Sincere, open and lasting relationships between funders and LGBTI+ organisations would be helpful in understanding the context the organisations work in and finding out about the newly emerging needs and opportunities in changing circumstances and useful for organisations in adapting to changes and carrying on with their work. [2]

LGBTI+ organisations noted that they ran into problems mostly about the **budget** while implementing grants. First of all, the general idea is that funders fail to understand or recognise the impacts of high inflation and fluctuations in exchange rates in Turkey. The price hike and the rising cost of living that take place between the phases of application and implementation may render the budget items drafted for both procurement of goods and services and human resources irrelevant. The fact that donor organisations frown upon severance pay or fringe benefits to employees of beneficiary organisations and expect that staff are remunerated on a fixed salary basis during projects causes internal problems in organisations, resulting in staff resignations or breakdowns in activities. Therefore, funders should allow salary increases by recognising that under current economic circumstances, it is impossible for organisations to carry out their activities based fully on volunteering and acknowledging the need to recruit professionals.

Grant givers usually tend to limit **indirect costs** since their focus is on programs and project expenses. Indeed, LGBTI+ organisations referred to their inadequacy to cover routine expenses related to the operational

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2   Scearce, Diana and Wang, June (2020), *Resilience at Work: How Nonprofits Adapt to Disruption. How Funders Can Help.* https://www.issuelab.org/resources/36542/36542.pdf (Last Checked: 21.11.2023).

work of the associations. Therefore, donor organisations should recognise that indirect costs are not a waste of money but a very valuable resource that contributes to resilience and sustainability since organisations can use indirect costs to cover their basic administrative and operational expenses.[3] The last point raised by LGBTI+ organisations with respect to the implementation of grants was related to **in-kind programs**. Firstly, in-kind support programs, which are useful for organisations that lack project management experience and do not have access to large grants, also play an important role in enabling all other CSOs to carry out activities that fall outside the scope of their existing projects but fulfil the needs of their target groups. Nonetheless, procurement and payment conditions of the organisations that run these programs may cause problems in the implementation. For instance, a due payment period of 30 to 90 days would not be acceptable for all vendors. LGBTI+ organisations working in small cities, in particular, pointed out that this requirement caused problems with the vendors providing goods and services, and their relationship of trust with the vendors was undermined. Given the limited number of LGBTI+ friendly businesses, this type of programs should adopt rules that consider local balances and can be flexible according to the needs of organisations when necessary.

4. Challenges faced during the reporting period

A main expectation of the organisations with respect to the reporting phase is its simplification as much as possible, similar to their expectations regarding the phases of application and implementation. Considering that the state of the freedom of assembly in the country makes it already difficult for organisations engaged in rights advocacy to carry out even the most basic work, complicated methods and rules of documentation can amount to an extra burden on LGBTI+ organisations. Therefore, there is a need for reporting obligations that do not comprise transparency and accountability but are easier to follow.

The problems facing LGBTI+ organisations during the closing of project budgets **usually stem from the incompatibility between grant rules and local financial and accounting rules that apply to organisations**.

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3   Venkatachalam, Pritha et al (2021), *Building Strong, Resilient NGOs in India: Time for New Funding Practices.* https://www.bridgespan.org/getmedia/34c31d21-d86e-40e7-b85c-db-465d5c2fd2/Building-Strong-Resilient-NGOs-in-India-Bridgespan-2021.pdf (Last Checked: 21.11.2023).

Some demands by funders do not apply to the local accounting system. Consequently, while funders lay down the rules of financial reporting, in particular, they should consider the limits and opportunities, if any, of local legislation and ensure that their employees are knowledgeable about the formal financial obligations of the organisations.

The last point raised by LGBTI+ organisations was concerning **final payments** made after the completion of projects. Organisations end up having to pay from their resources on account of the fact that these payments are made very belatedly. However, such delays cause financial burdens, especially for small-scale organisations without adequate resources. Therefore, funders should adopt work procedures that would expedite the project closure process.

Conclusion and Recommendations

Since the national legislation makes it almost impossible for LGBTI+ organisations to diversify their resources, they carry on with their activities mostly based on grants. This reality imposes a significant obligation on grant programs and donor organisations to ensure both the resilience of LGBTI+ organisations and the achievement of the rights of LGBTI+ persons with whom these organisations have established contact. In the current state of the freedom of assembly, both grant givers and recipients should put their heads together and find new ways of cooperation to overcome frequently repeating crises. As a first step in that direction, this publication is our attempt to provide a summary under four headings of grant-related and common experiences of LGBTI+ organisations that are from various provinces across Turkey with different areas of work and scales and varying target groups.

General observations provided by these organisations hold a lot of clues to a number of issues, including the programs' inclusiveness of LGBTI+ persons, the process of identifying priority areas and criteria, the scale of grants and the contribution of grants to organisations to develop their resources to tap into in times of crisis. The most frequently raised problems about the grant application process included the language barrier faced in grant applications that are available only in English, the ambiguity of principles and standards for application criteria and evaluation procedures, inadequate guidance provided in guidelines and documents related to the application process and the lack of an empowering method that provides feedback to rejected applications. With regard to the implementation phase, the organisations referred to the distrust and the perception that they would not use the resources effectively, the occasional lack of healthy communication with grant authorities, their need for more flexible budgets and the problems they face in in-kind

support programs. Finally, the most frequently faced challenges in the reporting phase include complicated and difficult reporting obligations, the incompatibility between financial rules governing grants and local accounting rules, and a lengthy project closing process that imposes a financial burden on the organisations.

Below are our key recommendations for funders to resolve the problems raised by LGBTI+ organisations:

- Establishing a communication and dialogue mechanism is essential to ensure mutual learning and break down any prejudices.

- It is necessary to implement flexible grant programs that facilitate the response of LGBTI+ organisations to sudden changes and crises and consider the needs of organisations of varying scales.

- Predictable and long-term collaboration and support should be provided independently of projects to enable the organisations to continue their fundamental functions.

- The application, implementation, and reporting phases of grants should be simplified to avoid additional bureaucratic burdens on the organisations and to scale up the impact of the work.

- Economic circumstances in the country should be considered, and accordingly, budgets should be more flexible and transfer among budget items should be facilitated.

- Administrative expenses, which could be vital for organisational resilience and sustainability, should be given a higher proportion in grants.