

20 May 2014



## **An open letter regarding non-renewal of the Wikimedia UK fundraising agreement**

Dear Sue

Thank you for your letter bearing the date 9 May 2014, received by us on 13th May, informing us of your decision not to renew our fundraising agreement.

While we accept that you have a mandate from the WMF board to make this decision on their behalf, we want by means of this letter to place on public record our dissatisfaction not only with the decision itself but more importantly the process by which you arrived at it.

In 2013 you indicated that the decision on Wikimedia UK acting once more as a payment processor would be dependent on our compliance with the terms of the fundraising agreement. The main points to be considered were governance, management accountancy, and our ability to process and protect donations. We accordingly expected that your decision this year would be founded on an evidence-based analysis that we could share with the community.

We have had confirmation from you and your team that there are no longer any residual concerns about our governance, management accountancy, or ability to process and protect donations and donor data. We are in compliance with all of the obligations of the fundraiser agreement, and we have provided evidence to you to that effect.

We note however that none of this appears to have been a factor in the decision that you actually made. Instead, you have relied on predetermined considerations that are not specific to Wikimedia UK, that apply to all chapters, and that are impossible for any chapter to overcome. Rather than openly analysing whether Wikimedia UK is capable and competent to undertake payment processing, you have focussed your analysis on three questions that appear to have been especially chosen to lock out any evidence-based response on our part.

We want to examine once more the three questions you have been putting to us:

### **1. Why would the WMF want to expend movement resources on increasing staffing to deliver a fundraising campaign that can be delivered on current capacity at lower costs?**

As we told you, this is based on a mistaken belief.

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Gift Aid receipts (official UK government tax relief that is available to us as a UK charity but not to you as a US entity) would significantly outweigh any additional costs of staffing and payment processing.

You state in your letter that *“local payment processing shouldn’t happen unless it provides sufficient value to the movement to offset the additional significant resources it requires from both the chapter and WMF”*.

We agree with that, which makes it all the more difficult to understand why your letter neglects to make any mention of the significant sum which could be collected in Gift Aid at minimum expense to the movement and no extra expense to donors. Your rejection of what is a very significant sum of money (at least \$500,000 or ~£300,000) without even a passing mention is difficult to understand.

A key reason for our request to payment process is that we have an excellent understanding of the donor landscape in the UK that WMF lacks. For example, direct debit gifts are extremely popular in the UK (second only to cash donations) and yet WMF is unable to process these. This represents a significant lost opportunity for a sustainable and sizable funding stream. This is without mentioning the missed opportunity to build good relationships with donors by giving them what they are happiest with.

You state that *“WMF can payment process for the UK with no additional staffing resources required”* and you express concerns about WMUK potentially recruiting an additional staff member *“in a year with aggressive revenue targets”*. We do not understand why you can continue to repeat those points when you are aware that any additional chapter staffing would cost the movement far, far less than the \$500,000 or more than is currently being thrown away.

## **2. Why should we risk an untested team in a year with a demanding target?**

An interesting question, and one that appears to have been carefully designed to be impossible for any chapter other than Germany and Switzerland to answer.

You are persisting in your assumption here that WMUK could not perform as well as the Foundation. That is wrong. We wanted to tackle this head-on, but you have prevented us from doing so by declining to provide statistical information from WMF records relating to your UK regular donor attrition and retention rates.

When we last took part in the fundraiser, in 2011, many donors agreed to contribute by way of monthly direct debit payments. We have stewarded those donors carefully ever since, and we still receive nearly five thousand payments per month from that source. Those direct debits have sustained the movement with roughly \$800,000 (£500,000) of direct income without any need for further public calls for donations.

Our ability to improve efficiency on offering local direct debit and payment options would we believe more than likely alone cover the requested 16.8% target increase for 2014, and yet the WMF team still remains unable to offer donors this option.

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On the related topic of donor relations, there were a few points we raised before which remain unaddressed. We list them here again:

- We've had numerous disappointed donors contact us about gift aid eligibility after donations to WMF. The ability to claim gift aid tax relief is expected by many UK donors.
- We have been contacted directly by donors who saw the banner and who want to support the movement but will only do so via WMUK as a local charity. You underestimate the importance of local giving to potential UK donors.

### **3. What is the point of us disrupting our working practice for only a year if decentralized fundraising is ceased and only WMDE and WMCH 'grandfathered' in 2015?**

This question completely sidesteps the terms of the fundraiser agreement, and the fact that you have even posed it to us is a matter of extreme concern. Frankly, it is completely inconsistent with the values of the Wikimedia movement, values that you as ED of the WMF should be taking the lead in upholding.

There appears to be no barrier to WMDE and WMCH continuing to fundraise in the interim, and to invest in efforts and expertise in so doing, but we and presumably other intending payment processors are to be locked out *a priori* in a manner which will damage our chances of being accepted next year due to our continued - and enforced - status as an 'untested' team.

We are not being prevented from payment processing because we aren't compliant. We are not being prevented from payment processing because we can't hit the target or do a good job. We are being prevented because of a hypothetical decision from a democratic body, which will have to be made publicly and in the full glare of community scrutiny in a year from now.

To try to pre-empt future open dialogue and decision by making it the de facto state of affairs must be inconsistent with our movement's values. This does not feel right to us.

We asked you in advance to comment on this point as we did not think you quite anticipated how this apparent lack of WMF trust in a non-US registered charitable Wikimedia entity could look to other chapters and to the movement as a whole.

We also pointed out to you that the rationale behind your decision could have significant implications for a number of other chapters, including for the future of fundraising in Germany and Switzerland. We argued that your decision should be founded on your objective judgement against the published fundraising criteria, and not on other considerations that neither we nor any other chapters are party to. We asked if you could put our minds at rest on that point.

We are sorry that you have chosen not to do so.

Yours sincerely,

Jon

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