Ethics in Philanthropy

March 2022

A report from:

Contents

Thank you

This report has been a monumental collective effort. We would like to say a heartfelt 'thank you' to those we sought support from at various stages of the research. Whether through our early discussions with our members or the comments, constructive advice and questions from our critical friends, all input has been rich and invaluable.

You know who you are – thank you so much!

Executive Summary

This report captures the perceptions of 166 individuals working in the grant giving sector (predominantly in the UK), in a wide range of roles and seniority. The report interrogates the details of ethical philanthropy and grantmaking. It seeks to explore two overarching questions: firstly, to question the ethics of philanthropy itself, linked to the origins of wealth. Secondly, it seeks to explore how ethics play out in our grantmaking practice, and how grant makers can shift their practice to be more equitable, and to respond to the calls for much needed reform.

Key Findings
Ethics and the Origins of Wealth

- Almost 80% of respondents agreed or strongly agreed that where organisations were found to have benefited from wealth created through harmful or exploitative practices, they should make reparations.
- While the above statement clearly demonstrates strong support for making reparations where philanthropic funds have come from unethical sources, the majority of respondents could not identify the ultimate origin of their organisation's wealth.
- When respondents identified that the source of their income was a donation from a wealthy individual, they did not or could not specify how the individual's wealth was accumulated. Similarly, where their income was profits from business, or investment, detail was not provided on how this business or investment activity made these profits in the first place.
- This signifies a critical need to increase organisational transparency regarding the origins of philanthropic wealth; to engage in conversations with organisations on understanding the origins of their wealth, why it's important, and how their history needs to be reflected in how and to whom they grant their funding to in the present day.

What can you do? Join us by using the **#KnowYourWealth** hashtag on Twitter and encourage grantmaking organisations to declare the origins of their wealth publicly on their websites and to ensure that the historical origin of their wealth is reflected in how and to whom they grant their funding to in the present day.

Key findings
Ethics in Grantmaking

- Those working in the grant giving sector continue to feel most accountable to trustees, followed by senior management, rather than the communities they serve.
- This is compounded by the lack of transparency surrounding recruitment to these roles, with only 41% of respondents believing their organisation has transparent Trustee recruitment practices.
- In a large proportion of grantmaking organisations, individuals with the greatest responsibility and accountability, are also those who are recruited in the least transparent manner.
- The majority of respondents work for organisations that have not been accountable to communities experiencing racial inequity or even their staff members who are from communities experiencing racial inequity.
- Others lack transparency on how they are planning to take action to address racial inequity in their organisation and grant making practices.
- Inadequate recruiting procedures at the highest levels of grantmaking organisations, coupled with top-heavy power structures, perpetuate issues of accountability and transparency.
- Only 8% of respondents agreed that their organisation was doing enough to combat inequity, and many commented that the bulk of the work is only being done by particularly interested staff, or, is reliant on the emotional labour of staff from communities experiencing racial inequity. Lack of competent management or Trustee support in this work continues to be a key barrier.
- In the majority of cases, respondents felt fairly confident there are appropriate procedures in place to address misconduct within their organisation. However, they were less confident about procedures in place for whistleblowing, bullying and harassment and incidences of discrimination. Indeed, 25% of respondents stated that their organisation did not have the relevant policies in place. This is particularly alarming given an increase in reports of racism and discrimination in the sector, including at major UK based charities.
- The research finds that for many grant makers a burden of stringent reporting and complex grant conditions continues to be placed on partner organisations - even though the sector was able to reduce and in some cases abolish these during the pandemic. This reflects the continued power imbalance and lack of trust between grant makers and partner organisations.

What can you do? Ask your HR team (if you have one!) what policies are in place and assess them against good practice. Encourage your organisation to reflect on your grantmaking processes and continued flexibility in your day-to-day grantmaking. Keep up momentum from positive changes made to your process during the pandemic.

Over 70% of respondents 'agreed' or 'strongly agreed' that foundations require reform.

The report offers a vision of ethical philanthropy and highlights numerous examples of 'good practice' already taking place which contribute towards this.

A note on definitions

Grantmakers and Grantee Partners: We use the terms 'trust, foundation, donor, funder, grantmaker and grant giver' interchangeably. For the purposes of this survey these terms refer to organisations which make grants, of all types and sizes, either to individuals or other organisations, usually charities. We use the terms 'grantee' and 'partner' as a catch-all for organisations which are recipients of funding from funders.

Philanthropy: For the purposes of this research, our main focus will be on institutional philanthropy (by which we mean independent foundations where the original donor is no longer alive, or, if the donor is living, where there are staff and other infrastructure to manage the giving). This is because most of our members work in foundations/grant giving organisations. However, we recognise the growing importance of new types of donors and our questions therefore encompassed some aspects related to individual philanthropists – as well as questions around wealth creation and the motivations around giving.

Ethics: For the purposes of this research, when we talk about ethics we are talking about both internal and external factors around power, accountability, transparency, malpractice, and governance. We define ethics as a system of moral principles which aims to decipher what is good for individuals and society. In this sense, we limit the role of ethics in this survey to outlining the possible decisions individuals can make, rather than establishing an absolute truth about which decisions are best.

Communities experiencing racial inequities: In this report we refer to communities experiencing racial inequities, which we have taken from the DEI Data Standard (1).

Participatory grantmaking: Participatory grantmaking encompasses a range of models, methods, challenges, and insights. At its core, this approach to funding cedes decision-making power about grants to the very communities impacted by funding decisions (2).

Endowment Fund: An endowment fund, simply put, is money set aside (invested) to earn revenue to fund some type of charitable activity. Unlike typical investment funds, the beneficiary of an endowment fund is a non-profit organisation instead of individual investors.

1. https://www.participatorygrantmaking.org/
2. https://www.funderscollaborativehub.org.uk/collaborations/dei-data-standard

What is Ethical Philanthropy?

We want to highlight one of the most important findings from our research before we begin. We were curious to understand our respondents' perceptions of ethical philanthropy particularly given the lack of research that focuses on how ethics play out in the workplace at grantmaking organisations.

Respondents seemed to use this question to highlight best practice examples currently happening in philanthropy. For example, one respondent stated that ethical philanthropy can be seen in efforts like;

"Resourcing Racial Justice, where the harm done by traditional philanthropy models are acknowledged from the outset, and the distribution of resources designed in a way to tackle this, as well as decisions being made by people with lived experience of the issues being addressed".

Another respondent mentioned;

"The growing movement for transparency, the drive by Center for Effective Philanthropy for robust feedback on foundation performance and Ten Years' Time action to diversify the sector".

One respondent highlighted the Oak Foundation's work, stating that they "actively build relationships, nurture and invest in slow systemic change". Similarly, Lankelly Chase was praised for "re-thinking their approach to Board selection", as well as Esmée Fairbairn Foundation and Paul Hamlyn Foundation who are funding youth voice and youth activism over a sustained period. Finally, Voice for Change England's work on "developing an interesting transitional model" was mentioned as an effective example for ethical philanthropy (3). A majority of 64% even 'agreed' or 'strongly agreed' that foundations in the UK should be made to spend a percentage of their money each year as a standard practice (minimum payout). However, the qualitative responses suggest that this is a new concept for many grant makers and more conversations and exploration around this idea should take place;

"Should foundations be made to spend a percentage of their money each year as a standard practice? I don't know, but it's an interesting idea that I'm encountering here for the first time, and I'd love a chance to learn and think more about it."

(3) Other examples given included With and For Girls, Tallawah, Baobab, FRIDA Disability Rights Fund/Disability Rights Advocacy Fund, IVAR Flexible Funders, ACF Stronger Foundations, Friends Provident Foundation, Joseph Rowntree Charitable Trust, Whitman Institute, Robert Sterling Clark Foundation, Global Fund for Community Foundations, Future Foundations UK, and the Phoenix Fund developed by National Lottery.

Unsurprisingly, when asked what model philanthropy would look like in 2031, many responses reflected the best practice examples provided above. Although many respondents suggested that ideally philanthropy wouldn't exist as we would have a functioning state and economy that addressed systemic issues. One respondent stated;

"Grant makers and grant receivers would represent the communities impacted. There would be accountability towards beneficiaries. Trustees wouldn't exist. The philanthropy sector would be much smaller, because governments have decided to adequately tax the rich. Remaining philanthropic funds are diverted towards changing a system, rather than the symptoms."

The landscape of ethical philanthropy
Setting the Scene – Debate in Recent Years

In recent years some pivotal works have been released which have taken centre stage in the debate on the ethics of philanthropy. These include Anand Giridharadas's 'Winners Take All', Rob Reich's 'Just Giving: Why Philanthropy is Failing Democracy and How it Can Do Better' and Edgar Villanueva's, 'Decolonising Wealth'. Taken together – these books encompass compelling arguments for the reform and indeed overhaul of philanthropy in its current form.

These authors argue for a more democratic system – a dramatic upending of current capitalist notions of 'doing good' which asks minimal questions. They argue prevalent models shape and bend charities into their mould with little thought of changing the existing system which perpetuates the inequity that enabled wealth accumulation and philanthropic giving in the first place. Many of the survey responses back up these arguments for reform with practical examples of both current malpractice and how giving can be done better and more equitably. We look at this in more detail in the body of the report.

Changing Times and Momentum

Several movements, campaigns and new models of giving (such as Edge Fund (4), Baobab Foundation (5), CharitySoWhite (6), Mamacash (7), Guerilla Foundation (8), Trust-Based Philanthropy (9) and those involved in the Participatory Grant-making (PGM) Community of Practice (10) to name just a few) have emerged with renewed vigour. These groups have not only pushed for but actioned something different that emphatically focuses on justice, not 'charity' and the redistribution of power.

They challenge the patriarchal, paternalistic and colonialist ideas which continue to be associated with much current and traditional philanthropy (across the US, UK and Europe). They are much cited by survey respondents as models of good practice which suggests that their influence is taking effect. A recent piece written by Fozia Irfan aims to map philanthropy in the UK through the ages from white supremacy to reparative justice (11). She describes the prevailing model in the UK today which can be identified as neo-colonial through ten characteristics (some of which include; short-termism, worship of the written word, lack of diversity, power hoarding and white behaviour and ideals as the norm). She draws both the ethics of and in philanthropy together, saying that the ten characteristics "highlight how intentionally or unintentionally, the normative white experience and paradigm of the colonial period continues to infiltrate the contemporary practices of foundations." She then describes the necessity for philanthropy to move from this neo-colonial philanthropy, which is threaded into and through foundation practice in the UK, to make a deliberate and conscious move towards reparative and restorative philanthropy.

We echo this call based on the responses from our survey and what GGM stands for, which is a more transparent, equitable, anti-racist and accountable grantmaking sector. If we accept that institutional philanthropy is here to stay, then at least we must attempt to shift it from its current form to something that is more considered and more disruptive. This will only be achieved when people who hold power within foundations (at all levels) explore their history, the source of the wealth they help distribute and how, if at all, this relates to their present-day giving. This applies to older foundations just as much as those starting new foundations.

We urge all foundations to adopt the recommendations in our report which place an emphasis on radical transparency, accountability and learning. Consider the examples of those cited above instead of replicating neo-colonial structures and systems that perpetuate the charitable cycle and inequitable distribution of power and wealth.

Ethics 'of' and 'in' philanthropy

Through each element of our research, whether the literature review, consultation with GGM members, design of the survey, or the ensuing analysis of the results, we found ourselves taking apart and reattaching the 'ethics of philanthropy' debate into two parts.

Current debates in philanthropy seem to focus on whether money made through 'bad' means or exploitative business practices can be made 'good' – or rather – can absolve

the harm which may have been caused making it in the first place (despite the overwhelming disconnect between how money was made and where it is channelled once granted).

The other question as it relates to GGM and our audience, focuses on the practical application of ethics in philanthropy i.e. current behaviours and norms, practices deemed 'unethical' in (predominantly) institutional philanthropy in the form of philanthropic foundations. Given that GGM is a movement for those working in philanthropy, the practical application of 'ethics' was something which resurfaced and cannot definitively be separated from the wider philosophical debate.

Focus on 'philanthropoids' and 'Next Gen' Philanthropists

Emphasis on the voices or needs of those working in UK foundations (coined 'philanthropoids' by Fred Keppel as identified via discussion with Maribel Morey and Rhodri Davies (12)) is evidently lacking in the sector. This is where GGM comes in, providing a platform through our research and networks.

The publications of 'Modern Grantmaking' by Gemma Bell and Tom Steinberg (13), as well as 'Letting Go' by Meg Massey and Ben Wrobel (14) are therefore timely, focusing more on sharing good practice and providing support, reflection and practical guidance targeted at practitioners working in philanthropy who want to do good, better. Another very influential group of people are those who themselves have inherited wealth, class and privilege – would-be philanthropists – going through a powerful period of self-reflection. Leading the way in the US are Resource Generation (15), with Resource Movement in Canada and most recently, Resource Justice in the UK, actively seeking more equitable models of giving, rejecting and disrupting the patterns of giving of their forebears.

Related to this are those working closely with and advising the aforementioned wealth-holders, such as 'The Good Ancestor Project' (16), spearheaded by Stephanie Brobbey. This project pioneers a radically different advisory model of wealth stewardship which serves more progressive wealth holders, and will ultimately redeploy capital into a new economy; one that is fundamentally redistributive and regenerative and serves all forms of life on the planet.

Another related example is #MillionairesForHumanity – a collaboration of a group of high net worth individuals committed to 'going beyond philanthropy' (17) and advocating for a 1% wealth tax on multimillionaires. With others calling for a fairer tax system which some believe would negate the need for philanthropy, is this a moment of reckoning? Instead of defending philanthropy without acknowledging its faults,

perhaps it is more sensible to highlight its flaws so we can learn, understand, remain relevant and work together for much greater impact.

Wider Movements for Change

There are further examples that, alongside movements like GGM and those mentioned above, are united in their principles of equity, accountability and transparency, and have much in common with those in other sectors. Examples include; Kate Raworth's Donut Economics (18), Decolonising Economics (19), Living Wage Foundation (20) and the Black Curriculum (21), to name just a few examples. Philanthropy is a product of a much wider ecosystem and the power of collective action should be built within philanthropy and in collaboration with other sectors to bring about change.

Why bother?

Through our survey we asked the questions that others have shied away from, particularly regarding the origins of wealth, the level of understanding amongst staff regarding foundation's endowments, recent efforts towards creating a more vocally anti-racist sector and the policies which foundations, as places of work, should have in place to protect staff, volunteers, charity partners and trustees.

As people working in philanthropy, often complicit in the power imbalances which play out in the day-to-day, we wanted those completing the survey to think deeply about these questions because we know that unless we take time to reflect, little will change.

For this reason, alongside the survey results and our analysis, we share recommendations for anyone in this sector to start exploring how ethics plays out in their organisations and how practice can be shifted to be more equitable, and finally how we can collectively respond to the calls for much needed reform.

(4) https://www.edgefund.org.uk/about
(5) https://www.baobabfoundation.org.uk
(6) https://charitysowhite.org
(7) https://www.mamacash.org/en/en-homepage
(8) https://guerrillafoundation.org
(9) https://www.trustbasedphilanthropy.org
(10)https://www.participatorygrantmaking.org
(11) https://www.alliancemagazine.org/blog/neo-colonial-philanthropy-in-the-uk/
(12) 'https://twitter.com/maribelmorey1/status/1495834275626819585?s=21'
(13) https://moderngrantmaking.com
(14) https://lettinggobook.org
(15) https://resourcegeneration.org
(16) https://www.fnlondon.com/articles/meet-stephanie-brobbey-the-private-wealth-lawyer-trying-to-get-the-rich-to-give-up-their-money-20211113
(17) https://millionairesforhumanity.org/the-millionaires/
(18) https://doughnuteconomics.org/about-doughnut-economics
(19) https://decolonisingeconomics.org
(20) https://www.livingwage.org.uk
(21) https://theblackcurriculum.com

Methodology, Collaboration and Consultation

Our methodology for this and previous reports has been to consult, collaborate with and survey those signed up as GGM members and anyone else who works or volunteers in grantmaking.

We held an open Zoom call for anyone interested in contributing to our research in January 2021 during which the GGM organisers presented a debate discussing both the 'good' and the 'bad' of philanthropy, mainly referring to foundations, their existence and practices. We then discussed what was most pressing, of most interest and what people wanted to know, to ensure the usefulness of our survey. We used a Jam Board to capture the results, and the organising team then set to work designing the survey, which was sent out in mid-September 2021.

We sent the survey, consisting of 48 questions, to our mailing list of just over 300 subscribers, and tweeted to our 2,000 followers. Unlike previous surveys, we did not limit responses to those based in the UK. Our surveys aim to provide enough space for qualitative feedback should respondents wish to elaborate on our questions. As a result, we had 166 respondents who spent an average of 14 minutes completing the survey, with a handful spending much longer.

The survey and the initial desk-based research formed the basis of this report and the report was completed and launched once reviewed by critical friends.

Who filled out the survey?

Job roles
The 166 responses came from respondents with a wide breadth of experience and from a range of job roles:

 15% Grants or Programme Assistant/Officer
 31% Grants or Programme Manager
 16% Head of/Senior Management Team
 17% Director/CEO

The remaining 21% was made up of those in Monitoring, Evaluation and Learning roles, Communications, Investment/Finance, Trustee, individual philanthropist, or a paid consultant/advisor to a Trust or Foundation.

Duration of time working in grantmaking
28% of survey participants have been in the sector for between 1 – 8 years. A further 15% had been in the sector for 9-12 years; 9% for 13-16 years and 15% over 17 years, with the remaining 5% having been in the sector for under a year.

Geography
77% of respondents to our survey work in the UK and 23% work within international organisations. It is therefore important to note that, while international views have been captured, the survey results should be viewed primarily in the context of the UK grantmaking sector and may not be representative of the global grantmaking community.

Organisation types
Our respondents predominantly work for Private Foundations (just under 43%), with almost 30% of our respondents coming from private foundations where the founder is no longer involved, compared to 16% where the founder is involved.

15% of respondents work at a family foundation, 12% from a corporate foundation, 15% from a community foundation, 4% from lottery funds and the remaining 8% from crowd sourced funders, local authorities, livery companies and public foundations (government funds).

Almost 60% of respondents were affiliated with organisations between 10-50 years old, with 12% being organisations less than 10 years old, 20% being organisations 51-150 years old, and 8% being over 150 years old.

Sources of income

In terms of the main source of income, almost 60% of respondents stated their organisation is an endowed foundation, some stated they engage in fundraising, and others stated they receive an annual donation from an associated company, or a living individual, family or family office. Others receive Government or Local Authority funding as their main source of income, among other sources.

In terms of annual grantmaking budgets, respondents were affiliated with organisations that had grantmaking spends of:
 14% up to £500k
 26% £501k– £3m
 20% £3.1m– £10m
 11% £10.1m – £30m
 14% £30.1m – £100m
 12% over £100m
 3% unsure of their annual grants budget.

60% of respondents reported to only make grants in the UK, almost 30% make grants internationally (including the UK) and just over 10% make grants only internationally.

Values

Almost 80% of respondents stated that their organisation has a clear statement of values, or similar statement of principles, which guides all of its actions. Several respondents also stated their organisation was currently developing this.

The Results

Origins of wealth and reparations

78% of respondents to our survey agreed or strongly agreed that where organisations had been found to have benefited from wealth created through harmful or exploitative practices, they should make reparations. 12% remained unsure whether this should happen, and 10% disagreed. While there is clearly strong support for making reparations where philanthropic funds are known to have come from unethical sources, the overwhelming majority of respondents could not identify the ultimate origin of their organisation's wealth and there were few examples of reparations being made.

"As grantmakers, we have a responsibility to confront the reality that philanthropy originated from and has often contributed to systemic inequities, both in the ways wealth is accumulated and its dissemination is controlled.(22)"

In terms of their main source of income, almost 60% of respondents stated their organisation is an endowed foundation, many stated they engage in fundraising, and others stated they receive an annual donation from an associated company, or a living individual, family or family office or receive Government or Local Authority funding as their main source of income, among other sources.

Among those respondents who could specify the origins of their organisations' wealth, sources included the fur trade, slave trade, and profits of the British Empire and extractive industry. Where the source of their income was a donation from a wealthy individual, they did not, or could not specify how the individual's wealth was accumulated. Similarly, where their income was profits from business, or investment, detail was not provided on how this business or investment activity made their profits in the first place.

The lack of transparency is not limited to historical donations. For those engaging in fundraising, most organisations do not have a policy on when they will and will not accept funds from donors. Furthermore, the Charity Commission of England & Wales (for example) has vague guidance on what constitutes the 'best interests' of the organisation, meaning this is open to interpretation by trustees. This suggests that decisions made on which donations are accepted may not be transparent or consistent, and organisations may continue (whether intentionally or otherwise) to raise income from potentially unethical sources.

"As a 'values-led' sector, the charitable and not-for-profit sector should be leading the field when it comes to understanding and responding to historic associations with enslavement and colonialism. (23)"

"As grantmakers, we have a responsibility to confront the reality that philanthropy originated from and has often contributed to systemic inequities, both in the ways wealth is accumulated and its dissemination is controlled."

While the pressure is increasing on philanthropic organisations to identify and confront the origins of their wealth, there is also growing hostility on a 'woke' agenda, with several charities being reported to the Charity Commission for their work in examining their links to colonialism or in speaking out against racial injustice (24). Online 'trolling' and divisive media articles have inflamed this issue. In this sense, 'doing the work' of decolonising wealth has become more challenging. As one respondent comments:

"It seems some of the more traditional, old school trustees shy away from what they or the people they keep company with would call a 'woke' agenda."

We asked our respondents to share their definitions of what reparations meant to them, suggestions include:

"Atoning for past injustices whether through money, programmes, education or other. Not only atoning for them but publicly acknowledging and including the despicable parts of our history that divided, enriched and impoverished generations of people".

"A meaningful transfer of wealth and power, from those with unearned privileges to those without, in recognition of harm done by that privilege".

There were only a few examples (25) of efforts to engage in reparations through grantmaking, suggesting that this is happening rarely and/or is not being shared more widely. Other responses suggested that initiating change from within is challenging. As one respondent reflected, challenging inequity has to be done "by stealth" within their organisation because their committees are wary of being perceived as political. This incremental approach is somewhat contrary to Derek Bardowell's definition of reparations. He states that:

"Reparations, for me, in its truest sense, is about giving all of one's wealth away to those who've experienced harm at the expense of the 'givers'' accumulation of wealth (26)."

The lack of progress in this area of philanthropy mirrors the wider political climate, with the 'denial of institutional racism' being presented by the UK government itself in its report of the Commission on Race and Ethnic Disparities in 2021. This report was widely criticised as being divisive and dismissive of the concerns of individuals and campaign groups such as Black Lives Matter, that structural inequalities are still embedded within society (27). It is within this context of denial of institutional racism that grant makers must do better to understand the origins of their wealth and current income and not perpetuate systemic injustices.

Governance and Accountability

41% of respondents agreed that their organisation has transparent recruitment practices for trustees, and 61% agreed that there were transparent recruitment processes for staff. The extent of this issue varied between organisations. At its worst, Trustee recruitment is seen as a completely closed off activity. One respondent stated:

"Trustees are either friends with the Chair, known to the Chair or suggested by other Trustees. There is no transparency, no open recruitment process and no staff involvement."

Another respondent acknowledged that, while recruitment practices may be transparent, the roles attract "an exclusive pool of people" who are unlikely to be representative of the communities served.

Overall, the response to our survey suggests that, while some organisations are doing comparatively well in this area, in a large proportion of grantmaking organisations, the individuals with the greatest responsibility and accountability, are also those who are recruited in the least transparent manner. Respondents stated that they believe their organisation is most accountable to trustees (40%), communities they seek to serve (15%), living involved founder or family members (14%), followed by grantee partners (11%), senior management (10%), Charity Commission/OSCR/CCNI (8%), and least accountable to press/social media (1%) and peer networks (1%).

As explored in *Beyond Words: Power & Trust in UK grantmaking* (28), a key barrier to improving the sector is the lack of representation in grantmaking organisations: "the lack of racial, ability, gender and class diversity among foundations is one reality which respondents felt perpetuates the status quo". By failing to recruit from a wide pool of people, boards are also unlikely to be representative of the wider population. Poor recruiting procedures at the highest levels of these organisations, coupled with top-heavy power structures perpetuate this issue. As Charity So White states: **"it is easy in a crisis to revert to familiar ways of working, but in doing so we risk not only reinforcing existing structures of racial inequality, but further embedding them (29)."**

A critical 'moment' for tackling social injustice was the murder of George Floyd in May 2020 and the subsequent Black Lives Matter protests globally. Our survey asked whether organisations had made a public statement since these events. 46% of respondents reported that their organisation had made a public statement, made commitments internally, and had begun or made significant progress putting them into practice. The remaining respondents stated their organisation had either made statements with no action yet; had no expectation of action; or hadn't made a public statement at all.

In terms of grantmaking practices, almost 57% of respondents said their organisation has a specific grant programme(s) which challenges inequity (for example gender justice, human rights, racial justice, environmental justice, disability justice). Others stated that they address this through their main grant programmes ("We have a target to support Black & Minority led organisations through 25% of our funding"). However, when asked if they believed their organisation was doing enough to combat inequity, only 8% agreed, with one respondent suggesting that the events of 2020-21 instigated the beginning of this work: "it wasn't really on the agenda before".
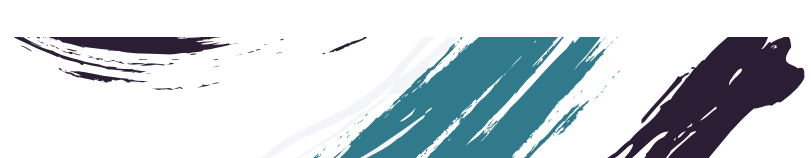
Comments suggested that the bulk of the work is only carried out by particularly interested staff, or worse, is reliant on the emotional labour of staff from communities that are experiencing racial inequity. Lack of management or Trustee support in this work is cited as a barrier to more progress.

What happens when those responsible do not act ethically?
We asked our respondents whether there are appropriate procedures in place in their organisations for grantee partners to report misconduct about a staff member. While most reported that there was a mechanism to receive a complaint from applicants or grantees, there was a significant level of uncertainty around whether their organisation had procedures to deal with cases related to safeguarding, whistleblowing, code of conduct, incidences of discrimination and bullying and harrassment. Indeed, 25% of respondents stated that their organisation did not have a policy in place to cover these areas.

Responses to our survey suggests that the grantmaking environment may not always be a safe space for individuals who experience harassment or discrimination. The data gathered paints, at best, a picture of confusion and under-preparedness, at worst one of disinterest in the suffering of their staff and those who are funded by them. This is particularly uncomfortable given recent reports of racism and discrimination in the sector, including at major UK based charities (30).

Given the large proportion of grantmaking organisations that do not have a policy (or perhaps a procedure) in place, it could be easy to conclude that staff from communities experiencing racial inequity are under-protected in the organisations they work for, in an environment where whistleblowing and complaints are not dealt with in an ethical way. The results of our survey suggests that, not only are grantmaking organisations acknowledged as being under-representative of the communities they serve, but they are not equipped to deal with prejudice and bullying behaviour against staff from under-represented groups.

The implications of this extends beyond the organisation itself: "when racism and discrimination fester within a charity, it inevitably seeps into service design and delivery. (31)" Future Foundations UK (32) is a network for those working in the philanthropy sector and helps support the wellbeing of communities experiencing racial inequity.

Grant Making Practice

Our respondents told us that, when it comes to managing and monitoring partner organisations they fund, a wide set of demands and conditions are imposed.

The majority required partners to complete a bespoke annual reporting form, regular check ins and phone calls, organisational annual report and financial information, some requested a universal report of their choosing, as well as being credited in all PR, website, communications, whilst very few provided paid or unpaid opportunities to speak at funder events, encouraged open sourcing of content, or expected nothing at all. Whilst the overly onerous reporting requested suggests a lack of trust between grantmaking organisations and grantee partners, many are unclear how the data gathered is used, and the majority of grantmaking organisations do not share data or learnings with the wider field.

Inside Philanthropy published a list of recommendations to reduce the burden on grantees during the Covid-19 pandemic, including exploring alternative forms of reporting and communication and easing requirements on existing grants (33). In addition, IVAR have developed Eight Commitments for funders to adopt in order to be more open and trusting in their practice (34). Both resources are particularly helpful to improve funder practice.

It's encouraging to learn that more than 70% of respondents state their organisation incorporates feedback from grantee partners, with many suggesting their organisation does this 'very well'. 20% reported they do not do this well and 10% do not ask grantee partners for feedback. However, respondents also overwhelmingly agreed that their organisation is most likely to change based on information from trustees or senior management.

Investments

Beyond pressuring grantmakers to confront the origins of their wealth, a growing movement has been encouraging foundations to rethink how their wealth is invested and the consequences of these investments. We asked our respondents to share their experiences of investment in their workplaces, one respondent stated;

"Consideration should be given to where money is invested and whether investments are working for the greater good rather than the best return."
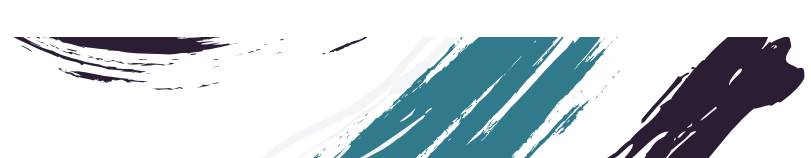
The top 300 UK-based foundations alone have an annual collective charitable spend of around £4bn, yet have collective assets of more than £72 billion (35) - a large proportion of which is invested into financial schemes, shares, property, or commercial ventures with the expectation of achieving a profit. Who controls what the funds are invested in? If investment portfolios are not carefully and responsibility managed, they can end up cancelling out, or worse, perpetuating the inequities the organisations' funding is seeking to improve.

Funders should have a thoughtful investment strategy or policy which guides responsible investment choices, whilst providing liquidity to finance grantmaking and, in some cases, maintaining the endowment value. When asked if their organisation clearly and transparently sets out its approach to investments in either a strategy or policy document, 56% agreed. However, respondents felt that non-investment staff often do not understand the strategy/policy document and have not been asked to feed into its development. Some respondents felt that investment strategies are full of jargon, inaccessible to non-investment staff, and many noted that their strategy and/or policy document was not publicly available.

Only 43% of respondents agreed that their organisation's investment strategy / policy was effective in ensuring the investments do not conflict with their organisational mission and only 34% could agree that their investment policy advanced their mission. Most concerning, is that only 37% of respondents thought that their investment policy sufficiently ensured that investments 'did no harm' with the remaining respondents either disagreeing or not knowing. If we are working in a sector where almost 6 out of 10 organisations cannot ensure that their investments are not causing harm, or that their investments do not effectively 'un-do' the good work they are funding - we are starting from a very dark place indeed.

When asked whether foundations should spend the money they have on serving their purpose in the here and now, rather than investing it for growth, 38% respondents "agreed" or "strongly agreed", while 29% "disagreed" or "strongly disagreed". One respondent believes that "investment is not a bad thing", highlighting the fact that investments are "critical to successful economies". The respondent pointed out that "foundations can play a critical role in using their investments and their role as a shareholder to challenge and change the current investment culture so that investments are not in conflict with positive change". On the other hand, another respondent argued that philanthropy "can never be equitable as long as it hoards wealth and makes more money for hedge fund managers than people living in poverty". Another stated that "there is no way to make investments ethical or "clean" so long as we live within conditions at odds with social change".
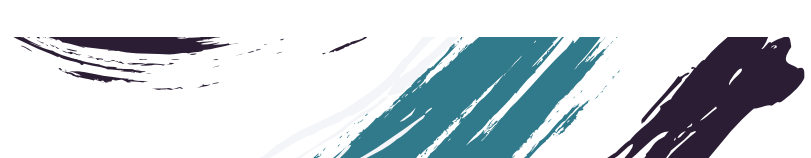
Interestingly, 33% of respondents "disagree" or "strongly disagree" that endowed foundations have the right to exist in perpetuity, while 34% "agree" or "strongly agree", and 32% "neither agree nor disagree". This polarisation in answers could reflect the complexity of the question and the interest many have to engage in deeper conversations on these topics. One respondent believes that forcing a foundation to move to a spend-down model seems counter-intuitive, stating that "such charities have a huge role to play in equity and justice (when governed well)". Another respondent thinks that "there should be some foundation/philanthropic presence in perpetuity", also pointing out that if foundations were obligated to suddenly start spending all of their money "it would probably be chaos". Another respondent made the case for "keeping some endowments (but who has power of them is different), as sadly it looks like (independent) financial support for the sector will be needed for many generations to come".

The responses to these questions were broad and point to a lack of knowledge and understanding in the sector, especially outside of senior management and trustee boards. 32% of respondents stated they had no or basic level knowledge of investments within their organisations, whilst 53% stated they had intermediate knowledge and 15% had a high level of knowledge. Thankfully, 65% of respondents said they were very interested or extremely interested to learn more about investments but gaining access to these spaces was challenging. One respondent stated "It [investment] is purposefully kept extremely exclusive – I have tried for several years to be included even as an observer in the meetings, with a specialist interested in responsible investment, and so far have had no success."

This lack of accessibility and transparency speaks to a culture of exclusivity that is prevalent throughout philanthropy. Our survey responses point to the need for organisational and systemic transparency regarding a foundation's investment policies. The Charity Commission issues guidance on this matter – but it is aimed specifically at trustees, seems unclear and ineffective and to our knowledge, is poorly regulated. This is an ongoing discussion in the sector. The debate was amplified in 2019 by a coalition of charities that called for a new landmark judgement on responsible investment (36). A further example of a lack of accountability in the sector.

Resources to consider:

- Investors of every type are committing to divest their investments through commitments such as Divest Invest.

- ACF's Funders Commitment to Climate Change, amongst other commitments, obligates signatories to steward investments for a post-carbon future.

- Ten Years' Time's Latest Report 'Racial Justice and Social Transformation: How Funders Can Act' (particularly the section on investments)

- ACF's Stronger Foundation's report on Investments offers ideas on how to invest more ethically and responsibly

- COP-26 declaration: asset owner climate expectations of asset management

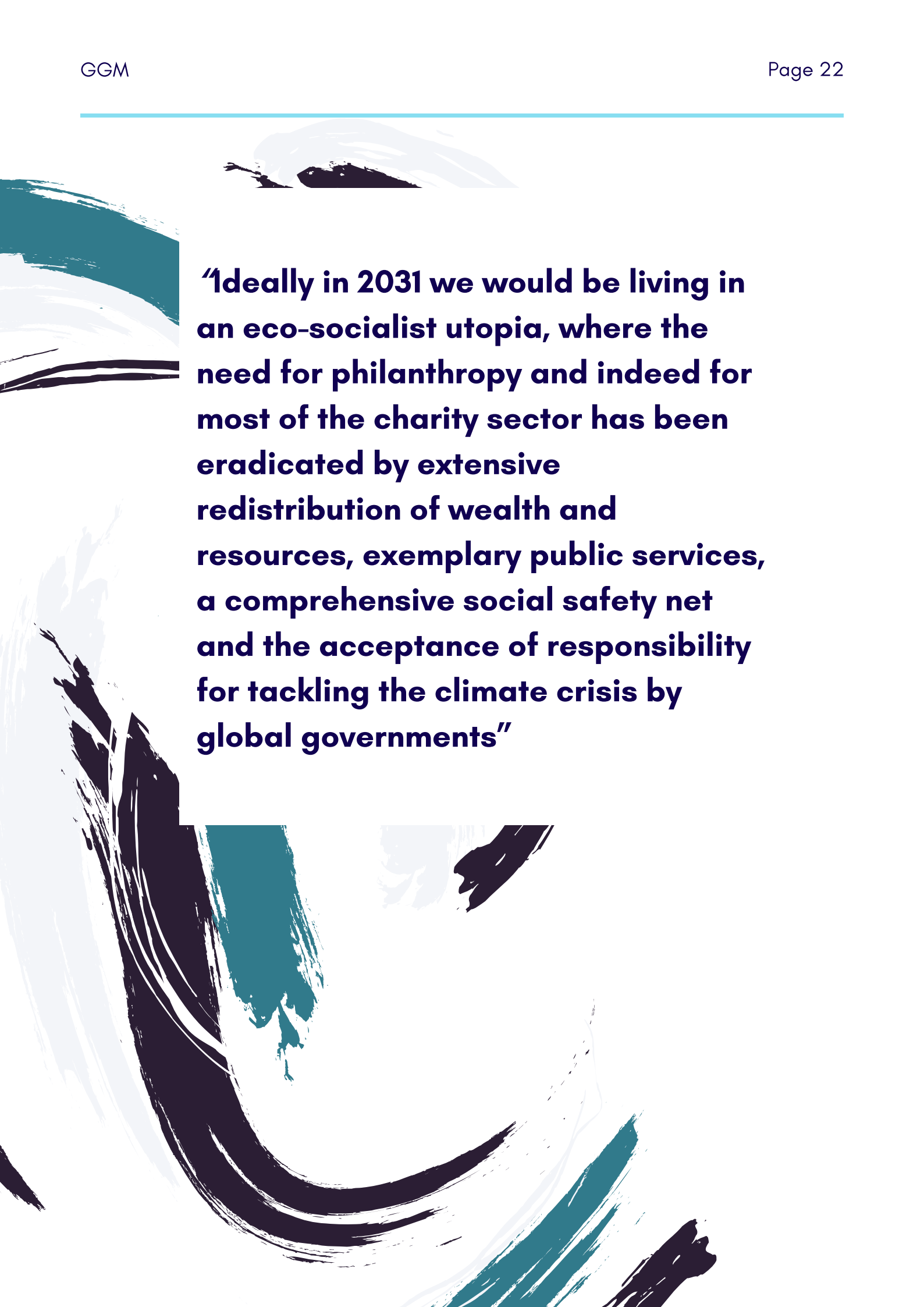**The Future of Philanthropy**

One of the most striking findings from this research is that over 70% of respondents 'agreed' or 'strongly agreed' that foundations require reform. We also provided space for respondents to share their vision for the future of philanthropy.

Overwhelmingly, respondents dreamt of a future beyond philanthropy, where the redistribution of wealth would effectively render philanthropy redundant:

"Ideally in 2031 we would be living in an eco-socialist utopia, where the need for philanthropy and indeed for most of the charity sector has been eradicated by extensive redistribution of wealth and resources, exemplary public services, a comprehensive social safety net and the acceptance of responsibility for tackling the climate crisis by global governments"

But in a world where inequality persists and where this 'utopia' seems further away than ever, respondents spoke of a grant making sector which instead was led by values of transparency and accountability, where power is decentralised away from trustees and into the hands of communities. Respondents spoke of 'trust' and 'genuine collaboration' and an energy to 'learn' from communities, and incorporate this learning into our grant making practices.

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Many respondents highlighted a variety of participatory grant making approaches and initiatives as key mechanisms for shifting power into the hands of communities. There was also a lot of reference to 'bravery' and 'risk-taking', a keenness to 'support work that others won't', with one respondent stating 'it is better to be known for funding novel solutions than playing it safe'. For many, they felt grant makers of the future should be funding 'genuine change', influencing 'systemic change' and taking 'cost-effective innovations to scale'.

We also asked respondents in considering what they believe to be 'ethical philanthropy', to share examples of current promising or good practice:

- IVAR's trust based principles
- The Ford Foundation's work on racial inequity
- Unrestricted funding
- Spend-down models
- Participatory Grantmaking Models
- Horizontal Philanthropy
- 2027 Programme
- Ten Years' Time
- With and For Girls
- Tallawah
- Phoenix Fund
- Frida
- DRF / DRAF
- ACF Stronger Foundations
- Jerwood Arts
- Whitman Institute
- Robert Sterling Clark Foundation
- Global Fund for Children
- Non-Donor Approved Funds
- Resourcing Racial Justice
- Joseph Rowntree's work on origins of wealth and reparations
- Paying grantees / activists for their time
- The Baobab Foundation's efforts to put power in the hands of the community

The Future of the Workforce

As the Grant Givers' Movement - a collective of grant makers working within the sector, we are uniquely placed to understand what motivates the workforce. We wanted to understand from our respondents why and how they came to work in grantmaking and what they feel the future holds for them.

There were a range of reasons that respondents gave in regards to why they became involved in the grantmaking sector. These include altruism, an opportunity to make the world a better place, to promote equity and justice and to acquire the power to decide how/where money would be spent, whilst many also reported having fallen into a grant giving role unintentionally.

One respondent stated that they were motivated by "a fundamental principle of working to make the world a better place" while recognising that their "skill set is not at the "coal face" of charitable work but rather in a more strategic/administrative role". Another respondent shared that they had "worked in fundraising for a long time and was interested in working for "the other side" and bringing the insights of being a recipient of grant funding to the work".

Many respondents spoke to an acknowledgment of the privilege and power of working in grantmaking, citing that they "wanted to broaden out the scope of their activity and responsibility and work on a bigger range of issues", in addition saying that "there was also undoubtedly an element of power there - being involved in making the decisions about resourcing rather than being a passive recipient of these decisions". This same recipient states that they now "see our roles and responsibility in much bigger and collective terms, about the resources we're able to leverage to promote bigger ideas of justice".

The majority of respondents did not know if they would still be working or would be involved in grantmaking in 10 years' time, with 24% saying they would and 12% stating that they wouldn't. Many respondents pointed out the frustration associated with being a grant giver with one respondent highlighting the laborious intensive work being "turned down or dismissed by trustees without good reason". It seems the power dynamics we see between funder and partner are often replicated within our own organisations.

Respondents speak to a 'toxic environment' within the grantmaking sector which might dissuade them from working in philanthropy in the long-term. For example, one respondent described a "racist, middle-class environment" in their organisation.

Despite the frustrations experienced by respondents and mentioned above, almost 70% of respondents stated that they felt proud 'always' or 'most of the time' of the organisation they are affiliated with. Most answers point to a need for reform and change at the sector level, with frustrations being directed at the philanthropic system as a whole rather than specific foundations.

Considerations:

- Whilst many people come into the grantmaking sector motivated to 'do good', we know that many become disenchanted by the environment and feel powerless to influence change as a result of hierarchical structures. At GGM, we believe our membership includes the leaders of tomorrow. That's why this work is so important to raise awareness, to challenge, to share learning so that in the future the sector can be more transparent and accountable and the future of philanthropy we strive for in this report can be realised.

- There are so few professional development opportunities for grant makers – there is space within the sector to build on the work of initiatives like the Grant Givers' Programme (37) and continue to engage those working in grantmaking to challenge the reality and push for a more equitable sector.

(22) Trust-Based Philanthropy Project https://www.trustbasedphilanthropy.org/values
(23) ill-gotten gains – redistribution, restitution, reparation, James Fitzpatrick, newreciprocity.com
(24) https://www.civilsociety.co.uk/news/commission-clears-runnymede-trust-after-conservative-mps-complained-about-its-work.html & https://www.civilsociety.co.uk/news/charity-commission-finds-the-national-trust-did-not-breach-charity-law-by-examining-links-to-colonialism.html
(25) E.g. Goldsmiths Company, Joseph Rowntree Charitable Trust, Barrow Cadbury, Baobab Foundation, among few others.
(26) In conversation with Derek Bardowell, 16/02/2022
(27) https://www.theguardian.com/world/2021/mar/31/deeply-cynical-no-10-report-criticises-use-of-institutional-racism
(28) Beyond Words: Power & Trust in UK grantmaking 0cd318_949e5ccfddd94b038b1812391a8e3786.pdf (grantgiversmovement.org)
(29) "Racial Injustice in the Covid-19 Response", April 2020
(30) such as Versus Arthritis, https://www.thirdsector.co.uk/exclusive-versus-arthritis-files-serious-incident-report-charity-commission-systemic-racism-bullying-management/article/1698824, Barnardos https://www.thirdsector.co.uk/review-found-evidence-racist-discriminatory-behaviour-barnardos/fundraising/article/1708454 Quaker's https://www.vice.com/en/article/pkpbmv/racism-is-flourishing-in-the-uk-charity-sector and Action Aid ActionAid UK staff experienced 'systematic racism', review finds (civilsociety.co.uk)
(31) "No room for complicity: fighting racism within funded partners", Aanchal Clare https://www.alliancemagazine.org/blog/no-room-for-complicity-fighting-racism-within-funded-partners/
(32) FUTURE FOUNDATIONS UK
(33) https://www.insidephilanthropy.com/home/2020/5/6/7-strategies-to-reduce-the-burden-on-grantees-during-coronavirus
(34) Open and trusting grant-making - Flexible Funders - IVAR UK
(35) www.acf.org.uk/common/Uploaded%20files/Research%20and%20resources/Research/Foundation%20Giving%20Trends/ACF179%20Foundation%20Giving%20Trends%202021_Design_DigitalVersion_v3.pdf
(36) https://bateswells.co.uk/2019/03/call-for-new-landmark-judgment-on-responsible-investment-join-the-coalition-and-sign-up/
(37) Grant Givers Programme - Ten Years' Time (tenyearstime.com)

Conclusion

The report sought to explore how ethics plays out every day in our grantmaking practice, and how grant makers can shift their practice to be more equitable to respond to the calls coming from within the sector itself for much needed reform. This report highlights the continued lack of accountability the grant giving sector has towards the communities it serves, and the continued lack of transparency surrounding trustee recruitment that continues to perpetuate inequity.

This report also highlighted the need for grant giving organisations to ensure its staff are confident of policies and procedures in place for dealing with bullying and harassment and discrimination. This is particularly important given recent reports of racism and discrimination in the sector. This report also highlighted the need for ethical practice around reporting as a way to build trust between grantmaking organisations and grantee partners.

With this report we sought to go deeper – to question the ethics of philanthropy itself, encouraging those working in the sector to explore and understand the origins of the wealth they are dispersing through their grantmaking and to consider the role they are playing in maintaining current power imbalances.

Almost 80% of respondents agreed or strongly agreed that where organisations were found to have benefited from wealth created through harmful or exploitative practices, they should make reparations, yet the vast majority do not know the origin of their organisation's wealth.

The Grant Givers' Movement was created to enable grant makers to interrogate their practice and promote change in the sector, with collective power behind them. We encourage you to use this report as a tool to ignite conversations within your organisation and the wider sector.

We call on grant giving organisations to **#KnowYourWealth** and;
- publicly declare the origins of their wealth on their website and to own this history.
- ensure that the historical origin of their wealth is reflected in how and to whom they grant their funding to in the present day.

Do you want to learn more?

There are many people and organisations provoking discussion around the issue of ethics in philanthropy and grantmaking. Here is a non-exhaustive list of some examples we have come across:

- White Philanthropy: Carnegie Corporation's An American Dilemma and the Making of a White World Order, Maribel Morey, (2021)
- Reimagining Institutional Philanthropy, Alison Powell, Willa Seldon & Nidhi Sahni (2019)
- Neo-Colonial Philanthropy in the UK, Fozia Irfan (2021)
- How philanthropy benefits the super-rich, Paul Vallely (2020)
- An ethical code for philanthropy, Emma Beeston (2019)
- Charity Ethical Principles, NCVO (2019)
- Social Justice Philanthropy Principles, Resource Generation
- Term Of Abuse, Term Of Praise: A History Of The Idea Of The Philanthropist, From John Howard's Day To Our Own, Benjamin Soskis (2020)
- Confronting and Correcting Historical Power Imbalance, Trust-Based Philanthropy Project (2021)
- Philanthropy: From Aristotle to Zuckerberg, Paul Vallely (2020)
- Philanthropy: a History. Kevin Watkins reviews a big new book, Duncan Green (2020)
- "Philanthropy from Aristotle to Zuckerberg" – A Contemporary UK Perspective, Cath Dovey (2020)
- Ill-Gotten Gains – Redistribution, Restitution, Reparation, James Fitzpatrick (2021)
- Public Good by Private Means: How Philanthropy Shapes Britain, Rhodri Davies (2016)
- Philanthropy and the Sins of the Past: Statues, Slavary and Tainted Donations, Rhodri Davies (2020)
- Decolonizing Wealth, Second Edition: Indigenous Wisdom to Heal Divides and Restore Balance, Edgar Villanueva (2021)
- History of Philanthropy, Open Philanthropy
- Ten Years' Time's 'Racial Justice and Social Transformation: How Funders Can Act'
- The Multi-Layered History of Western Philanthropy', by Hugh Cunningham, in The Routledge Companion to Philanthropy
- Diversity, Equity and Inclusion: The Pillars of Stronger Foundation Practice, Association of Charitable Foundations
- The Ethics of Philanthropy by Georgina White – a philosophical approach to philanthropy through the lens of historical philosophers, Georgina White (2017)
- No Such Thing as a Free Gift: The Gates Foundation and the Price of Philanthropy, Linsey McGoey (2016)
- Is it Time to Rethink Private Wealth? Stephanie Brobbey (2021)
- Giving by the super-rich could be perpetuating social inequality, academics conclude, Stephen Delahunty (2021)
- Giving Well: The ethics of philanthropy, Patricia Illingworth, Thomas Pogge, and Leif Wenar (2011)
- Opaque, Dishonest, Impenetrable Philanthropy, Ivan March
- Charity vs. Justice twitter thread, Philliteracy, 2020.
- Non-Profit AF – Before you quote Dr. King, here are some things you can do to be less of the white moderate he warned about (2022)

Who are GGM?

The Grant Givers' Movement (GGM) is a non-hierarchical gathering of those working in the grantmaking sector. We are growing rapidly and now have more than 300 members and a following of more than 2000 on Twitter. Please join us by subscribing here.

The Grant Givers' Movement started because we truly believe in the power of grantmaking organisations to bring about positive change in the world. However, we know that many are not as effective as they could be and they are impeded from making those positive changes because of a number of inherent problems, which we seek to challenge. As grant makers ourselves, we uniquely understand what is working, and what is breaking down.

The movement is an opportunity for people working within grantmaking to collaborate and push for progressive change. Together, we seek to challenge the status-quo with collective power behind us. It's about increasing collaboration and sharing good and bad practice so we are better equipped to push for change. Ultimately, it's about joining up and improving grantmaking from within.

This research and report was compiled by the core organising group of the Grant Givers' Movement; a small group of individuals who work in grantmaking and offer their time voluntarily to the movement. If you would like to get involved in the core organising group please email us for more information grantgiversmovement@gmail.com.

Since our inception in 2018, we have been 100% volunteer-led and apart from a small amount of kick-start funding from Ten Years' Time - we do not receive funding of any kind. We are seeking to raise funds to support our core operating support through our first ever Crowd Funder. If you like what we are doing and would like to donate, please click here.

GRANT
GIVERS'
MOVEMENT