

Are codes of practice useful for grant-makers?

There is debate in several countries about the introduction of codes of practice for grant-makers. In the UK, attention has focussed on government grant-making practice and foundations have been passed by, probably to their advantage. But the issues raised are not unimportant. Here, to stimulate debate, is ACF's answer to a recent international questionnaire.

ADVANTAGES - What potential or actual advantages do codes of good practice bring to the sector (i.e. to both grant makers and grant seekers)?

They can improve the public image of grant-makers, and clarify what grant-seekers can expect of them -- setting boundaries of reasonableness and unreasonableness on such matters as:

- The extent to which information should be provided about what a grant-maker funds and does not fund
- How applications are processed, particularly on issues of timetable and fairness
- What is likely to happen when an application is accepted or refused
- The conditions attached to approved grants
- The method and terms of payment
- The grant-maker's expectations as regards monitoring and evaluation of grants and making outcomes public
- Any circumstances in which a grant might be withdrawn
- What broader information will be made public about a grant-maker's funding, its programmes, its governance and its finances.

DISADVANTAGES - Are there any disadvantages or pitfalls you can identify in developing and implementing codes of good practice?

The answer is very different according to the type of grant-maker. A grant-maker that is part of a government is accountable through its country's normal democratic procedures. Any statutory duties of fair and open administration would be applicable. However, an independent grant-maker cannot be held to account in the same way. It may be obliged by law to behave transparently and in a non-corrupt way, and it might be bound by laws preventing discrimination on grounds of race or gender. But that is not the same thing as saying that it is accountable for its decisions. It would be wrong to feed the illusion that in the last analysis a code of practice could provide a grant-seeker with the means for enforcing an appeal against a grant application being refused. It is unlikely that a code of practice could be enforced by law. And no association of grant-makers is likely to be able to intervene. In short, a code of practice would probably have no teeth.

OPPORTUNITIES - What prevailing conditions or opportunities would give impetus to the development of codes of good practice?

Again the conditions would vary for government and non-government grant-makers. But a code of good practice might be accepted as helpful where there were widespread suspicions that grant-makers were corrupt or self-interested, unfair, or excessively secretive.

BARRIERS - What are the major barriers to the effective development and implementation of such codes, nationally or internationally?

Independent grant-makers might accept a statement that codifies good practice, but would resist attempts to impose practice by law. Apart from the principle of independence, there would be doubts that non-grant-makers would be able to draw up rules that would be workable.

Has your organisation been active in developing codes of good practice for grant makers and/or grant seekers? If so, why? If not, why not?

We have drawn up guidelines for funders of non-profit organisations, but not an enforceable code. The 'guidelines' were a joint document between independent trusts/foundations and funders from

government and the corporate sector. They arose because the independent grant-makers observed government funders behaving unfairly and thought it a good tactic to negotiate a code that would apply to all. A consequence of the unfair behaviour was that grant-seeking organisations would seek emergency help from non-government grant-makers when treated government funding was unreasonably delayed, unfairly refused, or withdrawn in capricious ways.

Do you feel any pressure from government, grant-seekers or other external actors to develop such codes? If so, what sort of pressure and from whom?

There is no pressure from government, which rarely acknowledges the existence of independent grant-makers. In our country, the Government gives more money to the non-profit sector than independent grant-makers do, so it is Government behaviour that has commanded more attention from grant-seekers. Also, Government has switched some grant-giving into a contract format and has also started making contracts with non-profit organisations to deliver public services. The fairness or otherwise of such contracts has been important. Independent foundations rarely negotiate contracts in the same way.

How should ethical codes and standards be enforced? Should compliance be voluntary or mandatory?

There is no means of enforcement on independent grant-makers. Even the sorts of codes that apply in some industries are unlikely to work. Compliance can only be voluntary.

What would you list as two or three common issues or elements that should feature in any codes of good practice (i.e. public disclosure, conflict of interest guidelines, etc?)

Being motivated by the needs of society and the public good rather than private interests
Acting transparently
Behaving fairly

Should WINGS [the international network of organisations that support grant-makers] become more active in supporting the development of grant-maker codes and standards?

Only if there is very wide concern across significant numbers of countries that independent grant-makers have a poor public reputation and that a code would help improve matters. Codified 'standards' are a different matter, as these can be helpful in good management of grant-making organisations even if their contents are not made public.

This article originated as the reply to a questionnaire circulated by WINGS (Worldwide Initiatives for Grantmaker Support) in 2002.