

# How to embed DEI into your grant-making cycle

**A practical guide to becoming a diverse, equitable, and inclusive funder**

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# Introduction

Philanthropy has done much to tackle injustice and inequality in our society, seeking to improve the lives of those affected by layers of structural disadvantage. However, philanthropy is by its nature unequal, with philanthropic giving often drawing from wealth accrued through unequal labour and power structures. Funders are also increasingly examining the sources of their wealth, which can sometimes be traced back to historical injustices and exploitation, which helped create the very problems philanthropy now seeks to solve. This is increasingly prompting funders to challenge their structures and practices, with some funders opting to redirect funds towards reparation.

In recent years, movements like Black Lives Matter sought to highlight racism, discrimination and inequality experienced by black people, shining a light on the issue of racial injustice in our society. Research shows that such inequality is alive in the social sector, whether that be [racial inequality](#), or inequality in terms of [gender](#), sexual orientation, [socio-economic status](#), age, health, disability, neurodiversity, religious beliefs—all of which have an impact on people's life chances and the barriers they face. These identity markers intersect, and many people will be affected by multiple forms of inequity or disadvantage that interact with or compound one another.

With society reeling from the dual impact of the Covid-19 pandemic and the cost-of-living crisis, it is more important than ever that philanthropic funding gets to those who need it, in particular the most marginalised and disadvantaged in our society. NPC has worked with funders and the charities they support for more than 20 years. Like many, we have not always been as strong as we could have been on issues of diversity, equity and inclusion (DEI), and in recent years we have been making a concerted effort to bring more of a DEI lens to our work. This has included a focus on the [power dynamics in grant-making](#), as well as reviewing our internal processes [and the advice we give to clients](#). We have always emphasised that a 'good' grantee will have good governance, a clear strategy, sound finances and be able to evidence something about their impact. These remain hallmarks of an effective organisation. But there is a danger that focusing too heavily on these factors could exclude organisations who don't meet all these standards—as a result of long-term marginalisation and underfunding—but who are doing excellent work. This is especially the case where organisations may be the only ones working with a particular community or with a chance of addressing the issues they are focused on. A central message of this report is therefore about the rebalancing of risk—balancing the risk of making the 'wrong' grant, with the risk of impact missed if an organisation is not funded.

This practical guide has been informed by research conducted by [Civil Society Consulting CIC](#) (CSC), a values-driven non-profit with a mission to support, catalyse, and empower civil society organisations. CSC were commissioned by NPC to investigate the challenges and opportunities for making grant-making processes more equitable and inclusive, particularly in the area of due diligence, leveraging their first-hand experience providing free hands-on support to organisations led by and for marginalised communities during and since the pandemic.

This guide addresses questions of DEI within the framework of philanthropy. There is much to be done across our social sector to correct imbalances for civil society organisations and shift funding practices to ensure grant funds reach those who need them most. This means rethinking grant-making practices so that grants are given equitably, and in a way that meets organisations where they are. This also includes a responsibility on funders to ensure that they—and the grants they make—have a positive impact on diversity, equity and inclusion, or at the very least, not a negative impact. Our guide aims to shine light on some of the barriers that stand in the way and suggest steps funders can take to make their grant-making more equitable and inclusive for those they fund.

# Methodology

This guide is the culmination of the work and (diverse) views of many people. The findings in this guide draw on experience and insights from NPC's consultancy work with funder clients, as well as learning from our wider work and engagement with funders and charities. The guide also draws on research conducted for NPC by [Civil Society Consulting](#) in 2022. This research involved semi-structured interviews and roundtable conversations with a selection of NPC staff and around 25 funders, representatives of organisations led by and for marginalised communities, and infrastructure bodies. NPC and Civil Society Consulting are enormously grateful to all those who gave their time, expertise and views to this research, a list of whom can be found in appendix 1.

Some notes on context:

- This guide is primarily aimed at funders trying to fund organisations led by and for marginalised communities, rather than encouraging all organisations to take a DEI lens. We also believe that funders have an important role in influencing other organisations to improve their DEI practice to help them be more effective.
- Evidence shows us that organisations led by and for marginalised communities are [often small, poorly resourced](#), and [find it harder to grow](#). Of course, this will not be true for all such organisations, but often it is the case. Many of the recommendations in this report are therefore made on the assumption that potential grantee organisations are small, although there are plenty of lessons that will apply to organisations of any size. Some recommendations may apply to smaller organisations whatever their makeup or target group.
- We also recognise that barriers to accessing funding affect organisations of all sizes. The focus of parts of this report on smaller organisations has been informed by the data collected rather than an implication that larger organisations are immune from difficulty.

# What are some of the barriers?

## **Many aspects of traditional funding behaviours limit inclusivity**

It can be difficult for funders to have a truly deep understanding of the context of the organisations they fund, as they are (by their nature) removed from ‘delivery’. Where funders are not representative of the communities they fund, this can be even harder, making it more likely that unconscious or familiarity bias affects decision-making. This affects not only which organisations get funded, but also the very needs and issues that funders think are important.

Because of the diversity and plurality of funders, they can be disjointed in their approaches—with different processes, different forms to fill in, and different expectations and requirements of their grantees. As well as being time consuming, this can make it harder for organisations to learn, as each funder they deal with has fresh expectations.

Decision-making metrics can pose a significant barrier, with funders traditionally relying on outputs (such as formal written strategies, measurement and evaluation frameworks, and audited annual accounts) as part of the essential criteria for assessing organisations for funding. Although strategic thinking, evaluation and learning practice and financial management are important, research has shown that [organisations led by and for marginalised communities are more likely to be smaller and less well-resourced](#). This means they are likely to find it harder to jump through the hoops required to produce what funders are looking for.

What the above demonstrates is that nuance is required, which takes time and resources to put in place. This is not easy for funding organisations, who may themselves be under pressure to find and fund effective organisations to the timescale set by their grant-making calendar—and to do so as resourcefully as possible. But the onus lies with funders to address these issues, even if that means allocating more resources to their grant-making systems and infrastructure.

## **Organisations led by and for marginalised communities face systemic challenges**

The conversations that led up to this report uncovered a lack of confidence among organisations led by and for marginalised communities in applying for grant funds. There were several reasons for this. Processes may feel opaque or inaccessible, meaning the perceived risk of failure is high. Organisations often feel compelled to conform to their perceptions of what funders want, resulting in applications that lack authenticity and are less convincing. Organisations may feel application

forms or [due diligence](#) are there to catch them out. This is despite the duty of care that funders have for their grantees, by using application and due diligence processes to ensure organisations are able to comfortably absorb any grant funds they are considered for.

Another factor is a relative lack of secondary data on the needs of marginalised communities and the effectiveness of interventions, due to historic under-prioritisation in research and policy development. This can make it more difficult for organisations led by and for marginalised communities to make the case for why their work is needed and will be effective.

### **These challenges make it much harder for these organisations to access funding**

Leadership and staff in organisations led by and for marginalised communities may themselves experience structural disadvantage, which can have an impact on fundraising ability and confidence in the process—especially where there have been past experiences of discrimination. Speaking English as a second language can also be a barrier, as can disabilities or socio-economic barriers which might present challenges when applicants are faced with jargon, inaccessible or unnecessarily complex language. This further reduces confidence that a funding bid will be successful and can lead to feelings of alienation.

The reliance in traditional grant application processes on written materials and formal communication by email can feel less accessible for some groups. Conversations leading up to this report suggested that organisations led by and for marginalised communities may be less likely to have formal written strategies or impact measurement frameworks in place. When resources are stretched thinly, delivery may (understandably) take precedence, meaning it is then difficult for organisations to evidence their impact.

# How to embed DEI at each stage of the grant-making process

We've designed this framework to help you integrate diversity, equity, and inclusion (DEI) into each stage of your grant-making cycle, from understanding how DEI relates to your work, to planning your approach, sourcing grantees, and strengthening programmes and partnerships. At each stage, we give an overview of good practice and examples of practical actions that grant-makers can take to embed DEI.

Figure 1: Embedding DEI in the grant-making cycle



# Stage 1: Understanding

## What does DEI mean to you?

If grant-making is not diverse, equitable or inclusive, funders risk perpetuating a status quo which favours those with more wealth and power. Grant-making that does not consider DEI may not understand where the need is greatest or may miss potential grantee organisations who could achieve impact for marginalised communities if only they were funded.

The power dynamics in grant-making are often imbalanced. Funders are generally the ones holding the power in grant-making relationships, with power rooted in their wealth, independence, status, privilege, and knowledge. A diverse, equitable, and inclusive grant-making cycle is difficult to achieve until this is addressed. Therefore, funders should think critically about who makes the decisions at each point in the grant-making process, where they get their evidence and who is missing from the conversation.

Marginalisation is rarely confined to a single aspect of life, so the most effective grant-making practices are those that address how different identities and experiences intersect.

A good first step towards more diverse, equitable, and inclusive grant-making is to start with your own organisation:

- **How diverse is your workforce?** Do you know? Do you feel comfortable with the diversity of your staff, trustees and volunteers? How representative is your workforce of the people and communities you seek to serve? If you think this needs addressing, consider looking at your recruitment processes. For example, where you advertise new posts, the criteria you use to select candidates, the composition of your recruitment panels, your training and induction package. It is also important to consider your working culture—to ensure your working culture respects diversity and is inclusive, beyond the recruitment phase.





- **How well is DEI understood in your foundation?** Concepts like intersectionality, unconscious bias, and allyship are important in understanding what DEI means for you. [Research into unconscious bias](#) has highlighted that humans show a preference for people and content that is familiar. This means that we are more likely to think more favourably or give the benefit of the doubt to someone who looks and sounds ‘like’ us, with obvious risks for fair and equitable grant-making. Helping to improve understanding of DEI in your organisation might include clear guidelines for colleagues, alongside training for staff and trustees to unpack these concepts in a safe space and explore how they relate to their work.
- **Do your trustees, staff, and grantees have a shared understanding of what DEI means in relation to your grant-making?** It can be helpful to agree some shared definitions of key terms, alongside examples of what they mean in practice. We’ve provided some suggested definitions in the glossary ([at the end of this guide](#)).
- **How well do you know your history?** Encourage conversations about the origins of your foundation’s wealth. For some funders, these may be difficult and uncomfortable, but such conversations can help you better understand your history and may uncover new areas to fund. For example, information from the Rowntree Society uncovered historic links between the Rowntree company and the slave trade. This led the [trustees of the Joseph Rowntree Charitable Trust to take steps to strengthen the Foundation’s contribution to racial justice](#) across several aspects of its work.

## Why is DEI important to your work?

Alongside exploring what DEI means to you, it can be helpful for funders to cultivate a shared sense of why DEI is important to your grant-making.

You might want to run one or more internal sessions on how more diverse, equitable, and inclusive practices could help you to:

- Achieve your mission.
- Live your values.
- Get money where it’s needed.



- Achieve more long-term impact.

We think DEI principles are relevant to all aspects of grant-making. It can be helpful to consider why DEI is important for your work. This includes strategic questions, such as identifying the very issues you seek to tackle, examining who has a voice in your decision-making and the mechanisms and processes you use to make, manage, and evaluate grants.

The risks identified in the introduction are relevant here, including loss of trust among organisations and communities who need funding most and missed opportunities for impact.

## Stage 2: Planning

### What are your goals and focus areas?

What do you want to achieve with your giving? Does this match what people actually need?

To set more diverse, equitable and inclusive goals and focus areas, be specific about who you seek to work with and the outcomes you want to see:

- **Which DEI issues are most relevant to the communities you seek to work with?** Conduct research to inform your goals and focus areas. For example, a funder working with visually impaired communities might try to find out who the people typically affected by visual impairment are, the barriers they face in their day-to-day lives and what support is available to them. What systemic or structural issues perpetuate inequalities? Are there other issues or communities which may have greater need of your support? Where appropriate, make sure to pay (either with money, donations, or vouchers) people for their participation in any research you do. For example, where you're asking people to input based on their personal or lived experience, or if you're drawing on the expertise of a small or under-resourced charity.
- **Who holds the power?** To what extent have long-standing power dynamics in philanthropy affected the communities you serve? For example, have they typically been overlooked for funding? What is at the root of the power imbalance and are there steps you can take to change the balance of power in your funding relationships?
- **What are other funders doing?** Consider what other factors are influencing the issues you seek to address. What are other funders focusing on? What are their priorities? What trends



can you see? Are there any gaps? Use this research to reflect on where your funding can fit in to best add value.

## What's your approach to grant-making?

Whatever type of funding you give, embedding DEI into your overall approach can help you make better decisions about the types of organisations you fund, the size and frequency of your grants, your attitude to risk and the nature of the work you fund.

Here are some practical ways you can make your approach more diverse, equitable and inclusive:

### Tailored funds

You may want to provide tailored funds for groups that have historically been marginalised. You could also consider ringfencing a portion of your grants for groups who have historically been excluded or found it difficult to access funding.

[Co-designing](#) tailored programmes with the communities affected by the issues you seek to address can help ensure they are fit for purpose.<sup>1</sup> It can be helpful to consider forms of decision-making such as [open philanthropy](#), or [participatory grant-making](#). Another approach is to fund through intermediary grant-makers—with a thematic and/or geographic focus—whose team combines lived and learnt experience of working with marginalised communities. It is important though to ensure you understand what the intermediary is doing and why, and the extent to which their work creates good outcomes, as the funder retains overall responsibility for how funds are spent.

This [NPC blog](#) talks more about the spectrum of user involvement approaches.

### Understanding risk

Traditional grant-making processes tend to be framed around financial risk, with the aim of minimising or mitigating financial risk on behalf of the funder (e.g. the risk of funds not being spent



<sup>1</sup> The Participatory Grantmaking community has a range of resources and case studies about programmes co-designed with communities: <https://www.participatorygrantmaking.org/resources/>

‘well’). But this misses another important aspect of risk—the risk of **not** giving to organisations who need and deserve your funding and have potential to create impact. This is particularly the case where an organisation might be one of a small number—or the only one—working with a particular community or on a particular issue or intervention.

Reframing risk, as risk of impact missed, can help focus on how your processes might need to change. For example, an organisation which, due to structural inequality, has been historically underfunded may prioritise delivery over outputs such as a formal written strategy. But that organisation might be doing valuable work and thinking ‘strategically’, even if it is not written down. Applying more nuance to your processes and adapting your approach to recognise the structural disadvantages organisations may face can help you to avoid the risk of impact missed.

## Stage 3: Sourcing

### How do you find partners and opportunities?

Funders vary in their approach to sourcing grantees. For those giving reactive or responsive funding, new grantees are often sourced through an open call for proposals, where prospective grantees can apply to the funder for grants. Funders giving targeted or single-goal oriented funding may be more proactive, seeking out potential grantees themselves and developing partnerships together.

There may be additional complexity for family foundations if the donor or relatives are heavily involved in what and how the organisation funds.

Whatever type of funding you give, and whether you proactively seek out grantees or respond to applications, it can be helpful to look for grantees who reflect the diversity of the places you work in or the communities you support. For grants to service delivery work, this could mean looking for grantees whose workforce (including at senior level) is representative of those it delivers services to, and whose work is grounded in a deep understanding of the pertinent issues and needs. For funding to fields such as research, this could mean looking for organisations who ensure meaningful involvement of a diverse group of those affected by the issue is embedded into their work.

If you are open to applications from charities, a clear outreach strategy tailored to different communities can help put your programmes on the radar of diverse organisations. This could include in-person events and webinars to explain your grant programmes (providing translation and accessibility support where appropriate).

Specific actions you can take include:



- Prioritising applications from organisations led by and for marginalised communities, or ringfencing funding.
- Not limiting grant-making to registered charities only, but also considering funding other types of organisations such as Community Interest Companies (CICs). This helps to ensure a larger pool of potential grantees that are led by and for marginalised communities are eligible for funding.

## Expanding your networks

Assess how diverse your networks are and constantly seek to expand them. This could include working with local equality organisations, Councils for Voluntary Services (CVSs) and volunteer centres. Also, consider how you can make better use of your contacts to expand your network by attending events and speaking to other funders, commissioners and your grantees, to identify ideas for who you should be supporting—whilst being mindful of potential conflicts of interest. You can also use data to expand your network, with databases such as [360 Giving's GrantNav](#) allowing funders to see the organisations supported by their peers.

Another way to expand your network is to open up opportunities for organisations led by and for marginalised communities to work with larger organisations to access funding. Although, there is a risk that simply 'piggybacking' on larger organisations can perpetuate power imbalances between large and small organisations, so an alternative to 'piggybacking' is 'buddying up'. The difference is that with 'buddying up' there is a concerted effort to distribute power and/or accountability equally between the larger and smaller organisations.

This could involve:

- Dedicating a proportion of the joint budget to learn from smaller organisations. This ensures smaller organisations are paid fairly for their time and input.
- To help ensure that small organisations' ideas and contributions don't get 'lost' within partnerships, it can be helpful to consider putting in place a written contract or agreement on how the work is split between the organisations, and who owns what intellectual property.
- Encouraging mentoring and coaching between organisations working in similar geographical areas or working on similar issues.

You can listen to more on how large charities can share power with small charities in an [interview we recorded with Javed Khan](#), former CEO of Barnardo's, for our 20<sup>th</sup> anniversary essay series.



## Developing inclusive communication

Consider how far you can strip back the demands you make on how organisations apply for funding, whilst at the same time widening how you share information about how to apply:

- Different people consume information in different ways. Visual aids can be more inclusive for people who aren't well-versed in funding applications, those with certain disabilities, those with English as an additional language, or who are less confident with reading and written English. Friendly, accessible online sessions could make visual materials even more accessible.
- Inclusive language with examples and prompts can be helpful. This means keeping your writing and other communications straightforward, direct, and free from jargon. Some grantees may benefit from talking to someone on the phone or in person before applying.
- Using participatory processes to review communications materials (e.g., a steering group made up of people from organisations led by and for the target communities) can help ensure your materials can be understood easily by those you want to reach. Where appropriate, make sure to pay (either with money, donations, or vouchers) people for their participation.

## How do you assess organisations?

### Who makes the decisions?

A diverse panel with different lived and learnt experience will likely have a deeper understanding of the communities you work with, which can reduce cultural or familiarity bias. You could look to arrange regular training for your grant assessors and other decision-makers, on the issues faced by marginalised groups. Social issues are complex, and developing a deep understanding of the context you are working in can help strengthen your grant-making. This includes using the right terminology and having the confidence to manage conversations with care. This should be an ongoing process, with learning and iterating of processes and behaviours built into the grant-making cycle.





It can help to be transparent about who is making the decisions. Your decision-making can be strengthened by meaningfully including people with lived experience and experts connected to specific communities. For example, some funders find it helpful to co-opt community representatives or technical experts onto decision-making committees, or to seek additional expertise when considering applications that relate to specific communities. In the medical research space, the [James Lind Alliance Priority Setting Partnerships](#) does this by bringing together patients, carers and clinicians in a joint priority-setting exercise to inform the direction of future research funding across multiple areas of mental and physical health.

To better understand who is applying and the communities they work with, responsive funders can collect appropriate and proportionate DEI data at application stage. Smaller organisations may be less likely to be able to collect comprehensive data on their beneficiaries, so it can be helpful to be flexible and proportionate in your requirements. The DEI Data Standard developed by the DEI Data Group gives more guidance on best practice.<sup>2</sup>

### **Opening up your process**

Making your application process as accessible as possible will help make it easier for organisations, whatever their makeup or target group, to apply. For some charities, the cost of a failed application can be prohibitive, so you might want to look at how you can reduce barriers such as by providing pro bono support or assisting with translation. Be clear how long assessments will take and consider how to speed them up. Also, consider the amount of time you're giving applicants to apply. Smaller organisations are likely to spend a greater proportion of their time on delivery as they may not have a dedicated fundraiser. Giving as much time as possible to get applications in is therefore crucial to better inclusion.

It can be helpful to have a range of options for how organisations can apply. For funders this can mean being open to multiple sources of evidence. Alternatives to a traditional written application include interviews, discussions, or videos. Funders could ask potential grantees how they would prefer to consume and submit information and work from there. Being clear with grantees about the parameters of your decision-making, including any 'must have' information, can help grantees be confident their application will address what you are looking for, whatever format they choose. Look for ways to help organisations put forward their best case—if an initial application doesn't provide the information you are looking for, let the applicant know and give them a chance to follow up rather than deciding straight away not to fund.

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<sup>2</sup> DEI Data Group (2021) *DEI Data Standard*, <https://drive.google.com/file/d/1mufFTR0BYAzLjFUh2UgDLgGdhm5Flomn>. See also: <https://www.funderscollaborativehub.org.uk/dei-data-standard>

Offering supported application processes, such as coaching (whether in-house or via consultants) can help organisations led by and for marginalised communities to identify, capture and communicate their processes in ways funders can understand. It can also be helpful to provide feedback and support to non-successful applicants along with signposting to tools, resources, or contacts where possible.

Ways that your grant officers could interact with applicants include:

- **Meetings or webinars** to explain your approach to due diligence and walk applicants through the process.
- **Sharing feedback in a friendly and constructive way** encourages organisations to continue developing and gives them the confidence to apply again.
- **Invite feedback from applicants** through anonymous surveys and feedback sessions, for example on organisations' experience of your application process, and share how you act on this.

## Due diligence

Showing flexibility and a 'softer' interface increases trust between parties and instils confidence among applicants. Making application and due diligence processes respectful and responsive to applicants' needs can help with this.

For example, you could:

- Aim to make the questions you ask clear, accessible, and appropriate. Financial templates can help applicants understand what is expected, although these can create additional work if applicants already have a template they would prefer to use. Organisations may also find it helpful to have context to explain why a question is being asked.
- You may wish to consult or seek feedback on your templates and processes. What do prospective applicants think of your application forms? By [co-designing](#) more flexible frameworks with communities who have previously been excluded from funding, you can create a more inclusive design and interpretation that increases the chances of marginalised groups applying and getting funding.
- Make sure your checks are proportionate to the amount of money being asked for. This could mean considering how your risk tolerance might differ depending on the size of grant, asking for less information for a small, one-off grant than you would for a larger, multi-year commitment. Applying for money takes time (and therefore money) for organisations, so it

can be helpful to consider how big the time-value is for the applicant as a proportion of the grant. Being upfront with prospective applicants about the size of grant they are being considered for and any likelihood of success, helps organisations make an informed decision about whether and how they approach their application.

- Consider what stage an applicant is at when asking for information. For example, you might want to request management accounts instead of annual accounts and look at theory of change models which are still in development.
- Ensure application materials are inclusive, such as by having non-binary gender options, disability, and multiple racial and ethnic categories where relevant in the application forms.

As part of a supported application process, you could offer guidance and troubleshooting on due diligence to help applicants better understand what is required and what to prioritise. If this is done as a conversation with your applicants it can also help you understand their needs better.

Assessing the journey of an organisation can reflect their impact on communities better than a simple grading matrix.

Inclusive funding criteria can help to mitigate barriers faced by groups that have historically found it difficult to access funding. This is particularly the case for funders supporting very small organisations. Charity So White highlights that 65% of 'BAME-led' charities and community groups have an average turnover of less than £10k annually<sup>3</sup>. This is compared to around 45% for the sector overall<sup>4</sup>, meaning those organisations may be more likely to struggle passing financial sustainability checks. You may also want to explore whether it would be useful for an organisation to have capacity building support, such as with developing a written strategy or theory of change, as part of their grant—although this should be optional for organisations and not a condition of the funding.

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<sup>3</sup> Charity So White (2020) 'Five key principles to guide sector response to Covid-19', <https://charitysowhite.org/covid19-five-key-principles>

<sup>4</sup> NCVO 'UK Civil Society Almanac 2022', <https://www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2022/#/>

## Stage 4: Strengthening

### How can you improve trust and support?

Inclusive grant-making is all about trust. This means building strong, mutually beneficial, and trusting partnerships with your grantees and the sector more widely. It does not mean blind trust, or a loss of rigour, more a reframing of relationships which prioritises respect for grantees—of their knowledge, experience and time. This aims to help organisations work at their best by funding in a way that allows them to plan long term, respond to changing needs and opportunities, and be open about what they need.



There are many practical steps funders can take to shift their relationships towards greater trust.

For example:

- Offering long-term, core or unrestricted funding wherever possible.
- Being clear about your funding commitments and whether they are likely to be renewed.
- Having a plan for what happens when the grant runs out and being open about this.
- Being flexible if grantees need to change deadlines or change what they spend the grant on.
- Seeking opportunities to [share power](#) and to amplify the work of your grantees.<sup>5</sup>

<sup>5</sup> For examples of sharing power, see NPC (2020) *A rebalancing act: How funders can address power dynamics*, <https://www.thinknpc.org/resource-hub/power-dynamics/>

- Encouraging open and honest communication with your grantees. Inherent and historic power dynamics mean funders can set the tone here. Being transparent about your learning, including failure, seeking (and acting on) feedback, and demonstrating to grantees that funding will not be cut just because something didn't go to plan, can break down barriers and encourage more open communication.
- Supporting organisations to put in place measurement tools that help strengthen the organisation's capabilities and knowledge of what works.

## **Giving more than grants**

Supporting your grantees to develop their capacity, skills, and resources can add value beyond grants. This is sometimes known as 'funding plus', meaning support given in addition to (or occasionally instead of) grant funding.

This can take a variety of forms, such as:

- In-house or external assistance, advice, and staff support.
- Access to networks and communities of practice.
- Access to resources, such as office or events space, or equipment.
- Bespoke services, such as coaching or capacity-building, to help equip organisations to explain their communities' needs and demonstrate their impact. Such support could be delivered by an independent values-led delivery partner.

The Esmée Fairbairn Foundation's funding plus programme, for example, offers organisations help with strategy and organisational development, skills training, advocacy support, and support with networking.

We explore this further in [\*More than grants: How funders can support grantee effectiveness.\*](#)

It is important to be aware of the power dynamics involved in offering support. Watch out for inadvertently undermining grantees' work if they feel obliged to take up an offer even if it's not useful for them. You could try asking grantees to suggest areas where support might be useful, and be clear with grantees that support is optional and not a condition of their grant.

## **Rebalancing accountability and risk**

Rebalancing power in funder-grantee relationships requires action on both sides. But given the balance of power is generally more on the funder side, funders are in the driving seat of change.

Part of this could be considering how you can take on more risk, to shift risk away from the grantee. This includes time and resources, so looking for ways to take pressure off of grantees, rather than adding to it, can help strengthen relationships and allow grantees to focus on delivery.

It can also be helpful to practice what you preach—holding yourself equally accountable to grantees by communicating the purpose of, and processes around, your grant-making effectively. Keeping the same contact person for grantees wherever possible to maintain trusting relationships can also help and if you do have to make a changeover, do so with care and transparency.

One of the six practices espoused by the [Trust Based Philanthropy Project](#) is to solicit and act on feedback. Seeking feedback from your grantees, as well as giving it yourself, can help you both to learn what you can do better in future. Providing feedback in a relational way can demonstrate accountability, thereby building trust with organisations led by and for marginalised communities and encouraging them to apply for funding again in the future.

## How do you learn and share what you're learning?

Building learning into your grant-making processes can help improve your approach to DEI. Steps you could take include:

- Giving staff time to reflect on progress towards your grant-making goals, including your DEI goals.
- Collecting appropriate and proportionate DEI data from grantees in their reports.
- Asking grantees about their experiences of working with you, allocating time and budget for them to do so meaningfully, whilst considering how to make activities as valuable as possible for them.
- Analysing the data you receive and using the insights provided to improve your grant-making processes.
- Asking your grantees how the data you collect could be useful and relevant to their work. Doing this upfront as part of a co-design process can help inform the questions you ask



through your grant monitoring and learning conversations—your data collection could help grantees’ learning as well as yours.

It can be helpful to share what you learn about incorporating DEI into your grant-making with your grantees and more widely, recognising that many will already have expertise or experience in aspects of DEI. Be open about why this issue is important to you and share your excitement about its possibilities.

Steps you could take include:

- Developing a dashboard to show progress towards your DEI goals.
- Publishing an annual learning report.
- Holding learning events for staff and grantees to share insights from their work.

You may want to think about how to share what you’ve learnt in a way that is inclusive and culturally responsive to the communities involved.

Steps that could be helpful include:

- Captioning images and videos to make them accessible for people with visual and hearing impairments.
- Making sure the images and examples you include in reports are representative of the diversity of your grantees and the communities they serve.
- Including community members and grantees in interpreting data and evidence.
- Being transparent not only about what you learn, but also about your processes. Publishing grant-making data—such as who you are funding and how much you are giving—in an accessible way, [using the 360Giving Data Standard](#). Being as transparent as possible allows potential grantees to better understand you as a funder. Being more open and honest about your own work and learning can help to unravel power dynamics between you and your grantees, thereby improving inclusion for marginalised communities.

NPC is thinking more about some of these questions as part of the Equitable Evaluation Collective. Find out more, including how you can get involved, [here](#).

## Concluding thoughts

We recognise that making these changes may not be easy. Given the breadth of different types of funders and funding approaches out there, funders will also need to consider how to adjust their practice for the specific context in which they operate—as what is right for one may not work for another. But we believe this work is vital if we are to make grant-making more diverse, equitable and inclusive. Reversing the imbalances for those we fund, ensuring all organisations have a fair chance and ultimately giving philanthropy the best possible chance of tackling inequalities in our society.

We hope that this guide has provided you with some helpful suggestions for how you might make your grant-making more diverse, equitable and inclusive. We view this as the start of a conversation and would love to hear how you get on. Please [get in touch](#) to share your thoughts or discuss how NPC can support you with your grant-making.

If you would like to find out more about CSC's capacity building programme for organisations led by and for marginalised communities and wider work promoting equity in the social sector, please [get in touch](#).



## Appendix 1: Glossary

**Allyship:** allyship is about building relationships of trust, consistency, and accountability with marginalised individuals and/or groups of people. Although you might not be a member of a marginalised group, you can support them by making the effort to understand their struggle and using your voice alongside theirs.<sup>6</sup>

**BAME:** the acronym BAME stands for Black, Asian and Minority Ethnic and is defined as all ethnic groups except White ethnic groups. It does not relate to country origin or affiliation. There are several criticisms of the term. Firstly, that it groups together a diverse range of ethnicities in a way that is not always useful for analysis. Secondly, many people do not identify with the term and do not like to use it to describe themselves. Thirdly, white ethnic minorities such as Gypsy, Roma and Travellers of Irish Heritage are among some of the most marginalised and disadvantaged communities. To leave these communities out of BAME is to marginalise them even further.<sup>7</sup>

**Capacity building:** describes a range of activities you might use to expand an organisation's capabilities or change direction. Funders often use the term interchangeably with 'organisational development' which is defined as 'the funding and technical assistance necessary to help charities increase specific capabilities to deliver stronger programmes, take risks, build connections, innovate and iterate'.<sup>8</sup> In practice, it involves investing time and funding to support grantees to improve their strategic direction, governance, financial sustainability, skills, policies and processes.

**Community/Communities:** a group of individuals who share a common attribute, be it the part of the social sector they inhabit (e.g., funders, social entrepreneurs, mental health), their membership of a particular social group or groups, or their shared experience of situations or issues<sup>9</sup>.

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<sup>6</sup> See further resources here: <https://www.england.nhs.uk/about/equality/allyship/>

<sup>7</sup> Read more about the criticisms of the term here: <https://civilservice.blog.gov.uk/2019/07/08/please-dont-call-me-bame-or-bme/>

<sup>8</sup> NPC (2017) *More than grants: How funders can support grantee effectiveness*, <https://www.thinknpc.org/resource-hub/more-than-grants/>

<sup>9</sup> Baljeet Sandhu (2019) *Lived Experience Leadership: Rebooting the DNA of leadership*, <https://lexmovement.org/wp-content/uploads/2019/07/LEx-Report-Final-2.pdf>

**DEI:** this acronym stands for Diversity, Equity and Inclusion. Whilst each of these is a significant concept in its own right, DEI recognises the interconnected nature of the terms and the importance of achieving all three of them together. Using the famous party metaphor of long-time DEI educator Verna Myers, ‘diversity’ is being asked to the party, ‘inclusion’ is being asked to dance, and ‘equity’ is having an accessibility ramp to the door.<sup>10</sup>

**Diversity:** is about recognising, respecting, and valuing each other’s differences. A big part of it is to acknowledge the importance of diverse representation and to celebrate it. The differences we might recognise could be based on race, ethnicity, gender, sexual orientation, socio-economic status, age, health, disability, neurodiversity, religious beliefs, political beliefs, or other ideologies.

**Equality:** is ensuring individuals or groups of individuals are treated equally, not differently, regardless of difference or their protected characteristics.

**Equity:** is ensuring everyone has access to the same opportunities. Equity recognises that advantages and barriers exist and that, as a result, we all don’t start from the same place; we all come from diverse backgrounds. Therefore, equity promotes fairness and justice.<sup>11</sup>

**Inclusion:** is about everyone feeling valued and welcomed within a given setting (e.g., your team, workplace, or industry). Creating an environment where people are able to tell their story and participate freely and fully in decision-making processes. Creating inclusive environments requires overcoming power dynamics and barriers that may exclude people.

**Intersectionality:** a term coined in 1989 by professor Kimberlé Crenshaw to describe how race, class, gender, and other individual characteristics “intersect” with one another and overlap. The concept is important for understanding how various forms of inequality often operate together and exacerbate each other.<sup>12</sup>

**Lived experience:** knowledge, perspectives, insights, and understanding gathered through direct, first-hand experience, past or present, of a social issue(s) and/or injustice(s).

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<sup>10</sup> <https://www.linkedin.com/pulse/party-analogy-diversity-equity-inclusion-belonging-jeff-hutchinson/>

<sup>11</sup> Read more about the difference between equity and equality and how it relates to UK funding practice in this blog: <https://www.acf.org.uk/acf/ACF/Blog/2018/July-18/Stronger-foundations-provocation-why-we-need-to-stop-talking-about-equality.aspx>

<sup>12</sup> <https://time.com/5786710/kimberle-crenshaw-intersectionality/>

**Learned experience:** knowledge gained through second-hand exposure, e.g., on-the-job training, or qualifications gained through education. This is the opposite to lived experience, but they complement each other, and one person may have both lived and learned experience of an issue.

**Learning culture:** a culture defined by a set of values and practices that supports ongoing learning, reflection, skill development, knowledge sharing, and data-driven decision-making, and is crucial to an organisation's efforts to continuously generate evidence and improve.

**Marginalised communities:** groups and communities that experience discrimination and exclusion, based on social, political, economic, or protected characteristics, because of unequal power relationships across social, political, economic, or cultural dimensions.

**Minoritised communities:** defined as “individuals and populations, including numerical majorities, whose collective cultural, economic, political and social power has been eroded through the targeting of identity in active processes that sustain structures of hegemony.”<sup>13</sup> The term is growing in popularity versus “ethnic minorities” as it moves beyond definitions based on numerical minorities, to emphasise structural explanations for inequalities and the role of power.

**Systemic or structural inequality:** inequality resulting from embedded bias or discriminatory practices, standards, policies, attitudes, or prejudices which perpetuate advantage for those in positions of relative social, political, or economic power but intentionally or unintentionally deny that advantage for others. This includes ‘discriminatory practices of institutions such as legal, educational, business, government, and health care systems.’<sup>14</sup>

**Unconscious bias:** any prejudices we may have, of which we are unaware. Naturally, we group or categorise others based on physical attributes and background, including ethnicity, disability, gender, and education.

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<sup>13</sup> Selvarajah S, Deivanayagam TA, Lasco G, et al. (2020) ‘Categorisation and Minoritisation’, *BMJ Global Health*, <https://discovery.ucl.ac.uk/id/eprint/10118224/1/e004508.full.pdf>

<sup>14</sup> <https://www.impact.upenn.edu/what-is-structural-inequality/>

## Appendix 2: Acknowledgements

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