

Independent Diversity, Equity and Inclusion (DEI) assessment of grantmaking process

Esmée Fairbairn Foundation

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Updated report

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Agenda

- Introductions, background and framing
- Findings on the main grants process and discussion
 - 1. Factors influencing pursuit of a proposal
 - 2. Factors influencing decisions and determining value
 - 3. Areas of knowledge to develop as a team
 - 4. Consistency in assessing proposals or opportunities
 - 5. Unconscious bias
- Findings on social investment process and discussion
- Recommendations
- Best practice and further discussion
- Next steps

a.

BACKGROUND AND FRAMING

Aim of the project

- Esmee's objective in commissioning an independent assessment of our process is to:
 - uncover unintentional hurdles and barriers to inclusion.
 - identify practical solutions that we can deploy so that our practices and process are more inclusive.

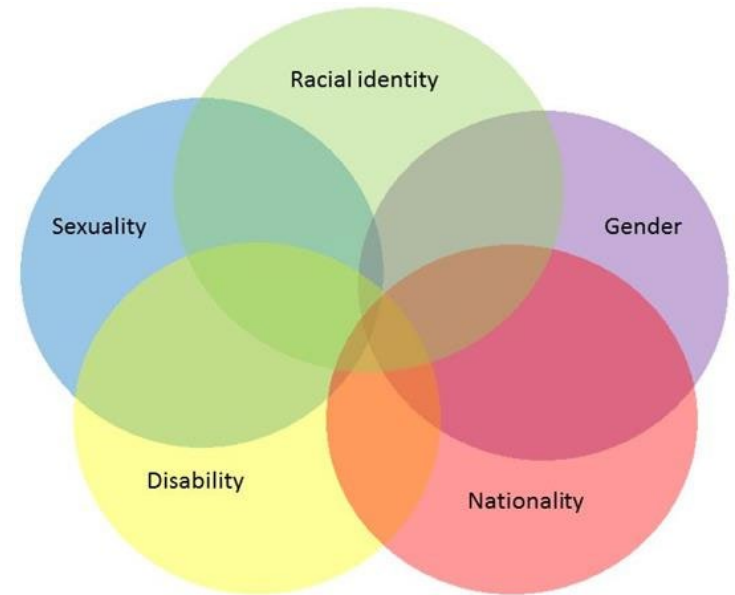


Terminologies

Term	Definition	Applied to funding process
Diversity	representation of all our varied identities and differences (race, ethnicity, gender, disability, sexual orientation, gender identity, national origin, tribe, caste, socio-economic status, thinking and communication styles, etc.), collectively and as individuals.	We are able to support a diverse pool of grantees / partners, representative of the problems we seek to solve.
Equity	seeks to ensure fair treatment, equality of opportunity, and fairness in access to information and resources for all.	Our funding process is equitable and is not producing undue advantage / disadvantage for some organisations. We intentionally remove barriers for organisations to access our funding.
Inclusion	builds a culture of belonging by actively inviting the contribution and participation of all people. We believe every person's voice adds value, and we strive to create balance in the face of power differences.	Being mindful of power dynamics and committed to shifting power, our funding process invites contribution of all funding managers; and is inclusive of feedback from our grantees and wider community voices.

Terminologies

- Esmee has also committed to be an anti-racist organisation, but this review takes a broader DEI lens.
- Intersectionality notes the interconnected nature of social categorisations such as race, class, and gender as they apply to a given individual or group, which create overlapping and interdependent systems of discrimination or disadvantage. (The DEI Data Standards aim to ensure an intersectional data infrastructure can be built)



Research scope & questions

1st stage application /
eligibility



2nd stage application

What are the factors that
influence whether to pursue a
proposal?



What shapes our decisions?
What do we attach value to?

Overarching questions:

- Are there areas of knowledge and understanding that we need to develop as a team?
- Are we consistent across the team in assessing proposals or opportunities?
- Where does unconscious bias show up?

* This covers funding applications since the launch of the new strategy and process.
But it does not cover continuation funding

* The social investment process is also included as part of the review

Research approach

- Interviews
 - With Sharon, Liam and Veda
- Review of DEI Data Dashboards shared by Esmee's Data team
- Review of grantmaking process manual, and documentation provided by social investment team
- Qualitative analysis of 100 grant applications in the main grants (sampling approach in Annex); accompanied by quantitative analysis comparing between successful and unsuccessful applicants



Research limitations

- This is primarily a desk review exercise, and given a lot of the assessment processes happen in meetings and conversations, the desk review is not able to fully capture the nuances.
- The time limitations meant that interviews with only three people in the funding team have taken place, and there is a skew towards perspectives of senior people (though it was helpful that Liam and Veda are relatively new to Esmee, balanced with Sharon's long history at Esmee)
- The time limitations and the short timeframe meant that the researchers were not able to fully familiarise themselves with the nuances of the funding process (e.g. exclusionary guidelines)
- The researchers may also bring their own biases
- While the sample size is sufficiently large (100), given the success rates, there are only 25 approved applications – harder to draw conclusions from the approved applications compared to the declined applications.
- Data quality: Assessors' notes are limited for approved applications, with only 10 of the 25 applications having notes. There may also be miscoding by assessors (esp. for leadership) and this has not been checked.



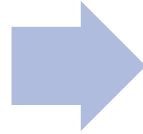
b.

FINDINGS ON THE MAIN GRANTS PROCESS

Research scope & questions

1st stage application /
eligibility

1. What are the factors that
influence whether to pursue a
proposal?



2nd stage application

2. What shapes our decisions?
What do we attach value to?

Overarching questions:

3. Are there areas of knowledge and understanding that we need to develop as a team?
4. Are we consistent across the team in assessing proposals or opportunities?
5. Where does unconscious bias show up?

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Analysis of rejection reasons shows the need for additional DEI considerations

- In analysing the “assessor’s notes,” several categories were identified as playing a direct role in the reasoning behind the approval or rejection of a proposal. Organisations could fit into multiple brackets.
- In terms of rejection, 8 key categories were identified as playing a distinct role:
 - Lack of Differentiation (25)
 - Limited Impact/Scale (24)
 - Lack of a Match to EFF Priorities (17)
 - Lack of Impact Evidence (16)
 - Lack of External Influence/Partnerships (3)
 - EFF Exclusionary Guidelines (3)
 - Poor Management (2)
 - Unclear Proposal (7)
- The assessment’s often noted proposals as ‘not transformational and limited in scale.’
- Additionally, proposals were sidelined for their inability to showcase impact evidence, affiliations with external influences, and clear propositions.

DEI implications:
Organisations, esp those with lived experience leadership, may be limited in scale due to structural barriers in accessing funding; and may lack capacity in impact measurement

An example – lack of scale overrides DEI factors

Stepping Stones Community Organisation

- ***Ticked the BME or Disability Led box & working in Stoke, a cold spot for EFF. (Leadership)*
- *** Provides educational support for C&YP & women: GCSE & SATs tutoring, youth club, mother & toddler group, drum & Nasheed club, Women, Arabic Class, Urdu & Bengali language classes. (Communities being supported)*
- *Nothing on impact of work nor track record. No mention of partnerships. What are the long term aims? What happens after 3yrs? Who & why these YP? What is the need? What are they trying to achieve? Numbers involved? Its a short program. I feel this is too small scale, low impact (Lack of scale, Lack of impact evidence, Lack of partnerships)*

Exclusionary guidelines may require a DEI review

- Several proposals were identified as ‘important work,’ but could not be examined further due to EFF’s exclusionary policies
 - ‘Very important work with young children with neurodisabilities but too close to our exclusions around health and therapy.’
- Even though religion is one of the exclusionary criteria, the Amal proposal (focused on faith communities) was still approved
- The annual turnover exclusionary criteria may also exclude many led-by-and-for groups

DEI implications:

We may wish to review the exclusionary policies through DEI lens – particularly ensuring people with lived experience to input on them (ref EFF's current work on youth participation)

Funding managers make adjustments and are aware of diversity challenges

- In various cases, even if proposals were identified as ‘weak,’ if they also identified themselves as ‘youth-led’ or ‘disability-led’ they would be given further considerations. This shows FMs are considering equity.
 - ‘Received a phone call as stated they were disability led.’
- Most organisations, could not attest to being led by the people they were aiming to support (a facet often noted within assessment notes.) This shows FMs are aware of diversity challenges in the portfolio
 - A large majority of applicants failed to mention organisational leadership at any point in time.

Analysis of approved organisations recognises several categories, including DEI reasoning

- In analysing the assessor notes for approved organisations, both those invited and uninvited, Several categories were identified as having played a role in the reason for approval:
 - ▶ Potential Systemic Change (5)
 - ▶ Evidence of Partnerships (3)
 - ▶ Policy Impact Evidence (2)
 - ▶ Clear Plan (2)
 - ▶ Environmental/Sustainability Value (2)
 - ▶ Potential Replication (1)
 - ▶ Opportunity to work with a faith-based community (1)
- With the information available, many of the approved proposals displayed clear objectives, with a potential for systemic change being a primary reason for approval.

DEI factors appear to play a moderate role in reasoning for approval

- Out of 25 proposals, only 10 included assessor's notes, making it difficult to come to an overarching conclusion.
 - Only one organisation was distinctly recognised for its commitments to working with a faith-based community.
 - ▶ E.g. Amal Proposal – 'Interesting opportunity to partner with Foundation based on supporting arts/culture with and for Muslim communities.' Amal Proposal was one of the few proposals directly aimed at benefitting a faith community. This was explicitly acknowledged as one of the primary reasons for partnership and funding.
- Despite minimal mention of DEI within assessor notes, "Diversity, Equity and Inclusion" was a listed question within the application process (out of five listed questions)
- While not all organisations answered the DEI question, 5 out of 25 proposals made distinct points to highlight attempts to further DEI initiatives.
 - This could signify a positive relationship between an organisation's DEI efforts and the eventual funding approval.

On balance, led by and for groups make up a higher percentage of approved applications than of declined applications

Mission	Approved	Declined
DEI not in mission	60%	32%
DEI in mission	40%	67%

Leadership	Approved	Declined
Led by and for	24%	13%
Not led by and for	76%	77%
Blank - Unsure	0%	9%

Communities being supported	Approved	Declined
Specific marginalised groups	32%	56%
No specific marginalised groups	68%	35%
No information	0%	9%

- However, organisations without DEI in mission, and without supporting specific marginalised groups, make up a higher percentage of approved applications than of declined applications
- But results need to be read with caution as there are inconsistencies in coding

Teams see DEI as part of assessing applicants' strategic alignment

- DEI is part of impact goals
- ONW, FF and CCC teams see DEI as part of strategic alignment to Esmee.
- Esmee's Performance Framework for 2021-2025, references *delivering on our public commitments to diversity, equity and inclusion*"

A new inclusive generation of leaders and artists

Clean and healthy freshwater

Communities use their power to make change happen

Culture and creativity build thriving communities

Injustice and structural inequality is challenged and changed

Local economies work better for the people who live there

Preserved and improved species health and habitats

Sustainable and ethical food

Among communities being supported, it is mainly children and young people

Communities being supported	Number among all applicants	Number among approved applicants
Children and younger people	45	2
Disabled People	9	0
Communities experiencing racial inequality	5	2
Older People	4	
People who are educationally or economically disadvantaged	4	
Ex-offenders	2	
Faith Communities	2	2
LGBT People	2	1
Refugees and Asylum Seekers	2	
Vulnerable people (not specific)	2	
Welsh Language Speaking	2	
Women and girls	2	

- Note: organisations may support more than one community, or communities facing multiple disadvantage
- The data may not be conclusive, as quality will be improved with full implementation of DEI data standards
- Given Esmee's focus on anti-racism, more work may need to be done to reach communities experiencing racial inequality

DEI is an important factor in influencing decisions during team meetings

Given Esmee's process, the portfolio review meetings (PRMs), informal huddles are mechanisms to progress between 1st and 2nd stage. Based on our limited insights gathered from interviews:

- In ONW meetings: DEI is featured quite a lot on the agenda, e.g. discussing whether we are happy with applicants' approach to DEI. Given that the environmental sector is bad in DEI, the team has been proactive in identifying organisations.
- In FF/CCC meetings: DEI is implicitly considered, as the team wants to ensure that the makeup of the portfolio is balanced. The team may also discuss cases where organisations are taking a tokenistic response to DEI, and FMs want to challenge applicants more on this. Also aware that as an organisation, we need to do more to support 'led by' organisations, so FMs would discuss how we can better support led-by organisations.

Portfolio review meetings are more procedural and not necessarily place for challenge

- "By the time something goes to PRM, there has been very few if any that got dropped out. Things haven't been declined. The earlier stage – huddle – becomes more important." - from discussion with Veda and Liam
- From the same discussion, it was also mentioned that "There were occasions when we were challenging FMs in PRMs, but as people weren't expecting it, they felt a bit blindsided."

Not having formal criteria may be a double-edged sword

- Unlike many other foundations, Esmee does not have a scorecard or tickbox system, except when it comes to major organisational risks. This helps to ensure flexibility and ability to adapt to the different realities of organisations, but this may also mean that factors are more fluid – and more subject to individual experiences and biases.
- Some wordings, e.g. "convincing argument" or "giving confidence", included in the grants manual require a high degree of judgment by individuals

High level of awareness of DEI issues within the team

Some areas of development include:

- What does a good organisation we want to fund look like? Esmee has been good at codifying processes but less on the purpose and principles of what it wants to fund, especially in terms of DEI
- How can the team challenge each other? Challenging the individual to speak and to ensure that we are not in an echo chamber.
- What does good look like in DEI, and how can we challenge applicants on this?
- May also need to review team's comfort with different categories of DEI (e.g. race, gender, disability, etc)

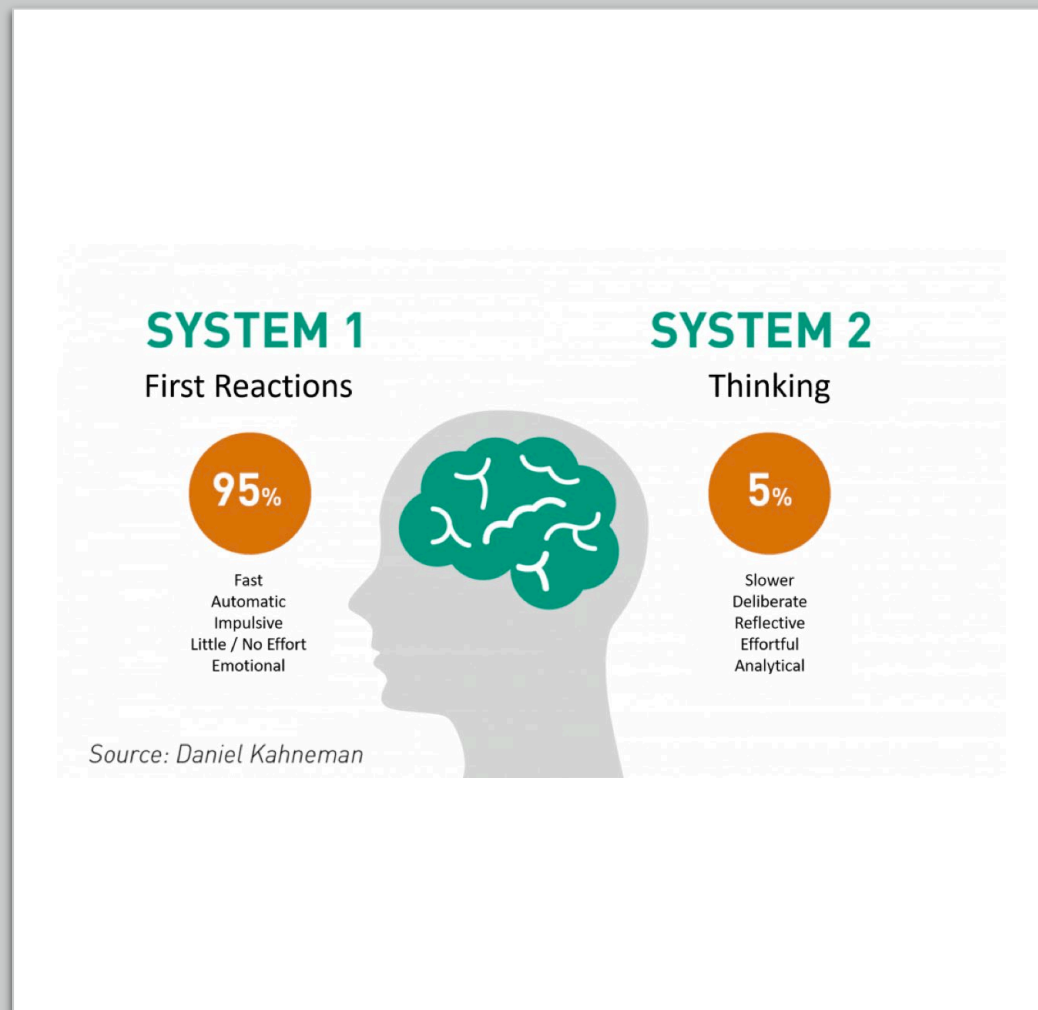
Consistency in assessment can be improved

The process manual is helpful to provide a level of consistency, especially with the guiding questions for assessment calls and cribsheet. The consistency in application timings is also helpful for applicants. There's room for improvement in consistency, which is important as it can help eliminate biases in the funding process:

- The experience of FMs play a big role in assessment. E.g. it was mentioned that "the more experienced FMs should be able to separate personal preference and organisation doing good work as they are more aware of the strategies." While across Esmee, FMs are all very skilled, the level of expertise and knowledge still varies.
- ONW, CCC/FF teams have used different processes though CCC/FF is starting to adopt more of an ONW approach. E.g. ONW uses a self-reported traffic light system informally to categorise proposals, and this is not adopted by CCC/FF.
- Data coded on Salesforce is not always consistent – the assessors' notes may not match the codes being assigned

5. Definitions of unconscious bias

- A **quick and often inaccurate judgment** based on **limited facts** and our **own life experiences**.
- Can give individuals and groups both **unearned advantage and unearned disadvantage**.
- We can be **biased about just about anything** — not just protected characteristics
- Unconscious bias is **not intentional** — part of the lens through which we see the world.



Potential instances where unconscious bias may show up

- Strategic leads (FF/CCC) may have more knowledge, specialist expertise and responsibilities. Some may also be very strong in certain types of organisations. In conversations, their opinions may therefore be valued much more than others.
- In FF/CCC meetings, some people are very quiet so they may not be heard. In ONW meetings, the perception is that they are all vocal and confident.
- FMs may advocate for proposals with terms such as "I think this is really interesting," or "I really like this one."
- Unconscious bias among staff with more decision-making power is even more important.

Unconscious bias can be mitigated by reinforcing existing processes

- While PRMs and the 2nd pair of eyes are mechanisms that could safeguard individual biases, they do not seem to be functioning that way at the moment. Providing guiding questions for PRMs and 2nd pair of eyes may be helpful to surface discussions on unconscious bias within the team.
 - E.g. what are the assumptions underpinning this assessment? Is that informed by objective facts, or my own personal preferences / experiences?

C.

FINDINGS ON THE SOCIAL INVESTMENT PROCESS

DEI considerations appear firmly embedded in the social investment process

Based on desk review of documentation:

- A lot of DEI considerations mentioned in review of Esmee's social investment
- High level of self-awareness on where the process may fall short, e.g. power dynamics
- Lack of diversity among investees was already acknowledged as an issue
- Co-creating outcomes and product features – including investees in the process
- Only 8% in standard and inflexible debt products, which is a good practice regarding DEI
- Rejection rate has also declined from 74% unsuccessful to 45% unsuccessful



d.

ADDITIONAL FINDINGS

Patterns among invited versus uninvited applicants

- As this research does not focus on pre-application stage, the differentiation between invited and uninvited applicants was not examined in full. However, given the sample, it is possible to undertake further analysis to uncover further trends that will shed light on the pre-application stage.
- Some interesting findings are shared here
- Low number of led-by-and-for applicants among invited ones.

	Approved		Approved Total		Declined		Declined Total		Grand Total
Row Labels	Invited	Uninvited			Invited	Uninvited			
Blank		8	7	15	5	2	7		22
No		6	2	8	0	58	58		66
Yes		1	1	2	0	10	10		12
(blank)									
Grand Total		15	10	25	5	70	75		100

Patterns among invited versus uninvited applicants

- Among invited applicants, DEI impact goals – communities use their power and injustice and structural inequality – make up a smaller proportion compared to uninvited applicants. However this is not the case for inclusive generation of leaders and artists.

Row Labels	Approved		Approved Total	Declined		Declined Total	Grand Total
	Invited	Uninvited		Invited	Uninvited		
A new inclusive generation of leaders and artists	13%	10%	12%	25%	16%	16%	15%
Clean and healthy freshwater	7%	0%	4%	0%	1%	1%	2%
Communities use their power to make change happen	7%	20%	12%	0%	13%	12%	12%
Culture and creativity build thriving communities	0%	10%	4%	25%	7%	8%	7%
Injustice and structural inequality is challenged and changed	33%	50%	40%	50%	45%	45%	44%
Local economies work better for the people who live there	7%	0%	4%	0%	12%	11%	9%
Preserved and improved species health and habitats	20%	0%	12%	0%	3%	3%	5%
Sustainable and ethical food	13%	10%	12%	0%	3%	3%	5%
(blank)	0%	0%	0%	0%	0%	0%	0%
Grand Total	100%	100%	100%	100%	100%	100%	100%

e.

RECOMMENDATIONS

Funding process

Short-term (<3 months)	Medium term (3-6 months)
1. Have a discussion with funding managers what we mean by scale and differentiation – to draw out whether there are implicit biases or whether these expectations disadvantage led-by-and-for organisations	5. Introduce a process whereby if applicants are led-by-and-for organisations, rejection reasons in relation to “lack of impact evidence” and “lack of external influence” or “lack of scale” be interrogated
2. Share examples of good organisations that Esmee would like to fund (e.g. Amal proposal could be packaged as a case study), clarify what we mean by systemic change, and codify the purpose and principles of our funding	6. Improve data consistency, e.g. for assessors to put in notes for approved applications, for the codes to be checked by a second pair of eyes before they are logged
3. Clarify to the team that DEI is part of the impact goals, and continue to strengthen the prioritisation of led by and for groups	7. Review the exclusionary policies through DEI lens, e.g. whether some of the exclusionary policies relate to areas that led-by-and-for organisations feel are important
4. Provide list of guiding questions at PRMs and 2 nd pair of eyes meetings, and strengthen their roles in mitigating bias	8. Consider the use of anonymous mechanisms to gather critical feedback on applications



Wider culture, staff training and strategy

9. Strengthen a culture of challenge across Esmee

10. Provide training to staff members on: challenging applicants on DEI, specific thematic areas within DEI, e.g. race and disability and how they intersect with ONW/FF/CCC, implicit bias in funding processes

11. Clarify Esmee's positioning on DEI, especially its wish to influence white-led organisations on DEI, and review how funding plus support can enable this to happen



Further areas of research

- Further review the data through the invited / uninvited lens
- Examine the process of applying for continuation funding
- Extend the research to cover pre-application stage
- Conduct deep-dive into applications from organisations led by communities experiencing racial inequity and disabled people
- Review further how individual funding managers may influence the process
- Supplement the research with findings from nfpsynergy



f.

BEST PRACTICES

Best practices about DEI in foundations (beyond funding process)

- According to the Foundation Practice Rating report, **questions on which the foundations collectively scored lowest (note, none of the Foundations rated scored 'A' in diversity, 45 scored 'D', the lowest):**
 - Does the foundation publish a breakdown of the diversity of its trustees/board members? (with respect to gender, ethnicity and disability only).
 - Does the foundation's plan to improve the diversity of its staff and Board include specific, numerical targets?
 - If the foundation funds recipients in Wales, is a Welsh language format provided? 'N/A' if the foundation does not have a presence in Wales.
 - The number of ways that the foundation gives to contact it if you are disabled? (text relay, BSL or other)
 - Is there a mechanism to report malpractice concerns? (whistleblowing)?



Best practices: transparency in diversity targets



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NEWS & STORIES

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2021 Results

TRUSTEES

54%

People of color

EXECUTIVE LEADERSHIP

78%

People of color

DIRECTORS

47%

People of color

PROMOTIONS

70%

People of color

TRUSTEES

54%

Women

EXECUTIVE LEADERSHIP

67%

Women

DIRECTORS

54%

Women

PROMOTIONS

70%

Women



Best practices

- Provide support to grantees to improve on DEI. Read about what works for funders to influence their grantees on DEI: <https://www.alliancemagazine.org/blog/our-honest-reflections-from-funding-and-supporting-charities-to-improve-on-diversity-equity-and-inclusion/>
- Create a strong vision for DEI in philanthropy. Use this tool as a discussion tool within SMT or with other funders to think more broadly about DEI in philanthropy: http://justicefunders.org/wp-content/uploads/2019/01/Spectrum_Final_12.6.pdf
- Learn from other funders' evaluation. Set up 1:1 with Comic Relief's Global Majority Fund to discuss evaluation findings.



g.

DETAILED METHODOLOGY

Sampling approach

- Stratified sampling was used to derive a sample of 100 applications, based on the two factors:
 - Whether an application is approved or declined
 - Whether an application is invited or uninvited
- The proportion of applications in the four respective categories is proportionate to the wider population, so that no additional weight is placed on any of the four factors.

Percentage of total	Total	Disposition	Source	Sample
10%	173	Approved	Uninvited	10
15%	242	Approved	Invited	15
70%	1171	Declined	Uninvited	70
5%	79	Declined	Invited	5
	1665			100

Sampling approach

- The two factors are chosen because:
 - Whether an application is approved or not helps compare and contrast organisations and to detect where bias may have showed up.
 - Invited applications have a higher success rate of 57% compared to the 5% of applications coming from unsolicited applicants across all stages of the application.
- "Assessor's notes" have been analysed, out of all the information stored on an application, as they can help dig deeper into assessors' thinking about an application. "Committee's notes" were not analysed as the success rate of applications in the second stage being higher than the first stage (88% and 22% respectively) - so we prioritised reviewing the first stage.



Sampling approach

- We had considered integrating DEI factors in the sampling, but as the DEI Data Standards have not been fully implemented yet to funding applications since the launch of the new strategy, it is not possible to extract data that way.
- While ONW has higher success rates (50%) than FF /CCC (30%), we understand this is due to the specific nature and lower number of applications in ONW, so the difference between ONW and FF/CCC was not interrogated further.
- From our review of Esmee's data dashboards, we considered that other factors (e.g. age of organisation, size of grants, funding manager) are not material to the success rates of applicants, so we have excluded these factors in the sampling



Sampling approach

- We suggest not to review the social investment applications, as we are satisfied with the amount of information from the documentation provided.
- While not possible in this project, we suggest as a next step to do a deep-dive into applications from organisations led by communities experiencing racial inequity and by disabled people separately, because of the lower success rates:
 - Applications from BME-led organisations have an overall success rate of 12%. With applications in the second stage having a success rate of 70% compared to the 1st stage (28%).
 - Applications from disability-led organisations have a success rate of 9%. With applications in the second stage having a success rate of 88% compared to the 1st stage (14%)



Analytical framework

- To understand where DEI factors show up in the grantmaking process, we adhered to the DEI Data Standards
 - Leadership has been tagged by Esmee internally so we did not undertake additional analysis
 - Mission has been tagged by Esmee internally and we verified the categories based on the Assessor's notes. Most of these match
 - We have mapped the people receiving support based on assessor's notes, against the DEI Data Standards
- We have also coded the acceptance / rejection reasons, based on inductive coding

Area

People receiving primary benefits/service users

Mission and purpose

Leadership

Population groups experiencing inequity

- Communities experiencing racial inequity
- Disabled people
- Faith communities
- LGBT+ People
- Migrants
- Older and younger people
- People who are educationally or economically disadvantaged
- Women and girls