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ACT WITH TRANSPARENCY, OPENNESS AND ACCOUNTABILITY



A commitment to transparency and accountability in philanthropy serves as a commitment to being open with key stakeholders and responsive to their views. The WINGS Transparency and Accountability Toolkit⁴ defines transparency and accountability as follows:

Transparency

The state that results from making information available from inside an organisation to a wider public, either through proactive publication or by responding to requests for information.

Accountability

A readiness to take responsibility for actions, which is achieved by being transparent about those actions against a predefined framework of values and indicators and responding to the findings of any evaluation and/or the feedback received from stakeholders.

This principle applies to a wide range of activities: from operations, funding distribution and decision-making, to financial management and programmatic impact. Embracing it requires organisations to communicate clearly and honestly with their stakeholders, even when things have not gone as expected.

In the philanthropy world, transparency and accountability have traditionally been seen as duties that grantees owe to funders. However, if we are to transform philanthropy for the better, we must take a more expansive view – one which sees these demands operating in a broader range of dimensions across a much wider group of stakeholders. Yes, grantees will need to be accountable to funders and their constituents, but funders must also be accountable to their partners, grantees and the communities that they serve. Moreover, both should be accountable and open to other potential stakeholders, such as government, supporters or the general public. Transparency and accountability are also important within organisations, as organisational staff, founders, volunteers, trustees and advisers may all bear responsibilities of this kind to one another. This requires a change in the mindset, culture and leadership style that will provide internal stakeholders of an organisation access to transparent information. It further entails the adoption of policies that will define the framework of transparency and accountability, and practices for sound implementation.

Operating with openness and accountability is vital for philanthropic funders to ensure that they continue to have the trust of the people and communities they serve. It is also a key element of maintaining the wider legitimacy and social licence to operate philanthropically. This is particularly important in contexts where formalised philanthropy is still an emerging practice, or in places where the sector has previously been viewed with scepticism or suspicion. Furthermore, organisations should also see transparency and accountability practices as an opportunity for continuous improvement, as they can learn from past successes and failures (both their own and those of others), which ultimately leads to greater impact.

⁴ WINGS (2023). [Moving from Reflection to Action: A Guide on Transparency and Accountability for Philanthropic Organisations](#).



Currently, however, levels of openness and transparency in philanthropy are not very high, with only a few organisations willing to share large swathes of information widely. As the Centre for Effective Philanthropy reported, American funders are most transparent about their goals, strategies, and grantmaking, but much less so regarding how they assess their own performance and lessons learned⁵. Information must also be easily accessible and crafted in ways that are simple to understand – something that may be deeply challenging particularly for organisations based in regions where transparency around philanthropy is uncommon. These realities highlight the difficulty many organisations – foundations in particular – face when it comes to moving beyond conceptual discussions, to actually listening to feedback from stakeholders, including their grantees and community networks, and implementing this principle.

⁵ Centre for Effective Philanthropy. [Sharing What Matters: Foundation Transparency](#).

Sometimes there are genuine tensions between the drive for transparency and a legitimate need for privacy and confidentiality. On the one hand, enhanced transparency might allow interesting and perhaps unexpected third parties to use the organisation's data to craft new, innovative tools that increase the broader impact of an intervention. Conversely, there could be very valid reasons for protecting the privacy of communities, grantees, employees, or other stakeholders, like situations where the disclosure of information could put a party at risk, violate their rights to privacy, or compromise the security of organisations and their operations. Organisations may also need to navigate cultural norms and nuances across countries and communities. For instance, in many cultures, openly discussing financial matters is considered inappropriate or perceived as a 'Western' value. To address these tensions, organisations should carefully strike a balance between the need for transparency and local pressures for privacy, safety and cultural sensitivities.

Recommended practices for implementation:

How to get started:

- ✓ Review the alignment between your mission, vision and programmes, to ensure clarity.
- ✓ Take a broader view of internal and external stakeholders and map out their information needs.
 - Map and prioritise stakeholders based on your organisational strategy and values, and the level of influence each stakeholder has on the success of your activities.
- ✓ Identify and prioritise which particular issues, policies and outcomes your organisation must be held accountable for by your stakeholders.
 - Engage in dialogue and feedback loops with your stakeholders, beginning with your partner organisations and/or grantees, organisational staff and governing body, to understand their priorities, and reflect on your theory of change to consider which factors matter most.
- ✓ Ensure your programmes and activities are compliant with local and national laws.
- ✓ Develop both qualitative and quantitative indicators for programme or project evaluation, and engage internal decision-makers, such as risk and finance teams.



- When starting out, focus on relatively simple, accessible data that can be realistically gathered given your organisation's time and resource constraints.
 - Proactively engage all crucial stakeholders, particularly grantees where relevant, to understand their needs and expectations.
- ✓ Begin fostering a culture of accountability and transparency by aligning your organisational values through internal policies and processes – including proactively training staff, volunteers and board members to further embed these practices.
- ✓ Establish regular feedback loops between your organisation and stakeholders.

To go beyond:

- ✓ Cultivate spirited, informed public debate about philanthropy, both within your organisation and externally (where relevant), including on whether your Board and other structures are representative of the communities you are serving (see Principle 6 for more details).
- ✓ Establish an independent accountability panel or adviser(s) to direct and oversee accountability and transparency efforts within your organisation.
- ✓ Expand your set of measured indicators beyond inputs and outputs, to include longer term outcomes.
- ✓ Ensure that your organisation regularly publishes crucial information in an easily accessible and understandable way – publicly, where possible.
 - Beyond simple annual activity reports, use this as an opportunity to openly share information about decision-making processes and lessons learned within your organisation, and encourage other foundations to do the same.
- ✓ Promote reflection and critical thinking within your organisation – no matter how well-intentioned, all actions have potential limits and unexpected outcomes.
 - Use feedback flows from stakeholders to inform critical assessment of past decision-making processes for future actions.
 - Where possible, embed upward and downward feedback flows into your organisational culture to account for inherent power asymmetries (see Principle 6 for more details).
- ✓ Consider the natural and cultural environment as an extended stakeholder in your organisation's work. While historically ignored, preservation of natural and cultural systems is increasingly becoming a priority across public and private sector stakeholders, so focusing on environmental preservation can represent a commitment to future generations.



Potential obstacles



Suggested solutions



Different stakeholders within a particular organisation will have conflicting views on how to best implement transparency and accountability. Power dynamics within an organisation, across departments and levels can also cause unwillingness to be transparent and accountable within the organisation, and towards other stakeholders.



Create coherent, strong and regular feedback loops among stakeholders, to ensure that all views can be taken into account, ideally using an inverted pyramid model where the hierarchy of importance prioritises the needs of your grantees and/or local communities that your organisation serves. Identify and understand stakeholder motivations, including extended spheres of decision-makers, such as finance, legal and risk management teams. Encouraging a feedback culture will require deliberate and intentional personal reflection and organisational cultural change.



Organisational staff and advisers want to adopt greater transparency practices but are concerned about their vulnerable community stakeholders and possible negative ramifications.



While public transparency is often encouraged, in certain cases (e.g. human rights funders, environmental activists) full transparency may be detrimental to success or safety. In these cases, individual and community safety should be prioritised, while considering alternative options to maintaining a broader commitment to transparency (e.g. confidentiality, anonymisation).



Enhancing transparency and accountability may lead to difficult reckonings and enhanced risk aversion within the organisation about programme effectiveness or impact.



It is crucial for philanthropic organisations to course-correct if their programmes are less effective than they could be. Frame better transparency and accountability measures as an exciting opportunity to ensure the organisation is a valuable asset to its stakeholders (rather than a stressful auditing process). Create the right incentives to support this internal cultural change amongst staff, ideally visibly led by leaders within the organisation.



Resources

Arab Foundations Forum (2011). [Principles of Good Practice](#).

Association of Fundraising Professionals, Association for Healthcare Philanthropy, Council for Advancement and Support of Education, and Giving Institute. [Donor Bill of Rights](#).

Center for Effective Philanthropy (2016). [Sharing What Matters: Foundation Transparency](#).

Centre for Social Innovation (2015). [Transparency and Trust in the Charity Sector](#).

GlassPockets (2022). [Transparency self-assessment](#).

Global Partnership on Effective Development Cooperation (GPEDC) (2011). [The Four Effectiveness Principles](#).

GrantCraft Guide (2014). [Opening Up: Demystifying Funder Transparency](#).

[International Aid Transparency Initiative](#).

SAANED (2011). [Guide to Analysing Philanthropy Organisations](#).

[Transparency and Accountability Initiative](#).

WINGS (2023). [Moving from Reflection to Action: A Guide on Transparency and Accountability for Philanthropic Organisations](#).