

If it's not diverse by design, it will be unequal by outcome

Philanthropy Impact Webinar: Racial Equity in the Philanthropy and Impact Investing Ecosystem

Sally Rice- Philanthropy Intern at C.Hoare & Co.

'Racial injustice did not appear just 3 months ago, not even 3 years ago, not even 70 years ago when the Windrush arrived on these shores- or even beyond that- we are talking centuries. So, we are talking about the weight of history that is on our shoulders.' – Patricia Hamzahee

The aim of the webinar was neatly outlined by Patricia Hamzahee, who with 20 years of experience in investment banking now helps social enterprises to attract funding. Hamzahee explained that there is a need to examine the kind of catalytic change that the philanthropy and impact investing sectors can, and should, embrace as a response to the injustices that we have been seeing. However, talking about this is simply not enough- suggesting changes that are both authentic and tangible is key. The building blocks for this ongoing conversation were well established in this hour-long session, designed and produced by Philanthropy Impact.

One of the most important things we need to recognise as a community, is that there is a difference between the equity of outcomes and the equality of opportunity. As counter-intuitive as this sounds: treating everyone the same is not fair. Equality of opportunity is a safe, comfortable place to be- but equity of outcomes is the goal. Gavin Lewis, founder of 'Talk About Black' and managing director at BlackRock, tells us that in order to fix issues in the workplace, we must dig much deeper. Often, the actual problems are underlying- the outward problems are just the symptoms. We see these symptoms: poor health, mental illness, underperformance in education- but the root causes of these things can be historical and societal. One of the key drivers of change is economic empowerment. Lewis asks: *'Can we affect the socio-economic contexts that these communities find themselves in?'*. Dama Sathianathan, from Bethnal Green Ventures, thinks we can affect change. She says that they are currently collecting and showcasing data to prove that *'you can do good and do well'*. The fundamental mindset for us all to understand is that our giving and investing strategies cannot be race neutral.

Stephanie Brobbey, solicitor at Goodman Derrick LLP, speaks from her experience of working at the heart of the private wealth sector. She says that when we talk about racial bias and inequity, the industry itself reflects the problem. Fundamentally, it's a conversation about economic power and systemic oppression. There are lots of blind spots to be highlighted- not to condemn the industry, but to aid awareness of the power they have to effect real change. The lack of awareness impacts grant making foundations, greatly influencing where funding is directed. The current failure to address racial issues is unsurprising, says Lewis, not because people don't care, but because we don't currently have the BAME demographic represented in a lot of philanthropic groups.

Chair: George King IV

George is a Partner at MASECO Private Wealth and a senior investment professional with 25 years of financial markets experience who advises high net worth families on their cross border financial needs. He is also on the board of Philanthropy Impact.



Panelists:

Gavin Lewis

Gavin Lewis is Managing Director at BlackRock. Gavin is a member of the asset management industry diversity project steering committee, he co-leads the ethnicity workstream and is a founder of #Talkaboutblack a movement dedicated to increasing the representation of black individuals in the corporate world.



Patricia Hamzahee

After some 20 years in investment banking and financial communications, Patricia now helps social enterprises attract private capital and advises companies on their responsible investment strategies. Through Extend Ventures, she is working to democratize and diversify access to funding for Black and ethnic minority businesses. She is a Trustee of Ballet Black, Chair of Friends of International House New York UK, the outgoing Chair of the Development Board of Black Cultural Archives, an Associate Director of The Finance Foundation, Senior Advisor to The Good Economy social value consultancy, a member of Women in Social Finance and a member of the BVCA's Responsible Investment Advisory Committee from 2012-2019.



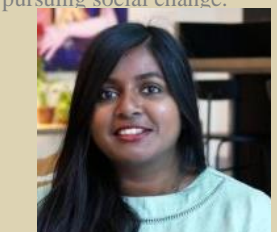
Stephanie Brobbey

Stephanie undertook her training contract at Goodman Derrick LLP and qualified as a private client solicitor at the firm in September 2011. Stephanie is a passionate social impact activist and was named as a Young Achiever in the FN Extra Mile 2016. She has also served as a trustee of emerge, a national youth charity; and The Funding Network, a London based charity which hosts live crowdfunding events for not-for-profit organisations pursuing social change.



Dama Sathianathan

Dama Sathianathan is a partner at Bethnal Green Ventures (BGV). Since 2012, BGV has invested in 127 ventures, of which more than 75 are still active and tackling 15 out of the 17 UN Sustainable Development Goals, raising over £80m in further funding. She is also Director at Chayn, a CIC building online resources for and with survivors of domestic abuse.



This is not to say that these groups aren't running worthwhile initiatives for those communities, but how can you understand if you haven't experienced it? [Coalition 2027](#) is working to bring people in from working-class backgrounds. Having that representation and diversity on boards is necessary for funding to be fair.

Sadly, it is often the case that funding initiatives, launched and designed to support the marginalised and underserved communities, do not provide the support they intended. People who would greatly benefit from the grants still do not qualify for them. Even in the case of 'first-come, first-served' systems, small, marginalised, community-based organisations will not get a look in- simply because they do not know the right people. So often, comments Sathianathan, capital is distributed through connections and networks. So, the whole process is already betted against anyone with a diverse background, who cannot tap into those networks. It is important to investigate how we can narrow the gap, to ensure that the design process is as inclusive as possible.

'The brave organisation, the brave philanthropist, the brave impact investor, is the one who would take that leap to co-create or partner with delivery organisations that can actually deliver into the community'-Patricia Hamzahee

Fundamental to the move towards fairer outcomes in the philanthropic environment, is data. If we are unaware of where the gaps are in our companies, we can't address inequalities. Ethnicity reporting and recording is a key part of the effort to create an enabling environment for under-represented groups. The Guardian recently reported that 'Black and minority ethnic (BAME) households in the UK are more than twice as likely to live in poverty as their white counterparts'. Statistics highlight the urgency of reform. In the US, research has shown that black companies tend to get less funding, are less trusted with the funding they receive, are offered fewer opportunities and have fewer staff and reserves. A couple of years ago, research between CAF and the Association of Charitable Foundations found that 99% of trustees for grant-making foundations were white. This means, Brobbey reminds us, 'potentially... a large homogenous group who won't have lived experience of racism and the impact of systemic oppression on people of colour- but they're the decision-makers when it comes to making grants and deciding on the allocation of resources.' Fundamentally, Brobbey concludes, this is a conversation about economic power. Knowledge is power and research enables us to pursue philanthropy through the lens of social justice. 'Racial equity needs to fit in to philanthropy as part of a very intentional, deliberate design', one which can only be achieved by the harnessing of data.

In the past months, there has been an emergence of the Black Lives Matter movement into mainstream society. Previously, Brobbey has found it a challenge to raise the

importance of racial equity with her clients. Pointing out that her 'inability to have quite direct conversations, either with clients or in my strict advisory capacity- that's part of the issue'. But Lewis thinks that the culture surrounding the client-advisor relationship is beginning to change for the better. He goes on to speak about the intersectionality between the moral obligation of wealth management firms and their relevance to customers. 'Before, those two things were really far apart, but I think they've now coalesced- to this point where companies now, and again I think it's a symptom of where we are, companies now have to really be able to demonstrate their purpose- beyond just their abstract wealth creation'. It is now a major selling point for firms, especially amongst younger clients, to be advocates for Black Lives Matter. Clients are calling for their wealth managers to be making responsible ESG investments, aligned to the Sustainable Development Goals. They are investigating where their wealth originated. We have really seen a translation in recent months from all investments being focused on the environmental side of ESG, to the 'S' taking centre stage. Customers will soon (if they haven't already) be asking: What are you doing about racial inequity?

In her closing remarks, Hamzahee urges the audience to act, saying:

'Why not just invest 3% of your funds (that's the percentage equivalent to the black population in the UK, as of the 2011 census) in grants to black-led organisations? Why not actively recruit black representatives to your boards, to your investment committees, as well as to your staff? I can assure you, despite the claims of some, there is no shortage of talent in the pipeline for such roles. We are here. You only have to want to see and hear us.'

Philanthropy Impact is not just generically thinking about these issues, they have a specific mission to create a safe learning space for advisors to equip them with the knowledge to support their clients effectively on creating impact with their wealth. As a not for profit membership organisation their mission is to increase and improve philanthropy, social investment and encourage impact investing. They know that empowering professional advisors this way is good for their business and is proven to inspire more and better impactful giving and investment but to truly understand impact one must also truly understand the complexities of key societal issues. They have a number of events that address a multitude of issues clients will be seeking support from their advisors on in this increasingly confusing space, some technical and some educational around understanding impact and sustainability.

'If we're actually trying to affect change, we need to broaden the audience- we need to bring into this conversation people that don't know it's happening, and that need to.'- George King IV, Board Member, Philanthropy Impact

Resources:

[Philanthropy Impact LinkedIn group](#) [Recordings of Walk in my shoes sessions](#)

WATCH Channel 4's The School That Tried to End Racism [here](#) **READ** The Colour of Money by Runnymede Trust [here](#)

WEBSITES [Talk About Black Founded by Gavin Lewis](#); [Give Black Foundation Researching the value of black philanthropy](#); [YSYS Your start-up, your story](#); [Resourcing Racial Justice](#) ; [Future Foundations UK](#).