

# Ethics

## International code of ethics

By Andrew Watt



Ethical practices are the cornerstone of the fundraising profession. *Advancing Philanthropy* endeavors to provide readers with examples and case studies to illustrate best practices, although such examples are not intended to provide legal, accounting or other professional advice. For a copy of the AFP *Code of Ethical Principles and Standards of Professional Practice*, with enforcement procedures, time limits, forms, addresses and phone numbers, visit [www.afpnet.org/ethics](http://www.afpnet.org/ethics) or ask any chapter president for one. Call AFP's CEO or general counsel at 703-519-8440 for confidential ethics advice about proposed transactions.

## An Auspicious Opportunity

Fundraising is essential to the sustainability of philanthropic organizations. While not charitable in itself, it often represents the first and ongoing point of contact between donors and the charities they choose to support.

Some of us work in very focused ways; others have a broader remit. Increasingly, many of us work in an international sphere, directly or through partnerships worldwide. The partnerships and strategic alliances entered into by the Association of Fundraising Professionals (AFP) over the last few years reflect the increasingly global nature of the fundraising community. These are exciting times for all of us, offering many positive opportunities. The downside, however, must be that without a clear understanding of ethical practice, it will be all too easy to damage the charity brand.

Issues of regulation or self-regulation, reporting and accounting for fundraising activity are currently being addressed by some national governments throughout the world. Equally, fundraising activity in many countries is not regulated at all.

Recognizing the need for an international approach to these issues, in March 2003 AFP called an International Fundraising Summit in Toronto. High on the agenda was the subject of ethics. Twenty-three delegates representing 19 countries attended the sum-

mit, which was co-chaired by AFP President and CEO Paulette V. Maehara, CFRE, CAE; Lindsay Boswell, CEO of the United Kingdom's Institute of Fundraising; and Nigel Harris, CFRE, executive director of Mater Hospitals' Trust and chair of the Fundraising Institute of Australia. They agreed upon the need to identify common ethical principles for fundraising worldwide.

Following the summit, the European Fundraising Association (EFA) charged the Institute of Fundraising with evaluating existing national codes of ethics and using that evaluation to draft a common code of international fundraising ethics.

Fifty countries have been surveyed across a range of contacts including fundraising organizations, charities and national administrations. Of those countries surveyed, 17 have ethical codes, 12 recognize the concept but have no formal body of work and the remainder could be of no assistance as there is little understanding of the issues being discussed.

Clearly, we are a long way from a universal understanding of the need for a statement of ethical principles and still farther from a universal code of

ethical practice. So, why is it so important? Can we not all get on with our jobs and leave this as an abstract intellectual concept to be dealt with at a later date?



The answer to the second question has to be no. The answer to the first depends on the audience or audiences for the code.

For fundraisers, it is important that we have a document that establishes the baseline principles from which we work, that sets out the contract between us and charity on the one hand and donors on the other.

Governments and society have a stake in this, too. Increasingly, charities deliver a targeted service where the government no longer has the capacity to do so, or where the government recognizes that charitable expertise delivers a more effective outcome for the recipient than the government is able to do. Where that is the case, trust plays a major role. Trust in philanthropic organizations to deliver a principled

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and effective outcome is critical to their success. Confidence in their ability to do so is not always so high.

### Different Approaches

It is at this point that an understanding of the fundraising process and transparency around it becomes critical. An ethical code of practice can form the basis of this understanding and help to build confidence in an organization's effectiveness and in the probity of the fundraising process.

Different approaches are taken to this issue. AFP's *Code of Ethical Principles and Standards of Professional Practice* sets out detailed expectations of individual fundraisers in their relationships with philanthropic organizations or with donors. The Institute of Fundraising, by contrast, sets out top-line principles for individuals in its

*Code of Conduct and Charity Donors' Charter*, but sets out detailed requirements of law and best practice in a series of *Codes of Fundraising Practice* relating to a wide range of fundraising activities.

What is the context for these approaches?

In the United Kingdom, public perception is that there is a high cost attached to fundraising, and that fundraising is at once overly professional and yet not professional enough. There is a fundamental belief that volunteerism is at the heart of charitable activity and that any element of mutual benefit in the relationship between donor and charity somehow devalues the nature of the gift. At the same time, the public trusts charities and believes that fraud and malpractice take place at the margin and not in the mainstream.

In the United States, certainly from an outsider's perspective like mine, public perception appears to be that there can be a high cost attached to fundraising, that it is a highly professional activity and at times a lack of transparency around fees and costs leads to concern at the level of costs in fundraising. At the same time, the concept of giving appears to be deeply rooted in the national consciousness and there is certainly no sense that recognition devalues the philanthropic motive!

How does this affect the environment for fundraising?

In the United Kingdom, charities have lobbied for a review of the law governing charitable activity. For the past two years we have gone through a process of review, and at press time we anticipate the publication of a draft

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Charities Bill soon, updating law dating back to the 16th century—clearly long overdue.

For the profession, this means more effective methods of reporting fundraising activities and accounting for fundraising expenditures that, we hope, will lead to far greater transparency around fundraising that will enable us to relate the activities to the outcomes, and performance against objectives. It also will see government support for a new system of self-regulation for fundraising, based on the Institute of Fundraising's *Codes*, that will establish best practices as the kite mark of well-run fundraising organizations and of ethical fundraisers. Ethical fundraising practices, driven by a need to communicate more effectively with the public, have been forced to the forefront of the government's agenda.

In the United States and Canada, it seems that the government's agenda is less clearly focused on self-regulation and more on the mandatory control of levels of fundraising expenditure. Perhaps if we're able to demonstrate a global trend, highlighting ethical practice, this could help to influence the debate.

### A Universal Code

The organizations that we work for can be disadvantaged by a lack of public support and by a focus on cost rather than delivery. How would an international code of ethical practice affect this?

An understanding of the common principles of a code of practice would enable us to set out the following:

- Professional standards of practice
- Professional standards of stewardship

- Common legal principles
- Common objectives

The work of establishing these principles serves as a focus to allow all of us to learn from the best practices of our peers, raises awareness of fundraising issues with fundraisers worldwide and allows those of us already far down this route to develop a template, based on shared principle, that we can make available to those setting out on the journey.

Can we afford to miss this opportunity? I think not. ☺

Andrew Watt is director of policy and deputy CEO of the Institute of Fundraising in the United Kingdom ([www.institute-of-fundraising.org.uk](http://www.institute-of-fundraising.org.uk)). He also sits as the international member of AFP's Ethics Committee.

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