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Make Donations to Universities Public

Executive Summary

Sources of funding exercise influence on research and higher education, the extent of which is unknown. Even the most basic information on private gifts and donations, both foreign and domestic, are largely hidden from public view. Authoritarian influencing and reputation laundering remain risks for UK universities while this is the case. The solution to this problem is a law to make donations to universities public. Searchable data of the identity of donor, the amount, and major stipulations should be reported to the Department for Education.

Introduction and Background

1. The UK higher education sector has seen rapid internationalisation in the last twenty years. New partnerships with academic institutions, companies and governments have led to a significant increase in foreign funding and a near-tripling of philanthropic donations received by UK and Irish universities – from £0.5 billion to £1.3 billion¹. This increase in total amount of foreign donations has also been accompanied by a change in the composition of fundraising, as more and more universities in the UK have received and solicited larger donations from a dwindling number of elite donors. And while it cannot be disputed that there are clear benefits to long-term investments and the expansion of international networks in a highly competitive higher education climate, these trends also present particular challenges for academic freedom in the UK.
2. High-profile foreign donations and major gifts, such as long-term university investments seeking to establish a research centre or an institute with a particular programme focus, can promote a certain area of scholarship which, up until then, had not received significant support. However, **in**

¹ Council for Advancement and Support of Education, CASE-Ross Support of Education: United Kingdom and Ireland 2020. Generating Philanthropic Support for Higher Education (London: CASE, 13 May 2020), www.case.org/system/files/media/file/CASE-Ross_2020Report_2018-19.pdf; and CASE-Ross infographic (2020), www.case.org/system/files/media/file/CASE-Ross2020Infographic.pdf.

the absence of university governance or oversight, such investments may also create pathways for donors to exert direct influence over the institute’s publicly stated purpose, its research agenda and profile. Moreover, gifts from foreign sources who are sanctioned as a result of adverse developments in foreign relations, are politically exposed or have histories of corrupt business practices, might entangle universities in legal violations and disputes which damage the reputational standing of an institution and run contrary to its principles and ethical code of conduct. An oft-cited example of this which led to some changes in the donation review processes of UK higher education institutions was the gift of £1.5 million by Saif Gaddafi to the Global Governance Centre of the London School of Economics and Political Science (LSE) through a foundation controlled by Saif’s father and then Libyan President Muammar Gaddafi in 2010. An investigation into the incident revealed that the LSE had conducted minimum due diligence concerning the donation² and that Saif Gaddafi, who in 2008 had been awarded a doctoral degree in philosophy from the university, may have plagiarised his thesis³. The case acted as a catalyst for the expansion of review procedures and reputation damage management in the higher education sector, which would respond to the increased media scrutiny over donations, as well as the rising influence of social media networks.

3. However, many challenges to academic freedom remain, as scandals continue to emerge. In the UK, there are no systematic data outlining the country of origin of donations. While the majority of gifts come from UK and US donors, over the late 2000s sources have gradually shifted to the East. Oxford University have indicated a hundred-fold increase in donations from the Middle East, and in particular United Arab Emirates, Saudi Arabia and Qatar, in the period 2001-2014⁴, while it is estimated that by 2020 more than one-third of overseas funding to UK universities will be coming from China⁵. An ongoing concern is that even where greater care and due diligence to scrutinise the origins of funds is exercised, donors and patrons might still use universities as a legitimising forum for public speeches and lectures or they might blur the lines between authoritarian influencing and commercial interests, in order to whitewash their international reputation and discredit reported malfeasance back in their home country. For example, recent controversial

² The Woolf Inquiry: An Inquiry into the LSE’s Links with Libya and Lessons to be Learned (London: LSE, October 2011), 22, <https://www.lse.ac.uk/News/News-Assets/PDFs/The-Woolf-Inquiry-Report-An-inquiry-into-LSEs-links-with-Libya-and-lessons-to-be-learned-London-School-of-Economics-and-Political-Sciences.pdf>.

³ Chris Cook, “LSE Checks Saif Gaddafi’s Input into His PhD,” Financial Times, 30 November 2011, www.ft.com/content/35dd3612-1b51-11e1-85f8-00144feabdc0.

⁴ Response by the University of Oxford to Naeem Ahmad, “Sources of Funding,” What Do They Know, 24 March 2015, www.whatdotheyknow.com/request/sources_of_income_17#incoming-632293.

⁵ *The Guardian*, 23 July 2020, As quoted in Richard Adams, *UK Universities Accused of Overreliance on Fees from Chinese Students*, <https://www.theguardian.com/education/2020/jul/23/uk-universities-accused-overreliance-fees-chinese-students>; Accessed 17/09/2021.

reports of close ties between the majority of directors of the Cambridge Centre for Chinese Management (CCCM) to the Chinese telecoms company Huawei, have come to the attention of the media due to the alleged close ties of Huawei to the Chinese state⁶.

4. Consider further the case of Ukrainian businessman Dmitry Firtash, whose Foundation donated more than £6 million to Cambridge University, two-thirds of which was earmarked to establish an endowment for a programme of Ukrainian studies, with additional financial aid to be provided for Ukrainian students completing master's degrees at the university⁷. Six months later, Firtash, a controversial figure suspected of being deeply involved in Ukrainian gas schemes, was indicted by a US federal grand jury for allegedly participating in an international racketeering operation⁸. A £1.95 million donation remains frozen by Cambridge pending the resolution of legal proceedings⁹, while Firtash denies any wrongdoing and maintains that these allegations are politically motivated due to his suspected ties to the Kremlin. One of several problematic aspects of this case, is that Firtash also appears to have used the wave of positive publicity and acclaim which followed the donations to garner legal standing in UK courts to pursue legal action against the daily newspaper Kyiv Post which published an article about his allegedly illicit business dealings in Ukraine¹⁰. While the lawsuit was eventually dismissed in 2011 due to the judge's ruling that Firtash did not have substantial ties to the United Kingdom, his endowment acted as a definitive bolster to his reputation abroad¹¹.

The current state of institutional procedures regarding donations

5. Despite these common ethical and security concerns, **there is currently no standard procedure or institutional configuration for conducting due diligence and many UK universities are still lacking in their vetting.** While university autonomy in how to administer and spend donations is

⁶ *The Times*, 13 September 2021, *Huawei 'infiltrates' Cambridge University research centre.* <https://www.thetimes.co.uk/article/huawei-infiltrates-cambridge-university-research-centre-6m5lnhc>. Accessed 17/09/2021.

⁷ Merlyn Thomas, 26 February 2017, *University Accepted Over £6m from Ukrainian Oligarch*, *Varsity*, www.varsity.co.uk/news/12328.

⁸ US Department of Justice, 13 December 2018, *United States v. Dmitry Firtash Court Docket Number: 13-CR-515*, <https://www.justice.gov/criminal-fraud/case/united-states-v-dmitry-firtash-court-docket-number-13-cr-515>.

⁹ Thomas, *University Accepted over £6m from Ukrainian Oligarch*.

¹⁰ McFarland, *Controversy Puts Oligarch's Charity Contributions Under the Microscope*.

¹¹ *Kyiv Post*, February 25, 2011, *London Judge Dismisses Firtash Lawsuit Against Kyiv Post*, <https://www.kyivpost.com/article/content/ukraine-politics/london-judge-dismisses-firtash-lawsuit-against-kyi-98290.html>; Kharkiv Human Rights Protection Group, February 25, 2011, *Firtash libel suit against Kyiv Post thrown out by London court*, <http://khpg.org/en/1298625060>; Human Rights House London, February 27, 2011, *English libel law — tool to silence journalists from other countries?* <https://humanrightshouse.org/%20articles/english-libel-law-tool-to-silence-journalists-from-other-countries/>.

considered a best practice, even when the donor is acknowledged or even celebrated, without increased transparency and accountability there can be no guarantee universities will be prepared to navigate ethical dilemmas. Recent research on reputation laundering in the university sector carried out by Alex Cooley, Tena Prelec, John Heathershaw, and Thomas Mayne for the National Endowment of Democracy (NED) suggests that current ethical guidance and oversight procedures are not sufficiently transparent¹². Only seven out of seventeen Russell Group universities which were assessed have independent gift committees and publish guidance they use to assess donations – instead, senior leaders and managers approve donations. Some universities, such as the University of Exeter and Imperial College London, have an ad hoc system of senior management approval guidelines which are only available internally.

Table 1. Gift acceptance procedures at UK Russell Group Universities: overview of the transparency of ethical guidelines and oversight.

Name of University	Ethical guidelines	Highest level decision-making body
Durham University	Public	Senior management approval system
Imperial College London	Internal Only	Senior management approval system
King's College London	Public	Dedicated independent gifts committee
London School of Economics and Political Science (LSE)	Public	Dedicated independent gifts committee
Newcastle University	Upon Request	Senior management approval system
University of Birmingham	Public	Senior management approval system
University of Bristol	Public	Dedicated independent gifts committee
University of Cambridge	Public	Dedicated independent gifts committee
University of Edinburgh	Public	Senior management approval system

¹² Cooley, A., Prelec, T., Heathershaw, J., & Mayne, T, 2021, *Paying for a World Class Affiliation: Reputation Laundering in the University Sector of Open Societies*, National Endowment for Democracy, <https://www.ned.org/wp-content/uploads/2021/05/Reputation-Laundering-University-Sector-Open-Societies-Cooley-Prelec-Heathershaw-Mayne-May-2021.pdf>. Accessed 17/09/21.

University of Exeter	Internal Only	Ad hoc senior management approval
University of Liverpool	Upon Request	Dedicated independent gifts committee*
University of Nottingham	Public	Senior management approval system
University of Oxford	Upon Request	Dedicated independent gifts committee
University of Sheffield	Internal Only	Dedicated independent gifts committee*
University of Southampton	Public	Dedicated independent gifts committee*
University of Warwick	Internal Only	Dedicated independent gifts committee
University of York	Public	Dedicated independent gifts committee

Source: Cooley, Prelec, Heathershaw and Mayne, 2021 (fieldwork: summer 2020-spring 2021).

Note(): Liverpool, Sheffield and Southampton all have or are in the process of establishing dedicated independent gift committees, however, we do not have sufficient information on their composition to ascertain their independence from senior management and inclusivity to academic staff and students.*

6. According to the research, **thresholds for conducting due diligence and for determining the required level of oversight vary greatly from one institution to another.** Minor gifts are usually subject to a risk-based approach, midsize gifts require Head of Department approval, and larger donations are often subject to a review by senior university officers or by a high-level committee. The country of origin of the gift also determines the level of scrutiny they are subjected to. Donations coming from the post-Soviet space are often treated with an added degree of caution, especially after Russia’s 2014 invasion of Crimea, while donations from China are increasingly becoming a matter of concern for university administrators. **However, there is no overarching rule in how to assess country risk.** Some universities have developed “heatmaps” based on external indicators, such as Transparency International’s CPI; other institutions consider committee decisions and previous experience; while others operate on a purely case-by-case basis, using open-source data, with some indicating that gift committees also monitor media news to assess potential reputation management risks¹³.

¹³ Ibid.

7. In addition, the length of the vetting process varies widely, as larger universities may conduct screenings twice – once at the beginning of the donor relationship and again when the gift is formally put forward. However, **academic institutions often find themselves at a disadvantage to secure accurate and timely information about the donor’s history and business practices.** Donor research done by alumni relations and development staff is often designed to develop engagement and stewardship strategies, rather than to investigate sources of wealth. As it can be expected, larger institutions with an established track record of attracting donations can usually rely on a more sophisticated set of procedures – a dedicated gift management team, the employment of external services to conduct background checks where language skills are required, or the use of paid software to detect asset ownership as well as connections among companies and individuals. Smaller and less-established institutions do not share the luxury of this approach, as they might not have the resources to do so. But there are still grey areas left, as gift review committees might still experience pressure not to get in the way of a potential large gift and are tasked primarily with the protection of legal interests of the university, and only occasionally managing the university’s reputation. In short, regardless of university size and reputational clout, **lack of transparency and uniform institutional procedures can still expose institutions to academic freedom threats, arising from improperly vetted donations and lack of public oversight.**

Recommendations

8. Therefore, **the core problem related to philanthropic donations in the higher education sector, in our opinion, is nondisclosure.** The lack of publicly available itemised data regarding gifts will continue to make universities face even more scrutiny and suspicion in response to the growing trend of internationalisation of higher education. Instead of being reactive to ongoing and globalised academic freedom crises arising from authoritarian influencing, reputation laundering and marketisation of higher education, UK universities should channel efforts into taking a more proactive ethical stand. They are best placed to promote good practice and can draw on the knowledge and expertise of their faculty who are at the forefront of the latest research on governance and transparency. University staff should be actively consulted and democratically involved in decision-making processes regarding donations at their universities.
9. We recommend the following policy measures be considered by the Higher Education (Freedom of Speech) Bill Commons General Committee:

- a. Universities should be required by law to provide a comprehensive and searchable public list of all donations (foreign and domestic) over a modest threshold (£10,000/\$15,000), including the identity of donor, the amount, and major stipulations.¹⁴
- b. As a matter of best practice, universities should make all MOUs and summary information on all foreign gifts/donations public, and include a section in the annual report on the operation of the MoUs and any other foreign gifts/donations, with specific reference to academic freedom risks that have arisen or are on-going and how these are being mitigated; and further undertake, in connection with any such funding arrangements, not to enter into non-disclosure agreements.¹⁵
- c. As a matter of best practice, universities should make their gift acceptance policy, including the ethical guidelines and core principles for all donations, publicly available.¹⁶
- d. As a matter of best practice, universities should adopt a formal policy of refusing to consider donations from a donor, foreign or domestic, whose family member or associate is currently in the admissions process.
- e. As a matter of best practice, universities should create a mechanism, such as a committee or petition procedure, through which university associates and interested outside parties can file a request for the university to review its association with a specific donor on ethical grounds, or provide new information regarding the donor's reputation.

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¹⁴ Recommendation a from, Cooley, A., Prelec, T., Heathershaw, J., & Mayne, T, 2021, *Paying for a World Class Affiliation*

¹⁵ Recommendation b from, Academic Freedom and Internationalisation Working Group, *Model Code of Conduct for the Protection of Academic Freedom and the Academic Community in the Context of the Internationalisation of the UK Higher Education Sector V.4(c)*, available at: <https://hrc.sas.ac.uk/networks/academic-freedom-and-internationalisation-working-group/model-code-conduct>, last accessed: 17/09/21

¹⁶ Recommendation c-e from, Cooley, A., Prelec, T., Heathershaw, J., & Mayne, T, 2021, *Paying for a World Class Affiliation*