

# INCORPORATING A RACIAL JUSTICE LENS IN OUR GRANT RISK ASSESSMENT

Prepared by Lorraine del Prado

## THE CONTEXT: Funding Gap Suffered by BIPOC-Led Organizations

- Only .6% of all foundation grants in 2016 went to organizations led by women on color. (Philanthropic Racial Equity)
- The combined funding to Black communities is only 1% of all community foundation funding. (National Center for Responsive Philanthropy Fund)
- Black-led organizations have 45% less revenue and 91% less unrestricted net assets than white-led organizations. (Bridgespan and Echoing Green Study)
- 63% of Black leaders of organizations report less access to individual donors, vs. 49% of white leaders. 51% of leaders of color lack access to foundations, vs. 41% of white leaders (Bridgespan and Echoing Green Study)
- Just 23% of Black-led organizations have 3 months or more in reserve (Chronicle of Philanthropy)

## QUOTES FROM BIPOC LEADERS

"I call it a philanthropic justice issue....When you think of the billions of dollars going out every year and the small percentage going to communities of color and leaders of color, it's actually really unjust. And I think the philanthropic sector should see that as a major failure in its part."

- Edgar Villanueva, author of *Decolonizing Wealth*

"It's tiring and demoralizing to never get enough funds to fully implement solutions we know from lived-experience would work, while our white colleagues get ten times the funds we had asked for to implement ideas we know would fail because, while well meaning, they have no understanding of or relationships with communities they are trying to serve."

- Vu Le, thought leader in trust-based and community-centered philanthropy, author of *Unicorns Unite*, past Executive Director of Rainier Valley Corps

"With a few notable exceptions, philanthropy is the white woman grabbing her purse when a black man enters the elevator. People of color applying for funds face an immediate presumption of unreliability. I'm often asked by donors how they can manage the "risk" of funding grass-roots organizing headed by people of color. I ask them to examine how they are managing the risk of not funding it."

- Vanessa Daniel, founder and Executive Director of Groundswell, a foundation that supports grassroots organizing for reproductive justice

"Being accountable to grantee partners and investing in grassroots, Black and women of color leaders and their organizations are not risky moves for funders. These are guaranteed strategies to effectively support efforts where wins are already happening. What's risky is continuing to fund White-led organizations that are out of touch with critical perspectives from our communities and losing."

- Ash-Lee Woodard Henderson, Co-Executive Director, Highlander Research and Education Center

## **CHALLENGING IMPLICIT BIASES IN OUR RISK ASSESSMENT OF BIPOC-LED ORGANIZATIONS**

**CONCERN:** *“Their budget is very small. Will they know what to do with our grant?”*

**POSSIBLE BIAS CHECK:** One wonders, however, how they were able to undertake all those endeavors in the past few years with a shoe-string budget. That tells me that they know how to be strategic with resources and to maximize their capabilities and volunteers. That they are still in existence despite their modest funding speaks to their perseverance and commitment. Imagine what they could achieve with our investment.

**CONCERN:** *“They should do more fundraising first to prove to us that they are sustainable before we can trust them with our grant.”*

**POSSIBLE BIAS CHECK:** To be successful in fundraising, an organization needs to have access to the people and organizations with capital, such as institutional funders and high-net-worth donors. BIPOC-led organizations do not have traditional access to these networks the way white-led organizations do. In fact, their systemic exclusion from traditional sources of social, economic and political support greatly puts them at a disadvantage for fundraising and is partly responsible for their size. The size of their bank account, however, does not necessarily speak to their effectiveness.

(A recent study by Echoing Green showed that BIPOC-led organizations’ barriers to capital are because of inequitable access to 1) connections in the philanthropic community, 2) opportunities to build rapport, 3) secure funding from and 4) sustaining relationships with these funders.)

**CONCERN:** *“They don’t have staff. Their heavy reliance on volunteers looks risky to me.”*

**POSSIBLE BIAS CHECK:** Managing volunteers effectively and producing results are great accomplishments. The organization has demonstrated that their approach to this problem works in spite of and because of their heavy reliance on volunteers. Now that they have a track record of effectiveness, they are ready to hire their first leader who can be devoted full time to this work and increase their ability to raise funds. We can help them reach this stage in their organization’s journey.

**CONCERN:** *“This is a young organization. What if they don’t secure additional funding in the future? Our grant will just be wasted.”*

**POSSIBLE BIAS CHECK:** Our grant dollars are never wasted because we invest in the improvement of people’s lives and in increasing equity and justice. The problems these organizations are addressing are urgent and their work immediately impacts the lives of marginalized communities. Rather than looking at the potential loss of money as the risk, we should look at the risk of more people suffering (multi-generationally) because the organization did not get funding. Even if the organization does not last more than a couple of years after our funding, our grant will still have impact and both we and our grantees will also gain new learnings.

***“Bigger and older organizations are better equipped to handle weighty social problems and are better at scaling solutions.”***

**POSSIBLE BIAS CHECK:** Bigger and older is not necessarily better. Sometimes a well-funded (often white-led) organization has been involved in a social endeavor for decades, but has not shown much success in moving the needle when it comes to better outcomes. Because of its size and hierarchy, its leaders can be more isolated from the lives of the communities it serves. Bigger organizations are also sometimes less able to pivot quickly, change their approaches or reconfigure their programs in response to a crisis like a pandemic while smaller organizations can be a lot nimbler.

***“Their board does not have leaders with the credentials and degrees needed to tackle these social problems.”***

**POSSIBLE BIAS CHECK:** Credentials and degrees are great, but they should not be accorded greater weight than the lived experience of board members and leaders. Board members and other leaders who are closest to the pain and problems of the communities their organizations serve can be relied upon more to generate solutions that will have a better chance for success.

***“I would be more comfortable if they showed metrics regarding their outcomes and reach and if their theory of change was backed by research.”***

**POSSIBLE BIAS CHECK:** Research takes a lot of time and money, which these organizations don't have much of. In the meantime, their communities are greatly suffering right now. Are we willing to delay alleviating their suffering just so we can satisfy our appetite for well-researched and highly polished theories of change? BIPOC-led organizations should deserve our trust because of their proximity to and great familiarity with the problems, their grassroots-organizing strength and their collaborative actions and because they are personally invested in the well-being of these communities multi-generationally.

**SUGGESTED ARTICLES TO READ:**

[Overcoming the Racial Bias in Philanthropic Funding](#) by Cheryl Dorsey, Peter Kim, Cora Daniesl, Lyell Sakaue & Britt Savage (SSIR, May 4, 2020)

[Philanthropists Bench Women of Color, the MVPs of Social Change](#) by Vanessa Daniel (NY Times Opinion, November 19, 2019)

[Hyperlocal Giving to Black-led Nonprofits Cannot Simply be a Trend](#) by Liz Dozier & Candice Jones (SSIR, December 14, 2020)