

2023

# SHIFTING CAPITAL AND POWER TO BUILD THE REGENERATIVE ECONOMY

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A Just Transition  
Investment Framework for  
Philanthropic Institutions

*“A Just Transition requires us to build a visionary economy for life in a way that is very different than the economy we are in now. Constructing a visionary economy for life calls for strategies that democratize, decentralize and diversify economic activity while we dampen down consumption, and (re)distribute resources and power.”*

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*[From Banks and Tanks to Cooperation and Caring: A Strategic Framework for Just Transition](#)*, by Movement Generation Justice & Ecology Project



Photo Credit: Black Farmer Fund

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A Just Transition Investment Framework  
for Philanthropic Institutions

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## WHY JUST TRANSITION INVESTING?

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In the face of multiple and intersecting political, economic and climate crises, people-powered movements across the globe are taking bold and courageous action to build a radically different future. The most visionary movements – especially those led by Black, Indigenous and People of Color (BIPOC) and working class communities – are clear that incremental changes and reformist approaches are not sufficient to manifest the societal transformation we seek. Rather, they are calling for a Just Transition away from our current extractive, profit-driven, capitalist economic system (by “stopping the bad”) toward a more regenerative economy rooted in social equity, deep democracy and ecological sustainability (by “building the new”).

According to Climate Justice Alliance, “Of the roughly [\\$93 trillion](#) flowing throughout global financial markets in 2020, nearly [\\$1.2 trillion of that](#) came from U.S. based philanthropic investments. During that year, those same foundations gave out [\\$88.6 billion in grants](#). This means that **philanthropic institutions in the U.S contributed over 13 times the amount of money to extractive global stock markets as they did to all of their focus areas, of which solutions to the climate crisis are consistently one of the least funded issues.**”

In [Resonance: A Framework for Philanthropic Transformation](#), Justice Funders articulates a new vision for philanthropy to take an active role in building a thriving and just world by redistributing wealth, democratizing power and shifting economic control to communities. It is a vision of a [Just Transition for Philanthropy](#) that calls on foundations to fundamentally shift their assumptions on how philanthropic wealth should be managed and who should control it. One clear assertion is that grants alone will not resource our movements to the level they need to win large scale economic transformation. **A Just Transition also requires the divestment of philanthropic assets from the dominant financial system and redirecting that capital into community-controlled institutions and activities that build economic power and self determination in BIPOC communities, thereby reducing their reliance on philanthropy over the long term.** These “Just Transition investments” can make a significant contribution to nourishing local, regenerative economies that prioritize people and planet over profits, to build a world in which racial, economic and climate justice is a reality and institutional philanthropy is no longer necessary.

## Who is this Framework for?

This framework is for foundation investors who are **committed to the values and principles of Just Transition and seek to apply them to their investment strategies**, particularly around how their assets are managed. This framework can be used by executives and trustees to **set a new vision and direction such that investment officers/advisors are clear that their role as fiduciaries is to no longer maximize profits and preserve institutional wealth**. Familiarity with Just Transition and the Resonance framework are critical prerequisites for foundation investors who seek to utilize this framework. In the context of investing, values-alignment means:

- Recognizing that foundation wealth, like all other forms of accumulated wealth in the U.S., can be directly traced back to both historical and current economic practices of extraction and exploitation that have disproportionately harmed BIPOC communities;
- Understanding that the continued accumulation of wealth contributes to the extractive economy, and that the complete redistribution of wealth and power over the long-term, while meeting the urgency of the moment, are necessary components of a Just Transition;
- An awareness that market-based ESG screens, Socially Responsible Investing and shareholder activism are strategies meant to reduce harm within the dominant financial system rather than “build the new;”
- A commitment to making measurable shifts in assets out of the dominant financial system (Wall Street, venture capital and speculative real estate) and into community-controlled, movement-aligned Just Transition projects and loan funds that build economic power in BIPOC communities on the frontlines of racial, economic and climate justice that are nourishing local, regenerative solidarity economies.

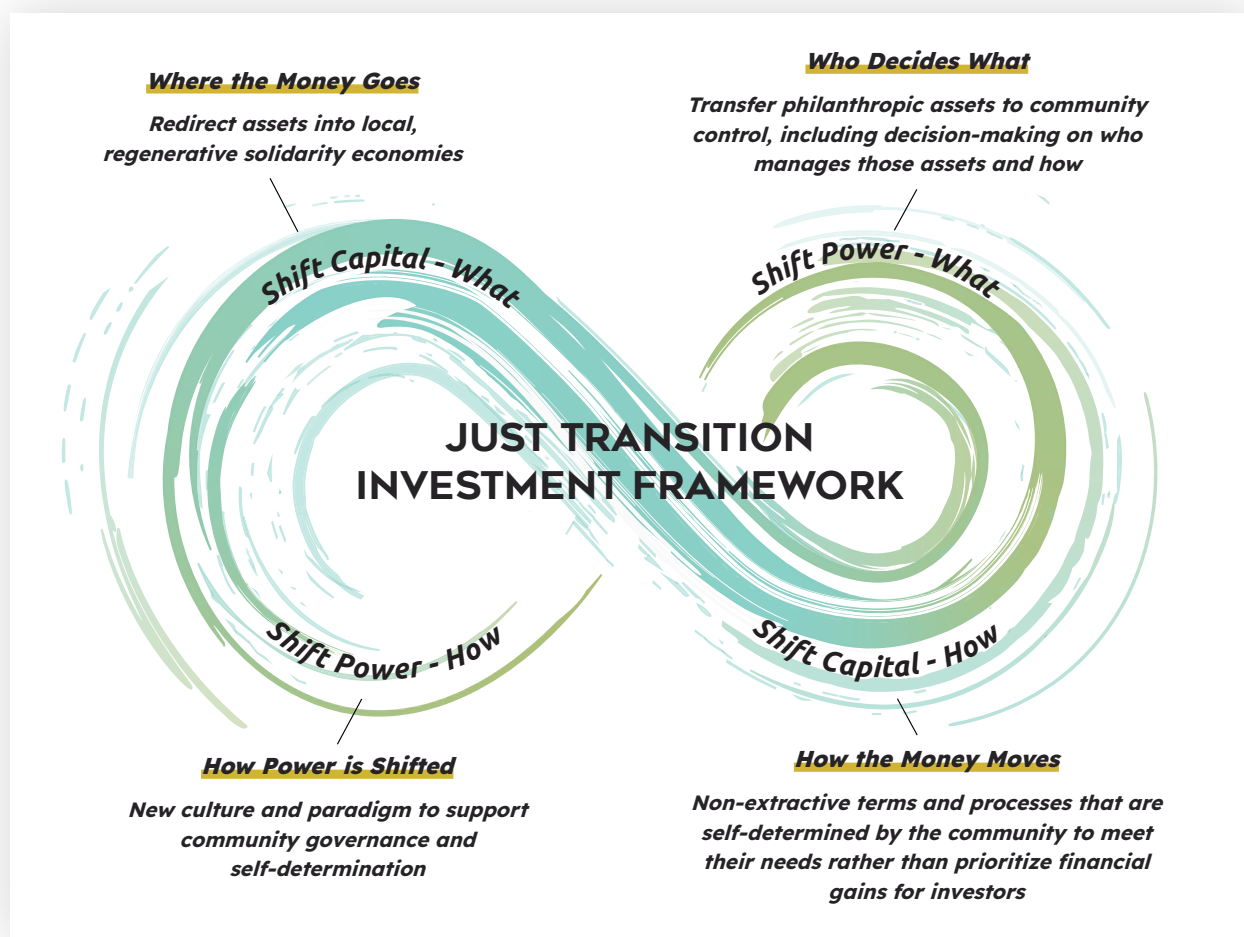
## Grounding in Just Transition and Solidarity Economy

In addition to Movement Generation’s “Banks and Tanks,” there are a variety of frameworks and definitions by frontline BIPOC communities that touch on common threads of “stopping the bad” and “building the new,” to move away from an extractive economy to a regenerative economic, social and political paradigm. While this framework was developed for use within a U.S. context, we recognize that the movements we seek to support are those which draw significant inspiration from other cultures, particularly those of the Global South.

- [Just Transition: A Framework for Change](#) by Climate Justice Alliance
- [Indigenous Just Transition principles](#) by Indigenous Environmental Network
- [People’s Orientation to a Regenerative Economy](#) by United Frontline Table
- [Solidarity Economy Primer](#) by Emily Kawano in Nonprofit Quarterly
- [Restorative Economics](#) by Nwamaka Agbo

# JUST TRANSITION INVESTING = WHAT + HOW *and* SHIFTING CAPITAL + POWER

Applying the values and principles of Just Transition to investing means not only shifting capital, but also shifting power; and it is not only about what shifting capital and power looks like, but also how it is done.



While this framework includes four sections presented in a particular order, we recognize that there are many overlaps between the sections and that this work is often non-linear, iterative and cyclical. While this framework is focused on tactical steps toward shifting capital and power, we are clear that there are no silver bullets or shortcuts, and that we must all be responsible for understanding the holistic and historical context in which this work takes place and that our actions must go beyond the transactional, and toward repair and transformation.

*In the pages that follow, we share what each one of the sections looks like in practice including an overview, specific practices to employ, and common pitfalls and false solutions to avoid.*



## SHIFT CAPITAL | WHAT

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**Overview:** Investing in a Just Transition means redirecting capital away from the extractive economy and toward local, regenerative solidarity economies that build economic power and self-determination in Black, Indigenous and People of Color (BIPOC) communities on the frontlines of social, economic and racial injustice. The building blocks of local, regenerative solidarity economies are community-controlled institutions that are rooted in social justice movements and provide for everyone's needs, including cooperative housing, community land trusts, worker-owned enterprises, community-owned renewable energy and community-governed loan funds. Integrated capital approaches – including the coordination of grant dollars with investment capital – are critical for these efforts to succeed.

### ✓ **Invest foundation assets in local, regenerative solidarity economies**

#### **The qualities of Just Transition investments include:**

- Led, owned and governed by frontline BIPOC communities who have been most harmed by the extractive economy; and designed to build economic power and self-determination
- Practice shared/democratic decision-making and distributed power
- Prioritize people and planet over profit
- Respects right relationship with the earth and ecological practices
- Rooted in the leadership, values and priorities of social justice movements; e.g. the same organizations, alliances and ecosystems that are employing organizing and movement building strategies to affect transformative social change

#### **Types of Just Transition investment include:**

- **Land & real estate projects:** Removing land and housing from the speculative market, to be cooperatively owned and stewarded by frontline BIPOC communities from whom these resources have been stolen, is central to a Just Transition. This includes, but is not limited to, repatriation of land to Indigenous communities, land acquisition for BIPOC farmers and land stewards, and cooperatively owned housing and real estate like community land trusts and Permanent Real Estate Cooperatives (PRECs). Access to permanently affordable land and housing nurtures safe, stable and sustainable communities; strengthens communities' connection to natural ecosystems and cultures rooted in place; and allows communities to build and create their own solutions for climate justice, food sovereignty and economic prosperity.



- **Community-controlled financial infrastructure:** Democratic, non-extractive loan funds and other financial infrastructure build local communities' capacity to collectively govern wealth in ways that meet their needs, thereby reducing their reliance on external forces such as institutional philanthropy or predatory lending.
- **Products and services created by and for frontline BIPOC communities:** Communities that have been excluded from the extractive economy are creating solutions to meet their everyday needs while also addressing systemic injustices, including new technologies that advance food justice (e.g., [aeropically grown heirloom produce](#)) and climate justice (e.g., [cooperatively-owned community solar projects](#)).
- **Regenerative systems:** The preservation and return of traditional knowledge, languages, practices (e.g. medicine) and ecologies (e.g. buffalo ranges) are a critical component of repairing the harms of colonization, slavery and racial capitalism toward building a racially just and regenerative economy.

#### Examples of Just Transition investments include:

- Regenerative loan funds such as Climate Justice Alliance's [Our Power Loan Fund](#), [Right to the City Alliance's](#) Revolving Loan Fund, [NDN Fund](#), [Indigenous Environmental Network's](#) Regenerative Community Loan Fund, Native Women Lead's [Matriarch Restorative Fund](#), [Black Farmer Fund](#), [REAL People's Fund](#), [RUNWAY](#), Boston Ujima Project's [Ujima Fund](#), [Seed Commons](#), [The People's Land Fund](#), [Equitable Food Oriented Development](#) collaborative.
- Regenerative Projects such as [Earth-Bound Building](#) (worker-owned construction cooperative), Urban Tilth's [North Richmond Farm](#), UPROSE's [Sunset Park Solar project](#) (cooperatively-owned community solar project), [Southwest Workers Union's](#) healing & resilience center, [Community to Community Development](#) (a coop whose workers want to purchase land for a berry farm), [Dishgamu Humboldt](#) (Indigenous-led land trust), [Black Food Sovereignty Coalition's](#) farmland acquisition, [East Bay Permanent Real Estate Cooperative](#) (land & housing cooperative developer).

#### ✓ **Make direct investments into projects while also supporting intermediaries**

- Community- and movement-accountable intermediaries such as community-governed loan funds and equity funds can play a valuable role in meeting the community's needs, if they align with movement goals, and ultimately direct capital to community-controlled projects. For example, most of the regenerative loan funds mentioned above are led by BIPOC leaders who come directly from – and remain deeply rooted in – the communities, projects and organizations that their funds support. Community – and movement-accountable intermediaries can provide critical legal and administrative support, offer technical assistance and pre-development support, and buffer communities from extractive investors. They can also shift decision-making power away from investors, increasing access to resources for BIPOC-led projects deemed as too “risky” by wealthy investors.

- On the other hand, intermediaries that are not community- or movement-accountable can create their own barriers or replicate the extractive practices of traditional financial institutions. Especially when timing is critical, a direct investment may be faster, and projects may receive a larger portion of the funding without passing through an intermediary.

### ✓ **Scale across, rather than up**

- Traditional investor notions of “scaling up” as a measure of success are misaligned with how movements understand getting to scale. Community-led Just Transition solutions are place-based and context-specific, and it is through their replication and aggregation that movements achieve scale. Likewise, making investments in a range of community-led solutions is how investors can achieve scale in ways that support the self-determination of each community to meet their unique needs and priorities.

### ✓ **Start somewhere, experiment, and then keep going**

- The work of ushering a Just Transition requires us all to try things we’ve never tried and never even thought were possible. This means not letting the fear of failure or desire to do things perfectly get in the way of making at least one Just Transition investment, learning along the way, and making adjustments as needed.
- A “carve out” (of 5%, 10% or even more) of your philanthropic institution’s investment portfolio for Just Transition investments is one way to begin experimenting and learning, while figuring out long-term solutions and strategies.
- These first steps and small experiments will lay the foundation to continue dreaming and scheming about what it would look like for the investment portfolio to be as fully aligned with your philanthropic institution’s mission as the grant portfolio, so that all of the assets are being utilized to advance a Just Transition.





## **✘ Avoid common pitfalls & false solutions**

### **Beware of “greenwashing” and “impact washing”**

- The structures and institutions of the dominant financial system – including the stock market, venture capital and speculative real estate – are designed to maximize profit for investors through extraction and exploitation, thereby fueling the extractive economy.
- Even the most “responsible” stock market investments, including publicly traded companies that pursue social and environmental benefits, reinforce the dominant financial system by concentrating wealth and power.
- Some ESG screens take the “best in class” approach, identifying companies that create the least amount of harm relative to their peers. Others utilize a “racial and gender equity” lens that is narrowly focused on women and people of color executives and fund managers. Neither ESG or mainstream impact investing seeks to direct capital to movement-led Just Transition investments that build economic power in frontline BIPOC communities.

### **Recognize the role and limits of shareholder activism**

- Shareholder activism is an important strategy for changing harmful company behavior, and can be done in coordination with social movements to advance movement goals and priorities (see [Social Movement Investing framework](#) by Center for Economic Democracy).
- However, like ESG and mainstream impact investing, shareholder activism is a strategy that engages the dominant financial system without either seeking to transform the system itself or build new, alternative systems. As Audre Lorde reminds us, “The master’s tools will never dismantle the master’s house.”

### **Break away from conventional practices designed to maximize profit and accumulate wealth**

- “Prudent investor” standards and rules governing institutional investment practices such as the Uniform Prudent Management of Institutional Funds Act (UPMIFA) were created to preserve and protect institutional wealth. Most investment advisors and attorneys are ingrained in these practices that aim to preserve investors’ assets above all else.
- Breaking away from conventional practices may require hiring values-aligned investment advisors and attorneys who understand how to think and operate differently, such as changing your institution’s spending policies based on the values of redistributing wealth and ending wealth accumulation by deprioritizing financial return.



## SHIFT CAPITAL | HOW

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**Overview:** Operationalizing the values and principles of Just Transition requires investors to change their expectations in order to build a different future in which everyone lives well, without the sacrifice of others. The starting point is to center community needs and support their self-determination rather than financial gains for the investor, and being as non-extractive as possible both in the process of engaging with communities as well as in setting the terms of the investment. Investors can strive to be in right relationship with communities by sharing resources (financial or otherwise) without the expectation of financial gain, bearing the risk of financial loss, and letting go of power and control. This fundamental shift in mindsets and practices requires deep internal work on an ongoing basis at both the individual and institutional levels.

✓ **Engage in non-extractive processes that center the needs of the community and support their self-determination, not prioritize financial gains for the investor**

- **Transform the power dynamic between investors and investees** by embracing the ways in which money flows between people in deep relationship with one another: guided by trust, simplicity, fluidity and reciprocity, and treating one another and the planet with dignity and respect. These values exist in both individual relationships of loaning and borrowing money, as well as in cultural traditions of lending circles like [tandas](#) in Latin America and [asue/susu](#) in African and Caribbean cultures.
- **Strive to be in right relationship** by moving beyond transactions, creating the least amount of burden as possible, and recognizing people's full humanity. This includes being flexible and responsive to match the community's timeline and sense of urgency, and making adjustments based on their real-life circumstances to support their economic agency.
- **Respect people's time, wisdom, experience** by following basic parameters around consent (e.g., before making introductions to other investors), avoiding extractive requests (e.g., expecting BIPOC leaders to educate white donors), and compensating abundantly, even if asking for a small amount of time, because the work is always under-resourced.
- **Create dedicated time and space for investees** to make requests, name their needs and evaluate how the relationship is going. Acknowledge that frontline communities have been deprived of economic resources and have experienced trauma and disempowerment around financial knowledge for centuries, and therefore may not feel entitled to ask for what they need.
- **Learn from and mirror the practices of movement-aligned non-extractive loan funds** like [Black Farmer Fund](#), [Matriarch Restorative Fund](#), [NDN Fund](#), [Seed Commons](#) and [RUNWAY](#), among others.

✓ **Seek non-extractive investment terms that are co-created with investees and prioritize community needs**

- **Amount:** Ask how much capital the community needs, and aim to meet the need. If the amount is beyond what your individual institution can provide, actively collaborate with other institutions and advocate on behalf of communities to meet those needs together.
- **Type of capital:** Ask what type of capital (grant, loan, loan/investment guarantee, equity) the community needs, and aim to provide it. Recognize when grant capital is needed, for example when projects are still in a pre-development phase or will not generate the revenue needed to repay investors. If the community has not yet determined what type of capital they need, approach the relationship with openness to exploring all possibilities for creative financing.
- **Length:** Ask how long the community needs the investment. Ensure that the length of the investment term does not cause a financial burden to the community. Consider long-term investments, e.g. 10 years for a project or enterprise or 20 years for land or real estate acquisition. Consider forgivable loans under certain conditions.
- **Interest:** Given that foundation wealth has been accumulated through extraction, making further profits by requiring interest payments from frontline BIPOC communities with little to no financial resources is antithetical to the values of Just Transition. Rather than prioritizing financial return for themselves, investors can prioritize the community's financial well-being by allowing them to retain the returns for themselves, to be put to further use for circulation within the community, thereby building the community's economic power. Rather than using financial return to the investor as a measure of success, ask the community to define what success looks like to them. If a 0% interest rate is not possible, strive to keep interest as low as possible and keep up with the rate of inflation.

**Is interest always extractive?**

When we think about what non-extractive finance looks like in practice, the positionality and relative amount of resources stewarded individually and/or collectively matters. While requiring interest payments to foundations and other wealthy investors may be extractive, if a democratically-controlled loan fund led by frontline BIPOC communities has a limited amount of resources, asking borrowers to pay a modest amount of interest (e.g., 1-3%) can be considered not-extractive if the loan fund uses it to cover their operational costs.

## ✓ **Assume the financial risks that would jeopardize communities**

- Given the amount of wealth and power that foundations have relative to frontline BIPOC communities, it's important to consider what constitutes risk and who should bear it. For foundations with millions or billions of dollars in assets, a financial loss of a fraction of a percentage of their assets will have negligible consequences compared to the consequences that a community might face in taking that same amount of financial loss. By leveraging their tax-sheltered assets to assume financial risks, foundations can not only protect the financial well being of communities, but also help to attract other, more traditional investors with less risk tolerance.
- Collateral requirements, which are a common way for investors to mitigate financial risk, can cause undue harm to communities by jeopardizing their physical assets and financial security. Foundations can prioritize community well-being by not requiring collateral. Guarantees can be utilized but are unnecessary if foundations are willing to bear the financial risk.

## ✓ **Utilize an integrated capital approach by pairing investments with grants and other non-financial resources**

- **Pre-development grant support:** For communities that have systematically been excluded from accessing financial resources and knowledge, significant time, energy and practical/technical support may be needed to engage in the research and development phase of a project, enterprise or fund before they are ready to begin raising investment dollars. Experiences of harm and trauma from the extractive economic system may also require healing and repair to develop the capacities and skills of community members to do this work. These activities require dedicated grant funding separate from program support or general operating support that groups may be receiving. Philanthropic institutions are well-positioned to provide this pre-development grant support, which traditional investors do not provide but is critical for doing the work that is needed before investment capital can be raised.
  - **For projects:** grant dollars are needed for creating a business model & projections based on market testing; development of governance bodies; hiring & training; blueprints for construction projects; paying lawyers to help with paperwork and creating legal entities.
  - **For loan funds:** grant dollars are needed for providing technical assistance and capacity building support to projects.
  - **Other resources** that foundations can provide include the direct provision of technical assistance by their own staff members with financial or legal expertise, or introductions to technical assistance providers and consultants who are committed to engaging in non-extractive processes.



Photo Credit:  
Native Women Lead

- **Ongoing integrated capital approach:** Even once projects are “investment ready,” pairing investment capital with grant support for other areas of work such as organizing, advocacy and movement building allows groups to execute the multiple strategies that are necessary for advancing transformative social change alongside economic systems change. Grant dollars are also needed ongoingly for technical assistance and capacity building support. By utilizing integrated capital approaches, foundations can meet the various needs of the community without requiring them to raise different types of capital from different sources.
- **Access to public funding:** Foundations can also help communities access and unlock government funding (e.g., New Market Tax Credit, Low-Income Housing Tax Credit, etc.) by paying for consultants who can guide them through cumbersome application processes. Due to the complex and competitive nature of these funding streams, they can become a revolving door for well-established developers who don’t face the same barriers to capital access as frontline BIPOC communities.
- **Beyond nonprofits:** Integrated capital approaches to resourcing individual entrepreneurs and organizers, as well as non-501(c)3 organizations including LLCs and cooperatives, may require philanthropic institutions to think “outside the box” for how to provide grants, gifts and other non-recoverable financial contributions. Having values-aligned legal counsel will help to ensure that these processes are facilitated, rather than blocked, internally within your institution.



**✘ Avoid common pitfalls & false solutions**

**Move beyond “less extractive”; consider it a starting point rather than the end goal**

- Mainstream investment practices are highly transactional and extractive in nature, prioritizing profits to the investor and the protection of investor assets through high interest rates, strict underwriting criteria, high collateral requirements and complicated legal documents. Therefore, simply being “less extractive” than how traditional financial institutions operate can feel like a significant achievement. While celebrating incremental shifts, we must keep in mind that the end goal to strive toward is for communities to have what they truly need in order to thrive.

**Challenge investor-imposed notions of “readiness”**

- “Investment readiness” is traditionally defined as the capacity of an investee to understand and meet the specific needs and expectations of investors. Investors committed to prioritizing community self-determination over financial gain for themselves can redefine readiness based on the investee’s own assessment, which may include criteria such as a track record of successful community organizing and power building, the depth of relationships with grassroots partners, and a vision for change co-created with community members and movement stakeholders.
- If the community articulates that their project has not reached the point of being ready to raise investment capital, investors can ask what they need and offer the resources - financial or otherwise - that can get them there (see above, “Utilize an integrated capital approach”).





## SHIFT POWER | WHAT

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**Overview:** Shifting economic control to communities is a core component of a Just Transition. For philanthropic institutions, this means transferring decision-making power over how resources are allocated to the frontline BIPOC communities from whom wealth and power have been extracted for centuries. As philanthropic institutions relinquish power and control over their assets, they can simultaneously support the self-determination of communities to manage, grow and regenerate the collective resources they need to live with dignity and to thrive.

### ✓ **Acknowledge the source of philanthropic wealth and commit to relinquishing control**

- The accumulation, concentration and enclosure of wealth and power is the primary driver of the extractive economy. The recognition that philanthropic wealth has been accumulated through extraction and exploitation leads us to conclude that it does not “belong” to foundations, but to the frontline BIPOC communities whose labor generated that wealth to begin with.
- Repairing the harms of the extractive economy requires philanthropic institutions to relinquish economic control and transfer assets to frontline BIPOC communities in ways that support them in their struggle for self-determination and liberation.
- As a starting point, philanthropic institutions can calculate how much their endowments have grown through investments in the extractive economy (e.g., stock market) and transfer that amount into community control.

### ✓ **Trust in frontline BIPOC communities to collectively steward financial resources**

- Having been excluded from the dominant financial institutions of the extractive economy for centuries, frontline BIPOC communities have developed practices for collectively governing financial resources as a mechanism of solidarity and survival. Mutual aid, cooperative business development, and solidarity economy efforts have deep roots in domestic and global social justice movements, particularly Black power and liberation movements.
- Frontline BIPOC communities are well-positioned to be responsive in meeting the urgency of whatever situations their communities are facing, and understand how best to disburse resources including to whom, how quickly and the types of capital that are needed.

- If resourced to do so, frontline BIPOC communities can make the most appropriate investment policy decisions to meet the needs of their communities, including identifying values-aligned investment advisors and determining the investment strategies that best advance their shared goals.
- For those who have experienced systematic exclusion and harm from the extractive economic system, time and space may be needed to not only build skills and capacities to exercise collective stewardship of financial resources, but also to figure out the details of how they wish to manage those resources in ways that meet their shared needs.

### ✓ **Transfer assets into movement-led and movement-accountable vehicles**

- There are a growing number of movement-led vehicles for stewarding financial resources that are accountable to and engage the leadership of frontline BIPOC communities to collectively govern wealth and build economic power, including Climate Justice Alliance’s [Our Power Loan Fund](#), [Right to the City Alliance](#)’s Revolving Loan Fund, [NDN Fund](#), [Indigenous Environmental Network](#)’s Regenerative Community Loan Fund, Native Women Lead’s [Matriarch Restorative Fund](#), [Black Farmer Fund](#), [REAL People’s Fund](#), [RUNWAY](#), and Boston Ujima Project’s [Ujima Fund](#).
- An intermediary step is to transfer assets into **BIPOC-led, movement-accountable public foundations & intermediaries**, including the BEA Fund, CLIMA Fund, Global Greengrants Fund, Grassroots International, Groundswell Fund, Native Voices Rising, North Star Fund, Seventh Generation Fund for Indigenous Peoples, Thousand Currents and [others](#).



Photo Credit: Alec Soth (on behalf of Inquilinx Unidxs, RTCC member)

## **✘ Avoid common pitfalls & false solutions**

### **Beware of participatory practices and advisory bodies where those currently in power largely retain power**

- Whether for grantmaking or investing, “advisory boards” that invite input from frontline BIPOC communities without giving them decision-making power can be extractive of their time and knowledge. While these approaches are intended to increase diversity and representation, they allow philanthropic institutions to maintain power, with the strategies, processes and final decisions ultimately controlled by its staff and trustees.
- Similarly, participatory approaches that claim to “democratize” power while allowing staff and trustees to have control over final decisions can risk tokening participants, especially since many such approaches are resourced at such a small scale relative to the overall resources that are stewarded by an institution.

### **Be mindful and intentional about boards and investment committees**

- Inviting BIPOC community leaders to serve on boards and investment committees can be a step toward honoring their wisdom and expertise to steward financial resources. However, there is also a risk of tokenization, marginalization or representation without power or influence, particularly if those leaders are highly outnumbered. There can also be significant emotional labor required by BIPOC leaders to step into these spaces.
- Having enough board or investment committee members step aside so that frontline BIPOC leaders can hold a majority of seats at the table is more effective than if they were to hold just a few; however, this shift can take far too long to meet the urgency of the moment.
- Be aware of outsized influence by certain family or board members, in order to avoid a false pretense of shared power where the actual scope of decision-making power among BIPOC leaders is limited.
- Shifting power means having agency over the whole breadth of decision-making, including defining organizational values and purpose; determining whether or not to exist in perpetuity; setting policies and practices around the role of financial gain in investments; developing decision-making criteria and priorities for selecting investment advisors; establishing asset allocation; etc.



## SHIFT POWER | HOW

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**Overview:** Embracing the vision and values of Just Transition to redistribute wealth and power requires a fundamental shift in the culture and paradigms within institutional philanthropy that have shaped practices around how philanthropic assets are managed. As a sector that is borne out of the extractive economic system, such monumental shifts will require a radical reimagining of what is possible, along with deep internal work on an ongoing basis at the individual, institutional and field-wide levels.

### ✓ **Center frontline BIPOC communities in non-extractive relationships**

- **Being in right relationship** means recognizing every person's full humanity by leading with compassion and empathy and treating one another with dignity and respect.
- **Building non-extractive relationships** also means respecting people's time, wisdom and experience by following basic parameters around consent (e.g., before making introductions to other investors); avoiding extractive requests (e.g., expecting BIPOC leaders to educate white donors or tokenizing them in speaking opportunities or advisory boards) and compensating abundantly, even if asking for a small amount of time, because the work is always under-resourced.

### ✓ **Challenge the dominant assumptions within institutional philanthropy that are incompatible with the vision and values of Just Transition**

- Just like infinite economic growth is a necessary condition for a capitalist economy, the endless growth of assets is considered a necessary condition for the success of philanthropic institutions, fueled by the assumption that they must exist in perpetuity in order to achieve their mission.
- At the same time, the endless accumulation of wealth and power is often a goal in and of itself, evidenced by the lack of desire within the philanthropic sector to create the transformative social change and economic systems change toward building a just and thriving world in which institutional philanthropy would no longer be necessary.
- To proactively manifest this world, the philanthropic sector must redefine legacy, reject the accumulation of wealth and power and utilize all of the resources at its disposal to make itself irrelevant.



Photo Credit: EBPREC

### ✓ **Shift institutional culture and paradigms to center community needs and support community self-determination**

- As stewards of accumulated wealth, philanthropic institutions have operated on the assumption that their staff and trustees are best positioned to make decisions about how those financial resources should be managed.
- A Just Transition requires philanthropic institutions to follow the lead of BIPOC-led social justice movements and the communities to which they are accountable in determining how best to allocate their resources in support of movement priorities.
- A Just Transition also requires philanthropic institutions to not only provide frontline BIPOC communities with access to financial resources, but to also support their self-determination and collective capacity to manage those resources for themselves, including how to allocate them for their organizing and movement building work; as well as if, when and how to invest them in ways that meet community needs and advance movement goals, and how to utilize the returns generated from those investments.

### ✓ **Commit to the deep, long-term internal work and transformation**

- These fundamental shifts in culture and paradigm will not occur overnight. Deep internal work will need to take place at the individual and institutional levels, along with a radical expansion of the imagination to consider ideas and ways of operating that have never been considered in the philanthropic sector.
- This learning journey will necessitate a willingness to be uncomfortable, experiment and make mistakes. But don't let the fear or risk of failure stop you from trying!

- While shifts in individual mindsets and practices are important, they are insufficient. Philanthropic institutions must endeavor to institutionalize new practices at an organization-wide level, develop and implement new policies, and transform organizational culture to ensure lasting change, especially after the departure of specific individuals who were the initial drivers of change.

## **✘ Avoid common pitfalls & false solutions**

### **Challenge the assumption that communities need foundation support in perpetuity.**

- A charity mindset, in which foundations assume that communities need their support and require them to prove their worthiness to receive that support, is a harmful dynamic that perpetuates racial and economic injustice. Philanthropic institutions can recognize that the wealth they steward was extracted from BIPOC communities, and therefore must be redistributed in ways that repair harm, support their self-determination and build economic power to reduce their reliance on philanthropy over the long-term.

### **Break away from the messages from traditional investment advisors about the primacy of financial returns and what fiduciary responsibility means.**

- They are financially incentivized to maintain or grow foundation assets rather than support the self-determination of frontline BIPOC communities or work to create systemic change.

### **Resist the argument that status quo investing is necessary to preserve grant budgets.**

- Most philanthropic institutions have chosen to deploy the vast majority of their assets (i.e., the 95%) in ways that harm the very communities to whom they provide grant dollars with only a fraction (i.e., less than 5%) of their assets. Instead, foundations could choose to align the full power of their assets with their mission and abundantly resource BIPOC-led social justice movements in advancing transformative social change and economic systems change.



Photo Credit: East Bay Permanent Real Estate Cooperative

## WHAT BECOMES POSSIBLE WHEN WE MOVE MONEY FOR OUR MOVEMENTS AND MEET THE SCALE OF THE NEED?

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*"We'll have "economies", not an "economy"—and they are as diverse, decentralized, egalitarian and community-based as we are with our most beloved friend. The last philanthropic foundation will be sunsetting and regional committees of self-organized residents will be stewarding and re-distributing the wealth. Formerly wealthy families who have made their fortune from slavery and stolen land have given the land and wealth back and are in community through healing with Black and Indigenous community members. Money will be used as a tool and a means to an end, not the end itself.*

*Economic development—the ability of people to meet their needs through food, shelter, water, and land—is no longer determined by outside developers & disinterested bureaucrats, but rather by communities themselves working every day to sustain and support their families and neighbors. Mutual care, cooperation, solidarity, and love have become our most valuable assets when wealth has been redistributed and money, at long last, is no object."*

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Annie McShiras, East Bay Permanent Real Estate Cooperative

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