From Rapid Response to Empowerment Economics: 
Funder Strategies for Shifting Wealth and Power Beyond 2020

February 2021
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Introduction
As part of the U.S. policy landscape, the philanthropic sector plays a direct, crucial role in ensuring that economically stressed communities can thrive. In times of crisis, philanthropy fills the gaps left by unresponsive or slow policy systems. The COVID-19 pandemic, an economic recession, a polarized and stalled government, and highly visible instances of police violence against Black communities defined the nature of the crisis we faced in 2020.

Historically, funding practices have been inequitable, reflecting the racial disparities we see across sectors: Looking at early-stage organizations, white-led nonprofits’ unrestricted net assets are 76 percent larger than those held by Black-led organizations. Only 11 percent of “big bets for social change” between 2010 and 2014 went to nonprofits headed by people of color. Fashioned, structured, and funneled through philanthropy and policy, the way that resources are currently distributed creates unequal conditions in our communities. Those conditions ensured that existing health disparities would be further exacerbated by COVID-19, leading to disproportionately high infection and fatality rates in communities of color.

Many national and local foundations embraced 2020 as an opportunity to change their practices and provide flexible operating grants, channeling resources directly to organizations working on the frontlines in communities of color. In particular, funders who prioritize economic justice, asset-building, community development, immigrant integration, and racial justice found ways to directly support the capacity of small community-based organizations and advocates with unrestricted funds. They also reduced the burden of evaluation and revised their impact measures, focusing primarily on funding rapid responses to urgent needs. These actions align with a small but growing movement within philanthropy that centers communities of color and targets funding towards long-term, upstream solutions that address the root causes of inequities.

As researchers, we have been inspired by these actions and have seen how Empowerment Economics can be a catalyst for funders and community leaders to shift power relations and develop equitable funding practices that benefit Indigenous, Black, and other communities of color. As we begin to look ahead and imagine a new post-pandemic society, we pose the following questions:

- How can philanthropy effectively target resources to ensure an equitable recovery?
- How can foundations support communities in creating local systems of well-being with far-reaching ripple effects?
- What specific funding strategies might reorganize the underlying conditions of wealth and power in communities towards greater equity?
This brief synthesizes key insights from interviews held with staff working in foundations across the United States and provides strategic recommendations for increasing equity in philanthropy. We highlight Empowerment Economics as a framework that can help philanthropic leaders sustain and build on this critical work. Ultimately, by continuing to engage funders and community leaders on issues related to power, funding strategies, and racial and economic justice, our goal is to collectively build a more equitable policy landscape.

**Empowerment Economics**

Empowerment Economics is a multigenerational, culturally responsive approach to building wealth and power. Developed by and for low-income Asian American and Pacific Islander (AAPI) and other communities of color, this concept grew out of a collaborative research partnership between National CAPACD, Hawaiian Community Assets, and the Institute for Economic and Racial Equity.

Financial capability programs have seen some success over the years, assisting low-income families in reducing debt, preventing foreclosures or buying houses, accessing higher education, and/or reducing financial insecurity. However, these programs largely do not address the root causes of wealth inequality. In addition, research has shown that due to intergenerational wealth transfers and discriminatory policies and practices, it costs more for families of color to build wealth by acquiring assets.

For practitioners and funders alike, Empowerment Economics offers a community-driven, culturally relevant, holistic path toward greater equity. This approach shifts the focus from individuals to systems. Empowerment Economics challenges the idea that families living in poverty need only to learn and follow specific rules to achieve economic security and mobility. Instead, Empowerment Economics asks that we step back and critically consider the existing structures and systems that perpetuate inequity, especially within communities of color. Particularly for foundations yet to intentionally examine the ideas of wealth and power and their roles in perpetuating or changing related societal structures, Empowerment Economics could be beneficial in initiating and engaging in those conversations.


- a rootedness in cultural values and practices;
- a reorientation of the goals from individual wealth to family and community wealth;
- a dependence on intergenerational learning and action;
- empowerment of individuals and communities; and
- an acknowledgment of historical and contemporary policies that contribute to wealth inequality and a desire to create systemic change.
The funders interviewed for this brief represent the Asset Funders Network (AFN); a national financial institution; and community, corporate, and private family foundations, a number of whom are members of AFN. Conducted over the summer of 2020, the interviews were designed to learn how funders were engaging with the asset-building field and source reactions to Empowerment Economics as a viable approach for philanthropy. In particular, the interviews drew on *Evaluating Empowerment Economics: A Preliminary Framework for Assessing Innovations in Financial Capability* to illustrate the multi-level, multi-focal nature of Empowerment Economics (see Figure 2 on the following page).

In the interviews, funders described a philanthropic field that is, in general, fractured and risk averse. One noted that “as a whole, [the philanthropic field] hasn’t been thinking about the connectedness of the different pieces of their work,” while another grantmaker pointed out that “most of the time, no one wants to be first [in funding a new project].” While some funders in the field are focused on changing narratives, redirecting power to marginalized communities, and supporting financial capability efforts, change is often still conceptualized at the individual level. Regardless, though the broader philanthropic field is not yet aligned, several funders mentioned how their organizations are, or have been, shifting in response to the needs and demands of their grantees and watershed moments such as the coronavirus pandemic and the United States’ continued fight for racial equity.
### Figure 2: Empowerment Economics Evaluation Framework Matrix

<table>
<thead>
<tr>
<th>Locus of Impact →</th>
<th>Individual Level</th>
<th>Family Level</th>
<th>Community Level</th>
<th>Systemic Level</th>
</tr>
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<tbody>
<tr>
<td><strong>Focus of Impact ↓</strong></td>
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<tr>
<td><strong>Financial Capability &amp; Wealth</strong></td>
<td>• Financial behavior</td>
<td>• Family/household background information</td>
<td>• Community resource sharing and exchange</td>
<td>• Policies and practices at the local, state, and national levels which support equity, empowerment, and self-determination for communities of color</td>
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<td></td>
<td>• Financial attitudes</td>
<td>• Family/household financial status</td>
<td>• Community wealth</td>
<td></td>
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<td></td>
<td>• Financial education</td>
<td>• Family/household financial dynamics</td>
<td>• Community access to financial services</td>
<td></td>
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<tr>
<td></td>
<td>• Financial knowledge</td>
<td>• Housing stability &amp; costs</td>
<td>• Community access to high quality education</td>
<td></td>
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<td></td>
<td>• Financial self-efficacy</td>
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<td></td>
<td>• Financial well-being</td>
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<td></td>
<td>• Financial capability</td>
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<tr>
<td></td>
<td>• Financial stability</td>
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<td></td>
<td>• Training &amp; educational attainment</td>
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<td></td>
<td>• Access to education and workforce training</td>
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<tr>
<td><strong>New Narratives</strong></td>
<td>• Civic engagement &amp; political participation</td>
<td>• Family participation in civic life, politics, or social activism.</td>
<td>• Strategic &amp; intersectional political alliances</td>
<td></td>
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<tr>
<td></td>
<td>• Critical consciousness of systems of power and privilege</td>
<td>• Family self-advocacy</td>
<td>• Political representation &amp; advocacy by and for the community</td>
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<td></td>
<td>• Social justice activism</td>
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<tr>
<td></td>
<td>• Self-efficacy &amp; self-determination</td>
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<tr>
<td><strong>Multi-generational Connectedness</strong></td>
<td>• Identity rooted in multigenerational family history</td>
<td>• Multigenerational exchange about and resistance to harmful subordinate group narratives</td>
<td>• Resistance to “blame the victim” narratives about causes of inequities within community</td>
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<td></td>
<td>• Valuing the importance of teaching &amp; learning from other generations</td>
<td>• Multigenerational interdependence and solidarity between family members</td>
<td>• Community action to create/adopt affirmative narratives about communities of color</td>
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<tr>
<td></td>
<td></td>
<td>• Multigenerational family resilience</td>
<td></td>
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<tr>
<td><strong>Cultural Connectedness</strong></td>
<td>• Rootedness in cultural, spiritual, and historical identities</td>
<td>• Multigenerational sharing of cultural, spiritual, and historical practices &amp; values</td>
<td>• Community engagement &amp; organizing efforts are culturally and linguistically rooted</td>
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<tr>
<td></td>
<td>• Facility navigating cultural identities and assuming power in white spaces</td>
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<tr>
<td><strong>Well-Being</strong></td>
<td>• Perceived personal safety</td>
<td>• Safety in the home</td>
<td>• Clean, safe, green neighborhoods</td>
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<td></td>
<td>• Food security</td>
<td>• Family food security</td>
<td>• Community health status</td>
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<td></td>
<td>• Physical health</td>
<td>• Family cohesion/solidarity</td>
<td>• High quality, accessible, culturally rooted community health services</td>
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<td></td>
<td>• Psychological &amp; spiritual well-being</td>
<td>• Family caregiving and receiving</td>
<td>• High quality community services &amp; amenities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Individual &amp; cultural resilience</td>
<td>• Family influences on health</td>
<td>• Community social connectedness</td>
<td></td>
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<tr>
<td></td>
<td>• Health beliefs &amp; attitudes</td>
<td>• Family healing from trauma</td>
<td>• Promoting process of reconciliation and healing from community-wide historical trauma</td>
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<td></td>
<td>• Health behaviors</td>
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<tr>
<td></td>
<td>• Strong social connections/networks</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>• Healing from trauma</td>
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</table>
Funders are engaged in efforts to move the philanthropic field toward community- and systemic-levels of awareness and include an understanding of multigenerational connectedness in the work. Increasingly, philanthropic organizations are “recognizing they have to provide a space of access, support, and services to help communities heal.” Foundations are in the process of “letting the community inform what we do. We’re stepping back and saying, ‘Here is some information. You tell us—what are your priorities? How should we be supporting your work?’”

Funders indicated that their organizations have internalized the needs of the community in the following ways:

- Using a collective impact model to engage people on major issues.
- Focusing on improving access to capital for community-based small businesses and entrepreneurs. One funder mentioned their organization’s work in providing grants and loans to community development financial institutions, which can then offer community businesses that money at low interest rates.
- Making metrics more equitable and less cumbersome. One foundation is asking community-based organizations to self-define success and being flexible in the length of time grantees track metrics. Another shared their organization’s framework that is being used to ensure all funding initiatives are using the same measurement standard.
- Having intentional conversations at the board- and organizational-levels about how to directly support communities of color.

**Empowerment Economics: Initial Reactions from the Field**

Of the funders interviewed, most saw value in the overall approach of Empowerment Economics and the evaluation framework matrix. The matrix offers users the ability to evaluate their organizations’ work in six domains—Financial Capability and Wealth, Power, New Narratives, Multigenerational Connectedness, Cultural Connectedness, and Well-being—across four levels of impact, namely at the individual, family, community, and systemic levels. Interviewees appreciated the matrix’s holistic structure, describing it as a useful tool for reflection and assessment of existing grantmaking practices. They noted that the tool provides language that clearly articulates “principles of trust-based philanthropy and centering community voices,” values that they believe are occasionally difficult to communicate well. Overall, funders saw the matrix as a way to move the field’s conversation toward more “holistic and community-centric” grantmaking.

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“The framework “pushes the philanthropic field—and us, in particular—to get beyond direct service and individual grantmaking. It pushes us to think deeply about where our grantmaking shows up on the [matrix].”

- Funder
Funders saw Empowerment Economics as a lens through which foundations could engage with grantees’ work. One mentioned that the framework could “give structure to grantees and give them a way to frame what they’re doing in a way that shows the cross-sectoral nature of their work.” Grantmakers adopting Empowerment Economics as a lens could have ripple effects across the field, with grantees better positioned to “leverage more resources from foundations if [funders] are all operating with such shared values and goals.” At the same time, one of the core elements of Empowerment Economics is wealth- and power-building—that programs build power to define and build wealth. Equity necessitates that funders see themselves as real partners with community organizations, making funding and measurement decisions in collaboration with community leaders instead of imposing predetermined metrics or frameworks on grantees and their work. Empowerment Economics could serve as a tool to facilitate more equitable discussions between funders and community leaders, co-generating shared goals and holistic outcomes.

**Existing Engagement with the Core Elements of Empowerment Economics**

With the multidimensional, multi-focal nature of Empowerment Economics, many funders are already incorporating various elements of this approach in their current work, even if not conceptualized as such. Foundations are mostly engaging with Empowerment Economics along the levels of impact, focusing on creating change at an individual, family, community, or systemic level, and less so in a particular domain.

**Examples of How Funders are Engaging with the Matrix**

- One funder is focusing on *Multigenerational Connectedness* in trying to answer the question, “What would it mean to develop climate resilience leaders within a family and include the parent, children, and grandparents in this process?” This grantmaker shared their goal of wanting to activate the diverse skills and voices within families and engage in multigenerational self-empowerment in order to answer this particular question.

- One grantmaker is engaging in the work of creating *New Narratives* by partnering with a local newspaper to address the stereotypes that people in their state may have about aging, framing these issues in the context of aging in a healthy way.

- A number of grantmaking organizations are engaging in more *systemic change* through advocating for policies that affect the communities they care about. One foundation recently shifted to centering communities and engaging in difficult conversations with their stakeholders about power and privilege. Although many of those stakeholders viewed those conversations as too political, this funder nevertheless reiterated that they intend to continue reflecting on their privilege and advocating for policies that improve the lives of the communities they fund.
Many grantmakers are attempting to shift their target locus of change from an individual one to family, community, and systemic levels. Several funders reiterated the importance of letting go of their institutional power and establishing a “community knows best” mentality when funding issues and working with grantees to track success. Other foundations are having more intentional conversations with colleagues on what it looks like to fund projects and issues that strengthen the community and establish community cohesion rather than focusing primarily on the individual.

The Future of Empowerment Economics in Philanthropy

2020 marked an unprecedented moment in history, one that provided grantmakers an opportunity to critically evaluate the philanthropic field and determine how foundations can positively influence grantmaking. Cognizant of the difficulty in connecting grantmaking to systemic change, a funder mentioned that this was an opportunity to “show funders how they are in it and how they influence those systems.” It is important to note that not all foundations are thinking strategically or holistically about systems and the different domains outlined in Empowerment Economics, and that the philanthropic sector is still largely hesitant to discuss terms around shifting power—power that was accumulated through the wealth-stripping of low-income communities of color. As one grantmaker phrased it, “If it is challenging for foundations to talk about this, in this moment, then we have a long way to go.”

Regardless of where foundations are in the process of employing more equitable funding practices, this concept is growing in the philanthropic sector as funders seek to connect with others wanting to adopt more equitable grantmaking practices and revolutionize the field. A number of foundations are already engaged in shifting power dynamics and changing narratives. There is a growing hope and vision among grantmakers for the field to embrace a less siloed future, one in which funders collaborate within states, across sectors, and on shared ideals. Specifically, funders expressed the desire for collaboration with their peers on conversations around Empowerment Economics, with some initial questions being “To what extent does this resonate with us collectively? What could we do to try to move it forward?”

Embedding Empowerment Economics in philanthropy will lead to more trust-based grantmaking as part of a “movement toward equitable evaluations.” Described by funders as an “emerging trend in philanthropy,” this movement focuses on how a community defines and measures its success, instead of measuring success solely from a foundation’s perspective. With a greater field-wide focus on racial and economic justice, funders believe that there will “be even more interest and tools in Empowerment Economics, which takes that traditional theory and [turns] it on its head.”

“I think we should just hand [wealth and power] over to communities to create.”

- Funder
Recommendations

Philanthropy, like many other sectors, is reacting to the current crisis of the economic fallout from the coronavirus and engaging in new community conversations on racial justice. At this crucial point in history, numerous funders are reevaluating their funding practices. The following recommendations are made with grantmakers’ current efforts in mind.

1. **Create spaces for funders to collaborate and share challenges directly related to shifting power and wealth dynamics, highlight best practices, and support one another.** Currently, grantmakers see themselves operating in silos. The lack of spaces for funders to share their struggles as well as ideas is telling. While some leaders are actively grappling with the power that comes with granting sizeable amounts of money to communities, they represent a small group of funders involved in this work. There is an appetite and desire to push more foundations toward an equitable funding strategy and relationship-building process with grantees. Creating events, collaboratives, and other spaces for funders to regularly come together to support each other as they try to embody equity is critical to the growth and expansion of equity-driven philanthropy.

2. **Engage grantmakers and community-based organizations in shared spaces and build more trust-based philanthropy.** Many funders recognize the need to let go of systems that inhibit trust and equitable funding for community-based organizations. In reevaluating philanthropic practices, it is imperative that foundations first establish relationships with communities of color and work toward building trust. These relationships must be authentic and sustained over time in order to fundamentally change current practices and make trust-based philanthropy possible. Grantmakers must listen to those most impacted by their current funding decisions. Similar to the previous recommendation, creating and holding intentional, shared spaces in which funders and community-based organizations are present together can foster mutual understanding and begin the process of building trust. By bringing funders and grantees together to listen and learn, foundations can begin to co-develop more equitable funding practices with current and potential grantee organizations.

3. **Engage top decision-makers and senior leaders in foundations.** There is still a need to ensure that people with the most amount of decision-making power in their institutions (e.g., the board and donors) understand their role in and the importance of engaging in equitable shifts within their institution and the philanthropic field. Certain funder networks have addressed this challenge by offering resources to organize board members around equity and educate them on their shared roles of policy advocate and funder. Individual funding institutions—certainly the philanthropic sector writ large—cannot fully embody equity until those in power understand its value. It is therefore important to create and share resources and opportunities to support foundation staff in meeting top decision-makers at their current level of understanding while pushing them toward a more equity-oriented mindset.
Looking Ahead
By using Empowerment Economics as a tool to engage other funders in conversation and expand the knowledge of the field, philanthropic leaders can reflect on the extent to which their work builds and redistributes power in addition to wealth. Communities and organizations of color have long led the fight for racial and economic justice, working across sectors and in communities with a deep sense of the urgency needed to effect long-lasting change. Empowerment Economics offers a community-driven, locally rooted, and culturally responsive approach to growing wealth and power in low-income communities of color. The practice of Empowerment Economics involves multidimensional, place-based work that transforms relationships within and across different levels of society. In deepening funders’ awareness of and engagement with Empowerment Economics, we believe that the philanthropic field can create systemic impact, shift existing power structures, and develop equitable funding practices, moving our society closer to racial and economic justice for all.

Empowerment Economics: Origins and Related Work
In 2017, core organizational partners Hawaiian Community Assets, National CAPACD, and the Institute for Economic and Racial Equity coined the term Empowerment Economics in a case study describing HCA’s work. Since then, National CAPACD has built a network of AAPI organizations that were already practicing or are currently creating their own versions of Empowerment Economics. In practice, Empowerment Economics looks different in every community, depending on that community’s specific history, strengths, and goals. However, there are six core elements that are consistently present: community-driven, culturally connected, narrative-changing, holistic, multigenerational, and wealth- and power-building. The second Empowerment Economics case study on HANA Center’s youth empowerment program provides a compelling example of what this approach looks like at a Korean organization hosting a multi-ethnic youth afterschool program.

As of 2020, a preliminary evaluation framework and a landscape review of innovations in financial capability in AAPI communities have been published as part of describing and evaluating Empowerment Economics and the financial capability field at large. Ongoing work in Empowerment Economics includes the development of an evaluation tool for practitioners and funders, expanding the base of practitioners applying the core elements of Empowerment Economics to their work, and partnering with the Native American Youth and Family Center (NAYA) on a third Empowerment Economics case study.