

POTENTIAL AND LIMITATIONS OF SOCIAL JUSTICE GRANTMAKING

(Report II)

**A paper written by the
Centre for Voluntary Sector Research and Development
(Carleton University and the University of Ottawa)
for Community Foundations of Canada's project:
Social Justice Grantmaking –Moving Beyond Traditional Charitable
Roles**

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A community foundation can do more than remind us of the fact that communities are founded on values; it can also actively nurture those values.

Dwight Allison, former chairman of the Boston Foundation

A foundation, if it is to be worth anything, cannot be morally neutral. It must be guided by a set of values – must stand for something.

Alan Pifer, former head of the Carnegie Foundation

Community foundations are generous, creative and community minded. There is something essential about a community itself saying: "This is what matters. This is how we want to enhance our quality of life." In many ways we provide the venture capital for those desires and dreams.

Monica Patten, President, Community Foundations of Canada



Community Foundations
of Canada

Fondations
communautaires
du Canada

301-75 rue Albert Street
Ottawa ON
Canada K1P 5E7

T +1-613-236-2664
F +1-613-236-1621
info@community-fdn.ca
www.community-fdn.ca

In our first report *Social Justice Grantmaking: Finding Common Language*, we noted that the term "social justice" is not often used in the context of foundation grantmaking. However, this does not mean that foundations are not interested in social justice or that they are not currently active in social justice grantmaking. In practice, what we refer to as social justice often appears under the name of "social development", "social action," "social inclusion" and, especially in the United States, "social change". All of these terms reflect a constant idea of addressing the root causes of social problems. For our purposes, social justice includes both the direct provision of basic services where they are most needed and social justice advocacy efforts to promote human equality¹ by targeting the underlying conditions that foster inequality, lack of opportunity, discrimination and economic exploitation. Therefore, in our examination of current practices of social justice grantmaking, we have compiled information based on the *concept* of "social justice" grantmaking rather than limiting ourselves to specific usage of the *term* itself. Ultimately, we believe that concern for social justice should be reflected in all the activities community foundations undertake; it should echo through all their practices, like taking a leadership role and creating dialogue in their communities.

This report will provide a scan of current practices related to social justice grantmaking by both foundations and community organisations. It also includes an analysis of the challenges and constraints to its effective practice and an assessment of the potential of social justice grantmaking. This will include a focus on public policy and the regulatory environment in Canada, which serves to enable or hinder social justice grantmaking. Briefly, survey findings reveal that while there is limited participation by community foundations in social justice projects, there is a strong desire for exploring and increasing support for social justice activities. Undoubtedly, foundations feel that they have a leadership role to play on social justice issues.

I. CURRENT PRACTICES

Grantmaking in Canada

There are good sources of information providing quantitative data on the voluntary sector² but unfortunately, they do not provide an overview of the sector. Ketchum reports 2,700 active foundations in Canada in 1999, with 1,350 actively making grants. Their assets are almost \$4 billion and they award grants in the range of \$475 million each year. This has increased in the year 2000 to 1,684 and the amount granted increased to \$848 million.³ Added to the private foundations are the 121 community foundations; they hold assets of \$1.6 billion and in the year 2001 they

¹ Carson, Emmet D., 1999, "The Roles of Indigenous and Institutional Philanthropy in Advancing Social Justice", in *Philanthropy and the Nonprofit Sector in a Changing America*, ed. by Charles T. Clotfelter and Thomas Erlich.

² Statistics Canada, with financial assistance of the Kahanoff Foundation, is developing the Nonprofit Sector Knowledge Base Project, website www.statcan.ca. There are also National Surveys of Giving, Volunteering and Participation (1997, 1999). There is a Survey of Voluntary Activity for 1987. Revenue Canada produces standard tables showing number of donations. They are available at www.cra-adrc.gc.ca. Information taken from *The Daily*, Statistics Canada, June 12, 2000.

³ Community Foundations of Canada, 1999-2000 Members Guide & Directory; and *Philanthropic Trends*, pg. 10.

made over \$78 million in grants.⁴ By far the largest community foundation is the Vancouver Foundation, which holds over half of the assets of all community foundations in Canada.

Giving is dominated by the top 5% of foundations, more or less 50 foundations which control two-thirds of all foundation assets and give two-thirds of all foundation grants. The remaining 50% grant small amounts. 80% of all grants made by Canadian foundations are for amounts less than \$5,000.⁵

Giving has tended to cluster in three areas: social services, health and education.⁶ The best Canadian data on foundation grantmaking activities is from the Canadian Centre for Philanthropy.⁷ They found that in 1993 welfare, education, and health made up 64% of all grants and 71% of all grant monies out of a total of 27,915 grants with a total value of over \$282 million. This trend continued as recently 1999.⁸

The contributions for 1993 broke down as follows:

	Public Foundations	Private Foundations	Charitable Organizations
Welfare	22.8%	35.8%	16.1%
Health	23.5	7.7	9.5
Education	19.4	23.7	14.1
Religious	11.1	9.1	45.8
Comm. Benefit	16.3	10.4	13.6
Other	6.0	13.3	0.8
Group Total	100.0%	100.0%	100.0%

Source: Canadian Centre for Philanthropy, 1993

It is safe to assume that most of contributions were *not* for social justice projects. For example, the education category would include grants made to support scholarships. This would not be considered social justice grantmaking, unless the scholarships specifically targeted students who would not otherwise be able to continue their education. Similarly, health projects can range from the purchase of equipment for hospitals, which would not be considered a social justice project, to providing easier access to health care clinics in low-income areas, which would. Thus to understand how much social justice grantmaking currently exists would require a review of a representative sample of grants, and in the future, a new category of reporting for grants. To our knowledge this has not been done in Canada.

⁴ Ibiden.

⁵ Ibiden.

⁶ Ibiden, pg.10

⁷ Michael H. Hall, Laura G. Macpherson, 1995, "Foundations: A Potential Source of Funding For Charities?" Canadian Centre for Philanthropy, *Research Bulletin*, vol.2, no.4 (October 1995).

⁸ *Philanthropic Trends*, 1999, pg. 2. The figures for this year show religious organizations receiving the largest amount, followed by health, social service and education. The prominence of the religious grantmaking is due to the fact that these amounts were not broken down by who was making the grant. Thus, the figures are biased towards the largest group of givers, individuals.

In 2001, Community Foundations of Canada took the first step through a survey of 30 Canadian foundations, 25 community foundations and five private foundations.⁹ Their findings included:

- 50% of the foundations have provided grants for social justice projects in response to funding requests; 17% have strategically supported social justice projects; 27% have not provided any funding for social justice projects but some may be interested in considering it in the future.
- Collectively, these foundations awarded over \$7.7 million in social justice projects through 235 grants; these amounts include \$6.4 million from 155 grants from the three most active foundations.
- Nine of the 30 foundations contributed less than a quarter of their total grantmaking to social justice projects. Two contributed 50-75% of their total grantmaking and another two contributed over 76%. The other 17 did (could) not answer.

It is difficult to extrapolate these figures for all Canadian foundations, as most foundations do not capture data under the category of "social justice" and what constitutes a social justice project is still open to interpretation.

The survey also provided information on social justice related activities that the foundations have undertaken. This support has primarily been through information sharing, networking, leveraging partnerships, and convening meetings to address social justice issues. One foundation, the Atkinson Charitable Foundation, has shown a very deep concern for social justice principles to the extent that some of their asset base has been invested with community development banks and financial institutions that engage in ethical investment practices.

An important trend to note is the emergent sector of social entrepreneurship or venture philanthropy. Canadian foundations seem to be moving in that direction as foundations like the Kahanoff Foundation in Calgary and the Ivey Foundation in Toronto are describing themselves as "venture philanthropists" or "social entrepreneurs". The McConnell Foundation has described itself as a "strategic investor", open to "experimentation and risk". The Atkinson Foundation believes its mandate is to provide "risk capital" to the charitable sector. By this, they mean "nonprofits using the market either to generate income for mission-driven activities or to provide social benefits through outcomes such as employment. It also embraces new thinking about how private sector methods, tools, and approaches can be appropriated by nonprofits or their institutional funders to creatively improve performance and impact."¹⁰ Related concepts include 'venture philanthropy', which uses business discipline and social entrepreneurship principles to invest in the NGO

⁹ Community Foundations of Canada, 2002, *Consultation on Foundations and Social Justice*, (Ottawa: Community Foundations of Canada).

¹⁰ Tim Draimin, "Engaging the New Social Entrepreneurism: Recent Revenue Diversification Strategies of Canadian and Latin American Nonprofits", ARNOVA 29th Annual Conference, November 2000, pg.2.

sector, and 'strategic philanthropy' which links corporate charitable giving to business measured objectives.

Grantmaking in the United States

There is much more information available on the status of social justice grantmaking in the United States. The first major study in 1989 estimated that 1.1% of private foundation grants went towards progressive social movements.¹¹ (Only a portion of these grants, or 0.2% of the total, went to projects of grassroots social movement organisations.) Adding public and religious charities would bring an annual total in the late 1980s of approximately US\$100 million directed towards what we would consider social justice projects.¹² More recently, foundation giving was estimated to have been US\$13.8 billion in domestic grants distributed in 1997; out of this total, US\$336 million or 2.4% of the total was directed to social change grantmaking.¹³ In addition, social change grantmaking by community foundations in the United States increased from US\$8.3 million in 1985 to US\$9.7 million in 1997.¹⁴ By 2002, the amount of all grants from all foundations had increased again to a total of US\$27.5 billion.¹⁵ Yet social change or social justice funding has not increased at the same rate.

Foundations have not shown the same level of risk-tolerance in the area of social justice advocacy as they have shown in their innovative leadership in traditional areas like hospitals, libraries, etc. It has been suggested that this is because foundations are more sensitive to prevailing public opinion before deciding to provide support for a given social justice effort, especially when it involves social advocacy.¹⁶

One measure of foundations' support of social justice causes is the amount of money that is directed to assist the specific needs of racial and ethnic groups or for social justice advocacy. Based on data from the Foundation Center,¹⁷ in 1995 foundations collectively awarded US\$12.3 billion in grants. An examination of the grantmaking by the larger foundations in 1996 indicated that:

- non-white racial/ethnic minority groups received US\$674.4 million (9.3 percent);
- women and girls received US\$417 million (5.7 percent);

¹¹ Robert. O. Bothwell, 2000, "Foundation Funding of Grassroots Organizations", paper presented on COMM-ORG: The On-Line Conference on Community Organizing and Development, <http://comm-org.utoledo.edu/papers.htm>.

¹² Alan Rabinowitz, 1990, *Social Change Philanthropy in America*, (New York: Quorum Books).

¹³ National Network of Grantmakers, "Social Change Grantmaking in the U.S. in the Mid-1990s", <http://www.nng.org>

¹⁴ Ibid.

¹⁵ Christopher Harris, 2001, "Social Change Philanthropy: Global Growth Opportunities", presentation at the World Civicus Assembly (Aug 22,2001).

¹⁶ Carson, 1999.

¹⁷ Referred to in *ibid*.

- civil rights and social action causes received US\$81.6 million (1.1 percent);
- immigrants and refugees received US\$48.7 million (0.7 percent);

These statistics likely understate the total foundation support for these groups. However, they are clearly not high priority areas for most US foundations.

The relationship between foundations and the grassroots organisations that are involved in social justice projects was recently examined by Bothwell.¹⁸ His findings included,

- Among the sample of foundations, the amount of their grants for social justice projects that went to grassroots organisations ranged from US\$90,000 to US\$388 million.
- For the grassroots organisations, the amount of funding they received from foundations ranged from none to US\$3.6 million, which represents between 0 and 95% of their organisation's annual revenues.
- No one from the grassroots organisations felt that the funding they received from foundations was adequate; half of the foundation executives agreed with them.
- One-third of the grassroots organisations received 80-100% of the foundation grants as core funding; not surprisingly, these felt that they received adequate core funding. The other two-thirds, who received between 0-60% of foundation grants as core funding felt that this was inadequate.

When asked who was responsible for the low funding, most of the interviewees blamed the foundations. There were three main reasons given: that foundations simply made the wrong decision; that their policies and requirements were too difficult for the grassroots organisations to meet; and that there was a cultural gap between the foundation staff and trustees and the leaders of the grassroots organisations. The groups also identified the factors that helped grassroots organisations get money from foundations.

- A strong relationship between the foundation and the grassroots organization;
- The organisation's track record and capacity to carry out the project;
- The organisation's fit with the foundation's program;
- The nature of the proposal;
- The organisation's involvement in networks and alliances;

¹⁸ Bothwell, 2000. The data was collected through interviews with leaders of 26 grassroots organizations and 21 foundation executives who have contributed to grassroots organizations.

- The community base, membership and non-grant income of the organization; and,
- The foundation grantmaking process itself.

There are two additional items that are worth bringing up. The first point relates to which foundations give to what type of organization. The foundations that were most active in supporting grassroots organisations tended to give more support to those organisations that had paid staff. The foundations that were less involved with grassroots organisations tended to support those that had a mix of paid and volunteer staff. The grassroots organisations with only a volunteer staff, or with no staff and only a volunteer board faced an uphill struggle to get any funding from foundations.

The second point relates to the success rate of grassroots organisations in obtaining funding from foundations. In the previous year, the grassroots organisations had sent in 1175 proposals of which 282 (24%) were successful. This total includes 800 proposals submitted by three of the organisations. Excluding these three leaves 375 proposals and 235 (63%) of these successful. Bothwell notes that professional fundraisers typically aim for a 10-17% success rate and that he personally expects a 33-55% success rate. The conclusion he draws is that the grassroots organisations are not sending in enough grant proposals. This would probably be due to the limited resources or capacity of the organization and/or limited fundraising skills on the part of the organisation's leadership.

2. CHALLENGES AND CONSTRAINTS

There are many factors that can inhibit social justice grantmaking, which can be grouped into three main categories. First, the desire to pursue social justice grantmaking must be created and nurtured within the grantmaking community, foundation staff and directors as well as the donors who will provide funding for social justice projects. Second, the capacity of the foundations to pursue social justice grantmaking must be built up. Finally, the external environment imposes limitations on the potential for social justice grantmaking.

Building the Desire

The use of social justice principles to guide grantmaking would represent a significant change for many community foundations. There are challenges inherent in changing attitudes, transforming entrenched patterns of thinking and relationships, of bridging different realities, and of sustaining learning on the part of organisations, donors, and beneficiaries. Bob Chadwick's Human Change Model describes four layers of human activity: beliefs, behaviours, strategies, and actions. Modification of the results achieved by an individual or even an organization requires that one act upon the outer two layers, strategies and results. However, a more substantial change – like the move to social justice grantmaking – requires a deeper focus on

the inner layers, behaviours and beliefs. Steven Covey calls this “inside-out” change. One cannot achieve long-lasting change without addressing the resistant forces, which will be strongest at the deeper level of behaviours and beliefs. This will require a certain degree of introspection to understand and overcome personal and organisational biases.

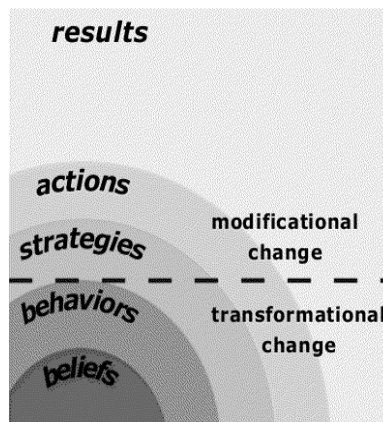


Figure 1: Human Change Model

There may also be a lack of awareness of the existence and extent of social justice problems, or the presumption that community foundations cannot help with these entrenched problems. Additionally, there may be fears that taking sides on social justice issues may jeopardise the neutrality that some value as a cornerstone for community foundations. These two issues can be addressed together: raising awareness of the problems also builds the desire to find solutions; this can reach a point where consensus is achieved. Once this happens and there is strong support in the community, neutrality is no longer an issue.

In the first report, *Social Justice Grantmaking: Finding Common Language* the issue of language was discussed. It was noted that it is difficult for some people to adopt the cause of social justice as one that could lead community foundations grantmaking practices. This is explained by their belief that social justice is too radical, but it is exactly these same connotations that lead others in the foundation community to strongly support the idea: "social justice grantmaking must produce change, be transformative and challenge the status quo."¹⁹ Young people especially are very comfortable with the term social justice. They are very much aware of the problems and the need for change.

It has been suggested that this hesitancy may actually stem from the fact that many donors and foundation leaders come from the elite, which by definition has an interest in the status quo. However, we should keep in mind that the reason these individuals are involved in community foundations in the first place is because they have a desire to build stronger, healthier communities. Equality and justice are values that resonate with most people. These aspects of social justice must be highlighted in efforts to build the desire within the grantmaking community to pursue social justice.

¹⁹ Community Foundations of Canada, 2002, *Moving Beyond the Traditional Charitable Roles*.

The change in focus will require a substantial commitment of time, which is already a scarce resource, on the part of board members to discuss the value of social justice projects and the elements of social justice they wish to include in their grantmaking practices. There may also be a limited capacity within the foundations to educate and engage donors in the field of social justice in a fulfilling way. One way to introduce social justice is through storytelling, which both raises awareness of the problems faced by many in the community but also builds the desire to make changes and may even suggest what actions are possible.

There certainly is a desire within foundations to act, which was demonstrated in a recent survey of community foundations,²⁰

- Almost two-thirds of the respondents indicated a belief that their foundations have a leadership role to play on social justice issues (with one-third in strong agreement).
- Seventy percent felt that foundations have an important role to play in funding social justice activities. However, only a slight majority agreed that their foundation should direct more support to the root causes of social injustice.
- One in five believed they would lose this reputation for neutrality if they supported social justice activities, while almost half the respondents did not feel any risk.
- While 47% did not feel that supporting social justice activities would jeopardise their relations with donors, 13% felt that it would.
- The majority of respondents (57%) believe that their foundations can take a stand on specific causes or issues.

Building the Capacity

There is scepticism in some quarters about the role and capacity of foundations and other non-profit actors to pursue the goal of social justice. This comes in part from concerns of the representativeness of the boards of directors of community foundations. This question is not a new one, but it becomes much more important when the community foundation turns to social justice. The independent nature of organised grantmaking raises ethical dilemmas, as it can lead to “subjective decision making, a clannish behaviour among professionals and greater vulnerability to outside regulation or control.”²¹ It is imperative that the stakeholders be able to influence decision-making at every step in the process. There is a feeling that foundations are not usually structured in such a way that reflects the community and that the structure of foundations may not give them the knowledge and credibility to be able to address a social justice agenda.

²⁰ Ibid.

²¹ Magat, 1999.

For this reason, a community foundation must not simply *work for* the community; it must *work with* the community. They must build linkages with the private sector, the academic community, local and provincial governments, faith communities, private foundations, and community organisations. As social justice cannot be addressed strictly on a community level, regional and national networks must be built to link all who are interested in positive change. This will build awareness among all partners of the needs of the community and the possible actions that can be taken to address them. This contributes to dialogue on an ongoing basis. In addition, it will also allow the voluntary sector organisations to draw on the business and administrative skills required to mobilise large-scale social changes. It is essential to engage constituents in social justice work, although it must be recognised that this can be an enormously time-consuming and often expensive enterprise.

The realisation of social justice is a long-term process. Social justice issues can be daunting because they are so large and require structural change. It can feel as though there is not much that philanthropic dollars can do. Additionally, the focus of the actors – from governments to grantmakers to community organisations and beneficiaries – is on short-term projects and results. Perhaps the problem is that foundations lack vision and tend to think small. It may be that foundations focus their resources on local problems they know well without asking why those problems exist and whether or not there is something they could do to address the cause. The existing desire of foundations and donors for positive results in the short-term will have to be changed to reflect the fact that much of the work towards social justices involves processes that do not typically yield immediate results. What are needed are larger grants for longer-term projects and more core funding for community organisations.²² Many foundations, especially Canada's larger foundations, are realising that it will take a serious and long-term investment to address social justice issues. "Rather than making a large number of small grants, many foundations are moving towards making larger investments in areas where they choose to make a significant difference or effect lasting change."²³ In this sense, social justice could be seen as the transformation of the values of the voluntary sector into an agenda for change.

Understandably, the projects sponsored by community organisations are generally limited in scope to that community. In some instances, the successes from one project can be transferred to other locales. Alternatively, projects that win policy changes from governments will necessarily have a broad impact. However, in general, the benefits from the projects will accrue to a small target audience. Expanding the scope of these projects would make the benefits more widely available. However, this poses a dilemma; as projects grow larger, they become less flexible in terms of both administration and responsiveness to local needs.

It would be expected that most community foundations are already involved in some form of social justice projects. However, it is conceivable that an increased focus on social justice grantmaking will mean some changes to the types of projects that will be

²² Betsy Martin, Synergos International Working Group on Social Justice Philanthropy, Meeting Report and Proceedings, August 26-27, 2002.

²³ *Philanthropic Trends*, pg. 10.

supported by community foundations. This raises various challenges. How should project proposals be evaluated and prioritised? How to prevent unrealistic expectations and set meaningful and measurable performance objectives? In this new field, the community foundations must be prepared to accept the increased risks of failure of this new type of initiative.

Community foundations may find themselves turning to outside experts for assistance with building their capacity to effectively implement social justice grantmaking. Like venture capitalists or investors, larger foundations are spending more time researching potential grantees and discussing their prospective 'investments' with experts in the field. Whether through advisory boards, contract research, or more informal processes, the decision making of larger foundations is becoming increasingly influenced by outside experts.²⁴

There are gaps in the knowledge (among both practitioners and academics) as to what type of social justice project works and what does not. As the goals of social justice are to create a more equal society, this must be the basis for examining the impact of the projects. In this sense, participatory methodologies that use qualitative and quantitative performance indicators to assess the impact of grant makings are probably the way to go. This bottom-up approach involves the participants of the projects that foundations sponsor, and listens to the needs of the community.

One last item to bear in mind regarding the capacity of foundations is the need to balance their new focus with existing programs. Foundations already have some well-established goals and objectives and programs that fit better into more traditional forms of grantmaking. There would be an expectation within the community for these programs to continue. Thus, the traditional projects will have to be balanced against the new orientation towards social justice activities.

Regulatory Environment

Normative and fiscal issues are very important for grantmaking activities. Fiscal regulations provide strong incentives for donors and foundations, but, at the same time, the normative environment could act as a deterrent for pursuing social justice objectives.

In Canada, charities depend on tax incentives to attract donations. Canada is the only developed country that recognises charitable contributions by individuals in the form of tax credit rather than deduction.²⁵ In 1999 the annual tax expenditure on charitable donation tax credits was estimated to be \$1.35 billion, representing a substantial public subsidy for private altruism.²⁶

²⁴ Ibidem.

²⁵ Duff, 1999.

²⁶ Sossin, 1999.

Notwithstanding there are several 'regulatory uncertainties' related to the administration of charities. One has to do with the restriction that registered charities can devote no more than 10 percent of all of their resources to advocacy activity. A second concerns the definition of what is a charity and what is the purpose of the subsidy to charities. The Canadian legislation on charities is the *Income Tax Act*. The lack of precision on the definition of a charity confers excessive decision-making power to tax officials resulting in the potential for subjective and arbitrary determinations.²⁷

As a result, to obtain legal recognition is a first battle for those organisations struggling for the right for recognition. This happened in 1999 when the Supreme Court of Canada released its decision in a case concerning the Vancouver Society of Immigrant and Visible Minority Women which had appealed Revenue Canada's refusal to grant it charitable registration. This case was the first time the Court had broadly examined the definition "charitable" and "charitable activity" under the *Income Tax Act*. While the Court closely decided against the Society, its judgement did set the stage for recognising as charitable a broader range of voluntary organisations and activities.

As Nathan Gilbert of the Laidlaw Foundation states, it is crucial to go to the core of public benefit: charity tax law. It is idiocy, he asserts, that such things as advocacy against poverty, prevention, most recreation activities and most environmental work are not considered charitable. "I think we really need to revisit what we mean by public benefit and maybe the definition of charity needs to be expanded and made much more coherent. Otherwise, we're not going to get much in the way of social justice grantmaking". Draimin also points to one of the most controversial issues of Canada's regulatory environment: the right of voluntary sector organisations to be involved in advocacy activities. According to him "by limiting the amount of advocacy work voluntary sector agencies can do, Canada Customs and Revenue Agency (CCRA) has generated a chill in the voluntary sector inhibiting social justice work."

IMPACS' Charities and Advocacy project also urges updating the 400-year old law governing charities and advocacy. Media advocates also agree that the restrictive law makes charities a missing voice in public policy debates. Charities have grassroots knowledge and expertise policy makers need to hear, say some articles. Others say letting charities speak more freely is only 'levelling the playing field' to that of private interests which can deduct funds spent on ads or lobbyists as a business expense. A major point is that the law lets charities apply band-aids but keeps them from addressing the roots of social problems. A food bank can hand out cans of tuna but cannot spend money on a public forum to discuss policies that might reduce the need for food banks. In some cases, changing the law is called a step toward reforming democracy itself.

There are signs that the government may be receptive to changes that would benefit social justice grantmaking. The voluntary sector in conjunction with the government of Canada has initiated the Voluntary Sector Initiative (VSI) to strengthen the sector's capacity and enhance the relationship between the sector and the federal government. The VSI will be reviewing the regulatory environment with an eye on

²⁷ Ibid.

simplifying processes and making the operations of CCRA more transparent for the sector. In addition, the voluntary sector elements of the VSI have established a special working group that is reviewing and will be recommending changes to the current restrictions on advocacy by charitable organizations.

3. POTENTIAL FOR SOCIAL JUSTICE GRANTMAKING

The pursuit of social justice is a long-term effort. It has been pointed out that private foundations are better able to respond to the challenge than public or private sector organizations; they are not dependent on the voting public or customers or shareholders for their bottom line. Nathan Gilbert has pointed out the unique position of private foundations: “there is no other organization who can afford to think in much longer term horizons and tackle big problems without seeing the results quickly.”²⁸ Community foundations have comparable advantages; community foundations not only have significant resources available in terms of both monetary and technical expertise in the form of trained staff, consultants and scholars to help shape their strategic plans as private foundations do, but they also have the potential to tap into vast sources of funds while creating partnerships among diverse members of the community, to engage their own communities to the causes that are most pressing, and to build a sense of ownership of the solutions. Additionally, community foundations have various funding mechanisms established (unrestricted funds, field of interest, scholarships, designated, donor-advised, flow-through) which with their advice could guide donors to the areas of greater need.

However, it is important to keep in mind the fact that community foundations get the support of their stakeholders through their community building activities. This is especially true for the larger foundations, which can play a leadership role for the smaller foundations that may lack “the necessary internal capacity such as institutional maturity, knowledge, skills, and assets”²⁹. Foundations also have more flexibility to be innovative. There is a widespread belief that foundations are a major source for venture capital to test new and often controversial ideas. If these ideas are proven to be successful, they are often adopted by the public, private or voluntary sectors to replace or augment existing practices. It is essential that grantmakers support projects that carry the potential to be replicated by the government, for systemic change is not possible without action by the government.

An example of what is possible is provided by the Tides Canada Foundation, which was created by philanthropists who wanted to expand the pool of social and environmental justice philanthropy. A major part of the job of Tim Draitin, Executive Director of the foundation, is to match donors to social justice initiatives. When a donor approaches him wanting to support a cutting edge project, they engage in a process that Draitin calls *strategic philanthropy*: a conversation to clarify and envision which area of social justice is most important to the donor. Tides Canada

²⁸ Nathan Gilbert, unpublished material from Community Foundations of Canada’s Consultations on Foundations and Social Justice.

²⁹ Carolyn Milne, unpublished material from Community Foundations of Canada’s Consultations on Foundations and Social Justice.

then conducts a search to find projects that match that vision.³⁰ The match between St. Christopher House Community Undertaking Social Policy (CUSP) project came about in this way. A donor wanted to support a project in Toronto that could have a long-term impact on poverty. Tides Canada then found the St. Christopher House project, originally funded by the Atkinson Charitable Foundation, which had this starting point in terms of looking at the nature of poverty. St. Christopher House CUSP project is creating a way of re-visioning the system. By bringing a policy theorist together with low-income people and front line workers at St. Christopher House, an eight-week odyssey of understanding and change began. Front line workers learned how the tax system and income-support programs work; the policy researchers learned instances of how they do not work – including, for example, the fact that over 350,000 low income seniors were not receiving the Guaranteed Income Supplement payments they were entitled to from the government – and the unemployed, elderly, and welfare recipients served by St. Christopher House learned that change is possible. Recently, the Federal government started the process to ensure that eligible poor seniors will begin receiving over half-a-billion dollars.

The work of the Atkinson and Tides foundations in support of St. Christopher House CUSP project shows what can be achieved when foundations overcome their reluctance to engage in direct advocacy for policy changes by governments. Many of the rights and privileges that we now take for granted only came about through the struggle of grassroots organisations. In the United States, which has a much stronger history of activism, community organisations were at the forefront of bringing improved working and living conditions, legalising union organising, providing workers pensions and improvements to access to higher education. These efforts were successful “because they challenged unfair conditions and poorly functioning institutions, won new legislation and regulatory measures, fought discrimination, and preserved...civil liberties.”³¹ There is great potential for social justice grantmaking to achieve significant and lasting change through advocacy in the antipoverty, women’s, environmental, consumers, gay-rights, youth, student, and public-service movements.

We know of countless, diverse projects currently under way in Canada to achieve social justice. Many of these have been created and are run by community organisations or grassroots organisations that rely on fundraising for all of their revenues. These community organisations are closer to the problems and so they understand them better. Only a local institution can help in developing the local leadership, definition and ownership of a project; this increases the probability that grant will be used more effectively. Through their programs they see first hand the direct effects of social and economic inequalities and what improvements can be made. These organisations would benefit from outside support, first, so these valuable programs can continue and possibly expand in size and scope, and second, to help them develop the capacity to bring about change. Larger grants for longer terms and more core funding will provide more stability to the organisations and the time saved from fundraising can be devoted to operating and improving their programs.

³⁰ Tim Draimin, unpublished material from Community Foundations of Canada’s Consultations on Foundations and Social Justice.

³¹ Pablo Eisenberg, 2002, “Grant Makers’ Aversion to Advocacy Ignores Lessons of History”, *The Chronicle of Philanthropy*, August 22, 2002.

Money alone does not bring social change. Social justice grantmaking cannot focus solely on the finances foundations are supplying to community organisations. “The task is not simply to assist the poor, but to awaken the community to their need and welfare.”³² Foundations may be able to help community organisations tap into the much larger pool of individual donations. Total contributions of foundations pale in comparison to the contributions made by individuals. In Canada in 1997, out of the \$5.5 billion in total giving, 78% came directly from individuals. By contrast, foundations were estimated to have contributed 9%.³³ For comparison, in the United States in 1995 88% came from individuals and 7% from foundations.³⁴

Foundations carry moral weight that can be used to raise awareness of the cause of social justice in their communities. By bringing together diverse elements within the community, synergies can be created. Foundations can help create networks within the communities that will allow sharing of knowledge and experience with social justice activities. At the Consultation on Foundations and Social Justice last January in Toronto, Carolyn Milne, president and CEO of the Hamilton Community Foundation, told a story of how her board approved a development grant for a project that aimed at convening and bringing dialogue among private, public, voluntary, faith and diverse sector leaders after very worrisome racial incidents and racially motivated vandalism began to occur in Hamilton in the aftermath of 9/11.

Faith communities also play a key role in social justice in Canada everyday. Ketchum Canada reports³⁵ that in 2001 of the 77,000 registered charities in Canada 41% were religious charities; also, half of all funds donated went to these religious charities. These numbers speak for themselves; they tell us about the presence of faith communities in people’s lives and of the extent of their activities. Additionally, it can be said that social justice is a shared principle among a variety of creeds and would already be a substantial part of their activities. Finally, the leaders of these religious organisations carry with them high status among their fellows that could be used to inspire a greater commitment to the cause of social justice in the community.

Indisputably, the power social organisations bring to the table is their ability to organise, to educate and to mobilise. When people band together and form organisations to focus their collective power, social change can happen. When a large number of organisations work together toward a common goal, it is a movement. Movements make change.

CONCLUSIONS

Canadian community foundations have expressed a strong desire to engage in social justice grantmaking. However, as yet there has been only limited participation by the majority of community foundations in this direction. Additionally, only a very small proportion of grants

³² Richard Magat, 1989, *Foundation News*, July/August 1989.

³³ *Philanthropic Trends*, 1999.

³⁴ Carson, Emmet D., 1999.

³⁵ *Philanthropic Trends*, Spring 2002.

of all foundations goes to social justice projects; the overwhelming majority supports traditional efforts in the fields of health, education and welfare³⁶. Thus, there is a need for foundations in general to become more involved through increasing the number and size of grants that are made to the grassroots organisations that are either active in running service programs or are lobbying for public policy changes.

Foundations can foster dialogue between diverse actors in the local community. This is one of the guiding principles that have been promoted for them.³⁷ It is a difficult task because it implies a more active role as social change agents. “It does require courage to create dialogue on controversial social issues affecting the community, e.g., social inequities, racial discrimination and homophobia... Unfortunately community foundations have not always modelled the best practices of diversity and have not always been at the forefront of championing dialogue and action on the most difficult social issues facing the community”.³⁸ By stepping up to these challenges, community foundations will move strongly in the direction of social justice but may risk alienating some of their traditional supporters.

There are challenges that have to be addressed in order for foundations to play this larger role. There will be resistance to changes in the activities of these foundations. It will require effort to convince foundation executives and donors that the change in focus is worthwhile. Foundations must also build up their internal capacities to identify and evaluate social justice projects. Each will have to start with a clear vision of what should be its strategic place in the community. Such a vision will necessarily be unique, because the communities in which they operate are unique in their needs and capacities. Without a real knowledge of the local communities, even the best thought-out projects are likely to be abstract ideas unable to raise the needed commitment.

Foundations can have an impact in the movement towards social justice. Grant guidelines can greatly influence the life of many organisations, which are often ready even to change their goals in order to access some of the foundation’s money. This strength brings with it the responsibility to work for the benefit of society; the best way for them to lead is to serve. Foundations should not assume that they know how to deal with problems better than the community organisations. With their financial power, few are willing to challenge the foundations’ assumptions. The result is that when money becomes the driving force of a project, decision making tends to be too bureaucratic. Only those projects that are able to face the real needs of a specific community by raising a free commitment from the people will have a lasting impact.

Finally, a better understanding of social justice grantmaking must be built regarding the types of projects that work and why. One step would be to support the foundations that have been most active in this type of grantmaking to identify the approaches that work best. At the same time, information must be collected to identify what projects are currently underway and which organisations and individuals are active in their communities. Finally and most importantly, foundations should facilitate forums in which

³⁶ Community Foundations of Canada, 1999-2000 Members Guide & Directory; and *Philanthropic Trends*, pg. 10.

³⁷ Community Foundations of Canada, 2001, *Explorations*.

³⁸ Emmett D. Carson, Community Foundations of Canada Bi-annual Conference, May 2002.

community organisations and all other actors could share their stories on social justice activism. These types of events are certainly valuable as learning opportunities but they also are inspirational and provide an opportunity to recognise the dedication of so many. This is what generates the enthusiasm that sustains the movement.