Global Fund for Community Foundations

COADY
INTERNATIONAL INSTITUTE
ST. FRANCIS XAVIER UNIVERSITY
Igniting Leadership

The New Generation of Community Foundations

Jenny Hodgson, Barry Knight & Alison Mathie

March 2012

Contents

Introduction

Community foundations have enjoyed considerable growth in recent years, not only in their number but also in their character. This emergence of a 'new generation' of community foundations is occurring within a larger context of other emerging forms of 'social solidarity' movements and institutions, including rural development philanthropy, member-based organizing and other hybrid forms of citizen-led actions. In an effort to strengthen a conceptual framework for this phenomenon, this paper identifies synergies and linkages across networks (and their respective bodies of literature) that may previously not have been well connected.

The last two decades have seen considerable investment in strengthening the capacities of emerging community foundations in different parts of the world and in emphasizing their collective 'family' identity through networking, learning events and study visits, mostly within the global community foundation field. Less attention has been paid to exploring the emerging community foundation phenomenon – particularly in the Global South – in the context of disillusionment with conventional channels of aid, and to understanding how these foundations relate to local citizens as well as other private and public institutions in the specific institutional and societal spaces they have sought to occupy.

The research reported here is a preliminary effort to address this. It is based on three main sources. The first is a review of literature. The second is the results of a meeting of scholar-practitioners from a variety of different fields who came together to seek commonalities between the fields that they were working in. The third is a series of interviews and consultations, designed to understand the emerging role of community philanthropy as a means of strengthening active citizenship, while enhancing the sustainability of civil society and the effectiveness of development aid.

Against this background, we provide an analysis of five case examples of community foundations in the Global South as evidence for a re-conceptualization of their role and potential contribution as catalysts for citizen-led and socially inclusive development.[1] These include Tewa, a women's fund in Nepal which has over 3,000 individual Nepali donors and the Kenya Community Development Foundation which has invested in communities for over fourteen years, supporting them to build up their own assets and promoting both giving and participation at the community level, as well as examples from Palestine, Egypt and Ecuador. While the specific contexts in which they work are very different, these organizations are potentially at the forefront of a new generation of community foundations, characterized by efforts to develop more inclusive democratic decision-making processes and to harness local assets and knowledge rather than rely exclusively on external philanthropic investments.

---

1 Although the cases in this paper are all drawn from the Global South, there are also examples of new generation community foundations in the Global North, such as the Black Belt Community Foundation, Alabama, and the Foundation for Appalachian Ohio in the United States.

Main findings

It is evident that the new generation of community foundations is emerging in the context of diverse forms of 'social solidarity' institutions and movements. In giving high priority to developing trust and social justice in communities, these institutions have much in common with a range of emerging hybrid organizations in a new social economy that includes social enterprise[2], member-based organizing in cooperative and co-op-like organizations, women's funds, human rights funds and peace funds. All of these organizations play important interstitial roles in society, harness the power of small grants and investments, help communities build on the assets they can mobilize themselves, build constituencies among people who are oppressed and excluded, and negotiate the territory between such marginalized groups and governments.

At the same time, the literature on the field has not caught up with these developments and tends to be divided into topics that stress the differences between types of organizations rather than their similarities. Moreover, most of the literature tends to have a strong Anglo-American (northern) bias, mainly because the first community foundations were established in the United States and then spread to Canada and the United Kingdom. Furthermore, much of the literature has focused on developing the field from the perspective of encouraging community foundations to establish themselves and become part of a family of institutions. In particular, there has tended to be a particular focus on form and function rather than on the articulation of a particular value base or theory of social change. There is still relatively little literature on community foundations and other types of community philanthropy institutions in the Global South or on their potential as vehicles for citizen-led development.

Scholar-practitioners, who met as part of this research exercise, came to see that it was easy to live in silos, in part because peer group membership and funding mechanisms tended to encourage identification with a particular 'club' or type of organization. Sharing experience between people working in social enterprises, member based organizations, and community foundations suggested that a common thread was 'social solidarity', a form of mutual responsibility that blends mutual aid and philanthropy as the basis of a 'good society'.

The findings reported here suggest that it is important to find a new framework to understand these developments, so that community foundations do not see themselves as unique organizations different from others, but rather as part of a family of closely related cousins. Joining up these different strands could lead to a more sustained force for asset-based and citizen-led development across the world. The paper ends with a proposed course of action for further research to develop a practical 'theory of change', or different 'theories of change', in which a new generation of community foundations, with specific characteristics identified, would be principal actors.

---

2 'Social enterprise' is a term that has been used loosely in the literature to describe anything from a private enterprise with a social orientation run by a 'social entrepreneur' through to revenue-generating activities of the non-profit sector. It is important to note that the generic term 'social enterprise', meaning entrepreneurial activity with a social purpose should be distinguished from 'a social enterprise', denoting a specific entrepreneurial venture. Both terms, however, indicate a blending of profit-making activity with a deliberate social redistributive ethic.

Part A Literature review

In Part A, we examine the literature relating to community philanthropy, mutual responsibility and the broader social economy and begin to explore the extent to which new generation community foundation can be understood in the context of other hybrid forms which are seeking to rebalance relationships between communities, governments and the private sector.

Towards a new conceptual framework

There is a tendency for organizations to define themselves tightly as part of a class to distinguish themselves from other kinds of organizations. Let us take as an example, the US Council on Foundations' definition of a community foundation:

> A community foundation is a tax-exempt, nonprofit, autonomous, publicly supported, nonsectarian philanthropic institution with a long term goal of building permanent, named component funds established by many separate donors to carry out their charitable interests and for the broad-based charitable interest of and for the benefit of residents of a defined geographic area, typically no larger than a state.[3]

While such definitions have the merit of clarity, in many cases those new types of organizations that are emerging as part of a democratic move for change rarely come in neat packages that permit such easy classification. Given such 'untidiness', the task of a conceptual framework is to help make sense of how and why such innovative organizational responses are emerging.

A starting point is the current global economic crisis, which has thrown social and economic inequality into sharp relief, and demonstrated the failure of wealth redistribution mechanisms through public, private, and civil society institutions. These social and economic trends and the diminished will or capacity of the state to address them have provoked a citizen-led force for social and economic justice, evident in innovative citizen-organizing both in the vertical sense of asserting and claiming rights to inclusion, as well as in the more horizontal sense of civic responsibility within a 'social economy'. Together, these are redrawing the relationships of mutual responsibility for inclusive development in ways that can maximize what public, private and civil society actors have to offer. In this context, a new generation of community foundations may be providing an encouraging example of a focal point for multiple expressions of mutual responsibility at the local level by stimulating such voluntary citizen-action and strategic investment on the part of the state within a framework for progressive social change.

---

3 http://www.cof.org/files/Documents/Community_Foundations/commfounddef.pdf

To explore the potential of community foundations, an appropriate starting point is Beveridge's (1948) famous suggestion that voluntary action is inspired by two motives – mutual aid and philanthropy:

> The first motive has its origin in a sense of one's own need for security against misfortune, and realization that, since one's fellows have the same need, by undertaking to help one another all may help themselves. The second motive springs from . . . social conscience, the feeling that makes men who are materially comfortable, mentally uncomfortable so long as their neighbours are materially uncomfortable. [4]

However, it is evident that the new generation of community foundations blurs the boundaries between mutual aid and philanthropy by placing a particular emphasis on the role and value of local assets and resources, which may include money as well as different forms of social capital, such as trust and volunteerism or mutual help and support. Also, while there is evidence of innate predisposition to both empathy and altruism that combine to motivate us to help each other and help others, there is also the element of self-interest that informs our social and associational behaviour. Wilkinson-Maposa (2005), for example, attempting to frame 'helping' relationships at the community level in the language of philanthropy, describes external development assistance as 'vertical philanthropy' [or 'Philanthropy for the Community'] in contrast to the 'horizontal philanthropy' [or 'Philanthropy of the Community'], meaning the internal redistributive mechanisms of mutual support among people who know each other in a community setting. While she observes that the concept of philanthropy is not readily translated in local contexts, noting that such 'helping' actions are usually not voluntary but are rather carried out in a highly calculated set of mutual obligations, she concludes that external development interventions (whether international or domestic) stand to be more sustainable and effective if they acknowledge and build on existing assets in a community. Again, Ruesga (2011) has shown this blurring of motives by different actors in his classification of community foundations as 'grassroots philanthropy' of three types: philanthropy to the grassroots where community members are primarily beneficiaries of external funders; philanthropy *with* the grassroots where community members play a decision-making role, guiding the external funders to ensure that 'their efforts are rooted in the concerns of the people they wish to serve'; and philanthropy *by* and *from* the grassroots where community members, acting out of civic duty, contribute time and money to address issues directly affecting their own communities. In many cases, these boundaries may overlap under a single institutional roof, with a varying degree of direction and control by community members themselves vis-à-vis external funders, varying degrees of inclusion and representation from within the community itself, and varying degrees to which community foundations mobilize local resources and leverage external resources. They also vary, consciously or not, in the particular values or social justice tradition from which they draw inspiration, and the particular social outcome to which they aspire (Ruesga and Puntennay, 2010).

In light of this variety, and for the purpose of this paper, we take as our starting point a confluence of values and aspirations that recognize the potential of citizens in even the poorest communities to control, invest, and build local assets, while acting for social and economic justice. We acknowledge an emerging literature on civic-driven change (e.g. Fowler and Biekart, 2008; Mathie and Cunningham, 2009) that shines the light on the often undervalued actions of ordinary citizens bringing about positive change in

---

4 Beveridge (1948) p.8–9

their communities, and at the same time calls into question the efficacy of traditional mechanisms of international aid. However, we also acknowledge that the context in which civic-driven change is attempted is highly variable. Dagnino (cited in Fowler and Biekart, 2008) for example, in pointing out that 'the notion of civic-driven change is moot under conditions where the 'right to have rights' is denied', signals the importance of identifying whether the narrative of mutual responsibility is embedded in institutions of all sectors: the state expressing this through wealth redistribution mechanisms , the private sector expressing this through core business practice or by corporate social responsibility, and civil society mediating or facilitating these processes. If so, what are the synergies between these multiple 'mutual responsibilities'? If not, how are citizens in communities able to act independently, despite neglect and perhaps obstruction by other actors?

With this starting point in mind, a conceptual framework needs to resist simple classifications of organizational forms. What we are perhaps talking about here is a wider social economy where there is a common impulse of mutual responsibility that includes self-interest as a key component. This common impulse finds expression in a complexity of hybrid forms and these in turn have to be understood in relation to norms and values rooted in the institutional, legal and cultural environment in which they are located. Let us first consider this social economy in more depth.

The wider social economy

In a recent essay, Murray (2009) argues that a 'new social economy' is emerging out of the current crisis of capitalist development. Using the theories of Schumpeter and Perez, he explains the relationship between technological and organizational innovation and how these are connected to business and financial cycles of investment and crashes followed by long waves of economic activity until, in Schumpeter's terms, the system eventually sows the seeds of its own destruction constituting a new crisis from which a new round of technical and social innovation emerges. Of relevance to our discussion is the 'mass production paradigm' that emerged in the industrial revolution as the model not only for economic production in the private sector but also for state run services in the public sector. Cracks in this model appeared in the 1970s, and a new paradigm based on information and communication technology began to emerge. Once past the present crisis, Murray argues, we will see a period of 'deployment' of this new paradigm, characterized by 'distributed' production systems. These systems are on three frontiers of change – communication through the web, a green industrial revolution, and a social economy:

> By social economy, I mean all those areas that are not geared to private profitability. It includes the state but also a 'civil economy' of a philanthropic third sector, social enterprises and cooperatives operating in the market, and the many strands of the reciprocal household economy – households themselves, social networks, informal associations as well as social movements (Murray, 2009, p 10).

Connecting these various elements of the social economy is the idea of mutual responsibility, although the way this works varies in these different sectors. In the case of the state (while imperfect, variable, and impersonal when centralized), mutual responsibility is a function of wealth redistribution through taxation and the degree to which the legal and policy framework is geared to social inclusion. In reaction to neo-liberal regimes that preceded them, some governments are taking deliberate steps to espouse such responsibility: Brazil has a Ministry for the Solidarity Economy, Ecuador (promoting 'socialism for the 21st century') has a Ministry for Social Inclusion, Mali has a Ministry of Solidarity and Social Economy, for example. Arguably, however, all modern states carry this responsibility as a function of a 'social contract' between the state and its citizens.

A strong civil society is one that gives expression to multiple common interests, an aggregate of mutual responsibilities organized through associational life that has positive outcomes for the common good. In a more formal institutional sense, one could argue that mutual responsibility in this sector is expressed through financial transfers to non-profit service delivery and advocacy organizations from the corporate sector, by governments or by individuals, and by volunteer and in-kind support of various kinds. However, professionalised services have also been criticised for reducing the 'civic agency' that is at the bedrock of civil society (McKnight, 2009).

Theoretically, exercising such civic agency paves the way for social change and transformation, generates new democratic leadership and holds the state accountable for 'taming the market' (Ignatieff, in Draimin and Smillie, 1999). What we are now witnessing in countries asserting social or solidarity economy principles shows that this is still possible. Elsewhere, the influence of the Market continues to dominate, with the rise of corporate social responsibility or corporate social investment as a response

to public demand for direct redistribution of corporate profit (in addition to indirect means of government fiscal policy). While critics such as Edwards (2010) are sceptical, arguing that corporations would do better to express greater social responsibility through core business practices rather than generate profits for direct redistribution (and good public relations), the language of 'social responsibility' through corporate philanthropy has stuck.

The commitment to mutual responsibility is strongest in the value-based member-based organizations (MBOs), such as those found in the cooperative movement, as well as in informal associations, extended families, social networks that rely on reciprocal relations of trust-based exchange, and communities of various shapes and sizes that are infused with well articulated cultural or religious values that promote mutual support and social inclusion.

While state, market, and civic actors may all claim to share in mutual responsibility, the current debates about rights and responsibilities of citizens circle around questions of what is being off-loaded onto whom or, conversely, who is assuming a greater share. Given these questions, new generation community foundations may have considerable promise as an example of rebalancing. They may, in fact, be an integral part of several related trends that have been observed in the literature. One is an expanded space for cooperative and collective action that has occurred as a result of the retreat of the state and a failure of an expanded private sector to serve the poor (Murray et al. 2010; Penrose-Buckley, 2007; Quarter et al., 2001). This suggests a role for the community foundation that, while not a formal 'mutual' association as such, nevertheless espouses many of the same values. The second is an increase in social innovations that are neither market nor state institutions yet 'straddle and interact with them', resulting in hybrid organizations or partnerships of decentralised co-production, in what has been described as a 'distributed' production system (Murray, 2009). Collaborations between government and community groups in innovative alternatives to public sector service delivery are a case in point. Community foundation pioneers, (such as the Nebraska Community Foundation in the USA and the Kenya Community Development Foundation), harnessing community assets as an alternative to soliciting contributions from traditional philanthropic donors, are examples of actors in such distributed systems.

Sometimes innovations in private, state and social economy actor collaborations can offer the best of all worlds, meeting an opportunity for genuine citizen-led development with strategic investment by state and private sector actors. Sometimes, however, their lines of accountability are obscure or their alignment tilted towards one sector, or one set of interests, at the expense of the other (NEF, 2010; Billis, 2010; Mathie and Ghore, 2011). As community foundations move into new territory, the challenge will be how to reconcile multiple accountabilities– first and foremost within the entire community which the community foundation serves and draws on for its core assets (an accountability typically entrusted to a Board), and secondly to external supporters whether investors in endowment funds (state or private sector), or promoters of a conducive policy environment looking after the public interest. By moving the focus away from the more conventional bilateral external donor-NGO relationship, there may be other, different, tensions surfacing that put pressure on community foundations' ability to assert their independence, act as critic and, ultimately, bring about social change.

While offering potential for rebalancing state-citizen relations, the roles and responsibilities that community foundations define for themselves must be carefully drawn, particularly when it comes to achieving a balance between service delivery and

social justice. For example, Mahomed and Peters (2011), documenting the fourteen-year relationship between the Kenya Community Development Foundation (KCDF) and the Makutano Community Development Association (MCDA) and the extraordinary achievements that were brought about in that community, recognize that, with the support of KCDF, the MCDA carried out many activities that would normally be expected to be responsibilities of the state or rights of citizenship. This begs the question of whether the promotion of community foundations is in fact a way in which the state can offload its responsibilities. If we are to argue otherwise, then community foundations lie at the heart of a new conversation about where the emphasis on mutual (or 'citizen') responsibility should lie, implying a renegotiation of a social contract with defined roles and responsibilities in the new social economy. In this way community foundations could represent a localized means of addressing inequality complementary to the roles of the state and private sector institutions under progressive public policy.

Part B Empirical observations

In Part B, we look at empirical research about community foundations that is relevant to locating community foundations within the wider social economy. We look at growth of the field, search for an empirically-based as opposed to a theoretically-based definition, examine added value, and consider five case studies.

Growth of community foundations

Earlier in this paper, we suggested that the social economy is in a rapid phase of growth. The current state of research makes it hard to verify this empirically since there are few statistical studies that review the field on a longitudinal basis. However, we can be clear that the field of community foundations is growing. The Global Status Report on Community Foundations has charted the growth of community foundations across the world in the past decade. [5] The following scatterplot shows the number of community foundations at six data points from 2000 to 2010 (Figure 1).

Figure 1 Scatter plot of Community Foundation growth.
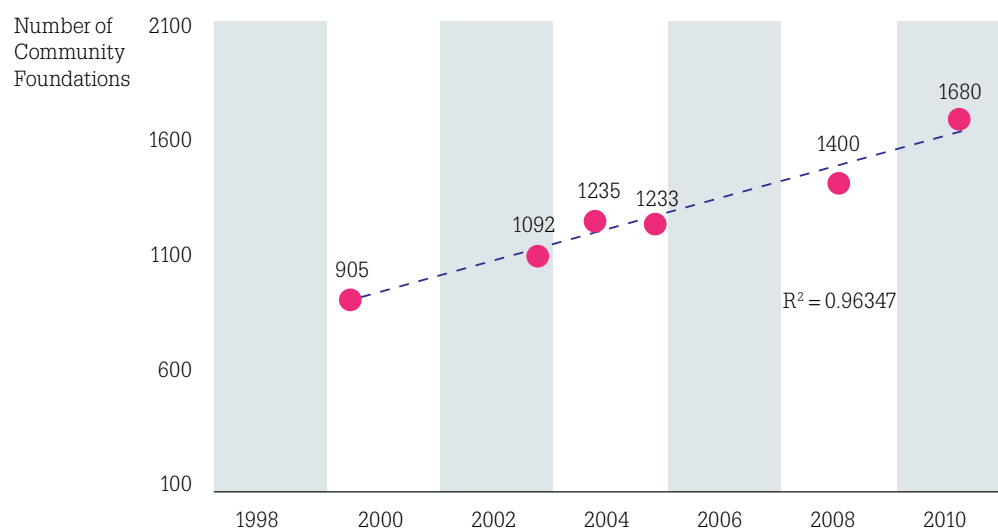
The trend is remarkably consistent and stable across the decade. An average of 70 community foundations have been added each year.

Much of the visible growth of community foundations has so far been in North America and Europe. Outside the Global North, community foundations were introduced in various parts of the world in the 1990s, including Mexico, many parts of Eastern and Central Europe (following the demise of Communism) and South Africa (after the end of

5 http://www.wings-community-foundation-report.com/gsr_2010/gsr_home/home.cfm

apartheid). However, it was clear from interviews and consultations during the research for this paper that there has been an underlying ferment of activity in other parts of the world, which has seen the emergence of individual institutions, but this has not so far been recorded in a sufficiently in-depth way. Examples of these developments are given later in this report.

Knight (2011) suggests that the global growth in community foundations worldwide is an integral feature of the emergence what he calls 'new public philanthropies'. These include women's funds, human rights funds, and peace funds, as well as new generation community foundations. Such institutions play important interstitial roles in society, harness the power of small grants, build constituencies among people who are oppressed and marginalized, and negotiate the territory between such marginalized groups and governments.

New public philanthropies have five distinctive characteristics that distinguish them from 'old private philanthropies.' First, to fund their activities, they raise money from the public rather than relying on an endowment resulting from the accumulation of private wealth. Second, people from the communities that benefit from the philanthropy are part of the group of people who are donors. Third, the activities undertaken are shaped by the communities they are working with rather than being developed from outside of those communities. Fourth, the activities commonly stem from some form of injustice in those communities that results in some groups in the population being disadvantaged or discriminated against. And finally, their activities are generally about more than money, including technical assistance, convening, and advocacy, and therefore involve a degree of activism by standing alongside the communities they are working with.

Knight suggests that the result of the 'new public philanthropies' is a new force driven by ordinary people working from the bottom up of our societies, rather than by wealthy people working from the top down. This has the potential to transform how philanthropy is organized because, as we saw earlier, the process violates Beveridge's strict distinction between philanthropy and mutual aid. People who themselves suffer some of the deeper problems in our society, such as poverty, racism, and gender inequity, are using the techniques of philanthropy to solve the problems and in the process are helping themselves.

An empirical definition

These findings suggest that we should perhaps adopt an empirical, as opposed to a theoretical, form of definition.

Developments from the bottom-up of societies rarely come in neat categories that conform to the ideal types of organizations. In our consultations, the ideas of 'solidarity economy' or 'community philanthropy' were more often likened to a human impulse than an organizational form. For example, people recognized that community philanthropy in the sense of 'local people helping each other, by sharing resources for the common good,' is a naturally occurring asset, found in all communities and cultures, and encouraged by all major religions and traditions.[6]

Susan Wilkinson-Maposa, Alan Fowler, Ceri Oliver-Evans, and Chao F.N. Mulenga (2005) suggest that:

> Community philanthropy describes the act of people thinking together, making decisions together and acting collectively to build strong communities wherein local knowledge and local leadership are vital assets mobilized to generate local solutions to local problems. Community philanthropy is about asset transfers and how they combine with hard work, time, brains, commitment and vision . . . It is found in every corner of the world, across cultures and is alive and well in rural as well as urban areas.

The European Foundation Centre had a similar definition of community philanthropy as:

> . . . the act of individual citizens and local institutions contributing money or goods along with their time and skills, to promote the well being of others and the betterment of the community in which they live and work. Community philanthropy can be expressed in informal and spontaneous ways . . . It can also be expressed in formal, organized ways whereby citizens give contributions to local organizations, which in turn use the funds to support projects that improve the quality of life.

The difficulty with definitions like these that attempt to define the essence of a phenomenon by trying to capture a phenomenon in a few words is that it is difficult for people from the outside to assess whether a particular activity fits the definition or not. To do this, criteria are needed. A more practical approach is to find 'a definition by characteristics'. The idea behind this approach is to itemize the characteristic features of any phenomenon which, in combination, enable the phenomenon to be observed in the real world.

The advantage of the latter approach is that, rather than being theoretical, the definition is empirical in the sense that it can be verified by comparison with institutions and activities in the real world. The following list of characteristics has been proposed to describe the essential characteristics of community philanthropy:

- Organized
- Self-directed

6 Steven Mayer (2005) 'Community philanthropy and racial equity: what progress looks like', **www.effectivecommunities.com/pdfs/ECP_CommunityPhilanthropy.pdf**

- Open architecture[7]
- Civil society[8]
- Using own money and assets (both for local redistribution but also as leverage for additional external resources)
- Building an inclusive and equitable society[9]

Looking at the list, it is vital to understand that it is the combination of features that adds up to 'community philanthropy'. The first four items – organized, self-directed, open architecture, civil society – could apply equally well to any non-governmental organization.

For community philanthropy to be present, these four qualities need to be combined with the fifth item on the list – using own money and assets. This asset-based dimension relates both to attitudes and to the accumulation and mobilization of a wide range of assets that are both monetary and non-monetary. The key to this is found in a phrase used by the Black Belt Community Foundation in Alabama: 'taking what we have to build what we need.'[10] On the development of resources, it is an essential component of community philanthropy that local people put in some of their own money to develop long-term assets for a community. Such an asset-based approach contrasts with a deficit-based approach, which starts with an assessment of needs and works out how to fill them.

The final item on the list is about values. An essential quality of community philanthropy is reciprocity based on a principle of solidarity, which are qualities that build an inclusive and equitable society. This means that benefit is public and widespread, rather than private or restricted to certain privileged groups in the community.

7 'Open architecture' is a term borrowed from computer applications. It means that anyone can design add-on products and is the opposite of being closed or proprietary.

8 Civil society is here defined as 'the totality of many voluntary social relationships, civic and social organizations, and institutions that form the basis of a functioning society, as distinct from the force-backed structures of a state (regardless of that state's political system), the commercial institutions of the market, and private criminal organizations like the mafia.'

9 This list was developed by a group of community philanthropy and development practitioners at a meeting in Bangladesh in September 2011 which formed part of a broader process of consultation conducted by the Aga Khan Foundation USA and the Charles Stewart Mott Foundation to explore ways to stimulate and develop community philanthropy as a means of contributing to the sustainability of civil society and supporting the effectiveness of development aid. See Knight (2012).

10 Based in Selma, Alabama, the Black Belt Community Foundation was established in 2005 with the goal of establishing a philanthropic resource that would address the economic and social disparities of the region and which would be 'owned' by all Black Belt residents.

Added value

There is little literature that assesses the value of community philanthropy. Hodgson and Knight (2010) developed an indicator set from a variety of sources, including the work of Robert Putnam and the World Bank. From their initial explorations, they suggested that the value of community philanthropy relates to unseen and intangible processes that build a just and open society through the development of trust within and between communities. These types of indicators are commonly called 'soft' to contrast them with the 'hard' indicators that are used by economists to measure economic progress.

Employing this indicator set, the following table (Figure 2) shows the importance of different outcomes for 63 of the grantees of the Global Fund for Community Foundations (GFCF).[11]

Figure 2 Key outcomes identified by grantees of the Global Fund for Community Foundations (GFCF)
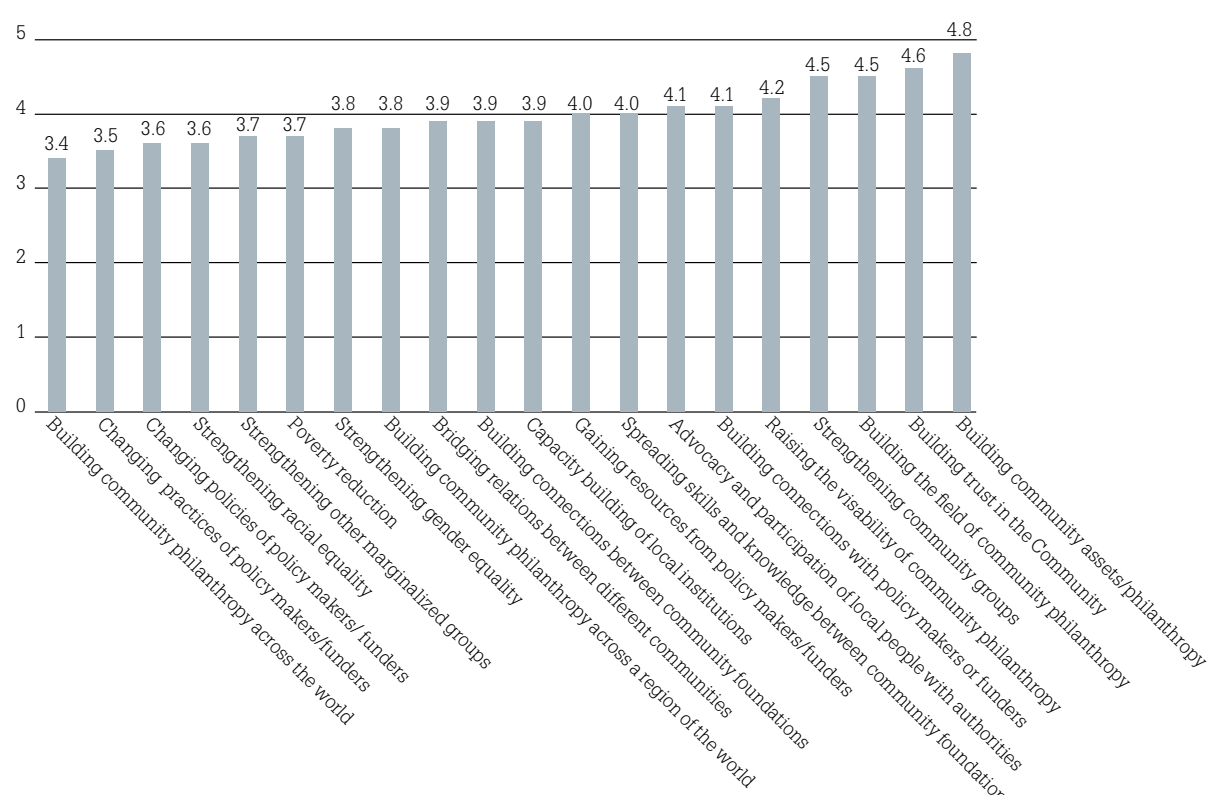

Scores in the above table are mean ratings of all grantees on a five-point scale (where 1 is lowest and 5 is highest). It is evident that issues of building trust, community assets, community capacity, and local philanthropy are the most important outcomes.

There are important regional differences. Grantees in the Global South, most notably Africa and Asia, place significantly more emphasis on 'social justice' outcomes such as strengthening racial equality, strengthening gender equality and reducing poverty than those in Central and Eastern Europe.

At the same time, it does not follow that social justice was off the agenda. Asked about six social justice outcomes derived from the work of Puntenney and Ruesga (op. cit.), the next table (Figure 3) shows the responses. Again scores are on a five-point scale (where 1 is low and 5 is high).

Figure 3 Relative importance assigned to social justice outcomes
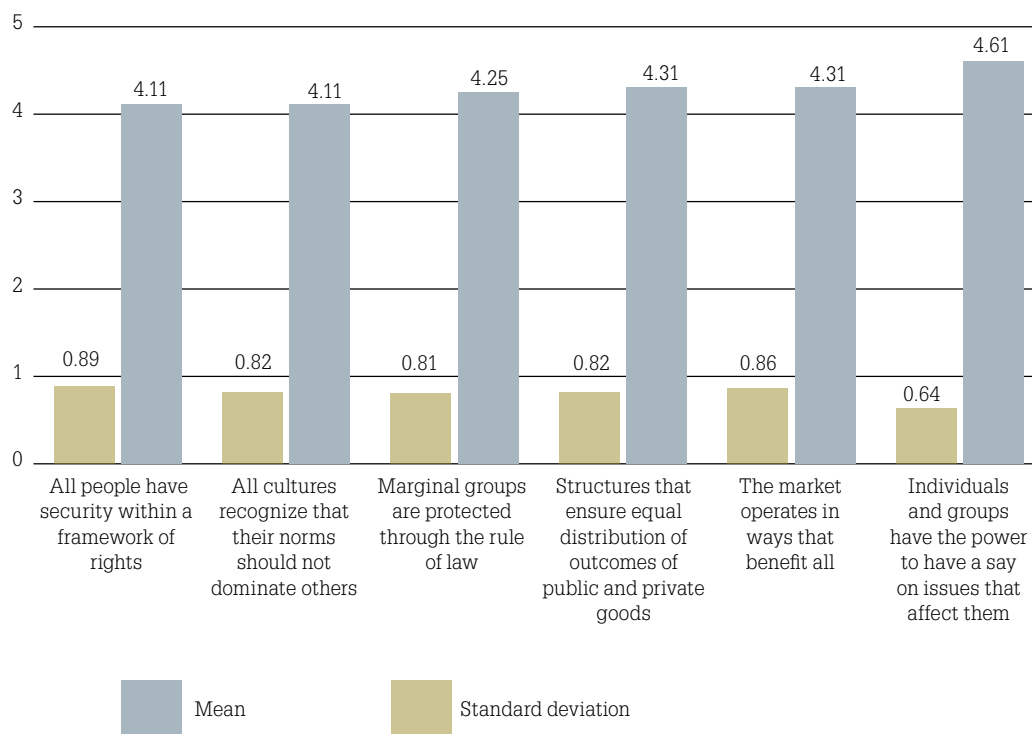
A weakness of the data about community foundations is that there is little evidence of what outcomes they actually have achieved. [12] The next section on case studies begins to address this question.

12 The Global Fund for Community Foundations plans to address this in 2012 when results from a study on grantee outcomes it is conducting become available.

Part C Case studies

In this section we present examples of five new generation community foundations based in the Global South. It is important to note that these institutions all emerged out of very different contexts and environments, influenced by different external forces and with different reference points. Despite their diversity, however, this group of organizations illustrates two main insights pertinent to our argument. The first is evidence of the emergence of new hybrid forms of community foundations, which blend the more traditional 'grant-making' role with a high level of engagement with communities in designing and implementing community level social enterprise, inspired by a particular set of aspirations and values around the role of local assets and local ownership in driving progressive social change. The second insight has to do with the character of preliminary evidence of outcomes at a community level.

Of the five organizations described three can still be regarded as being at an emergent stage in their development (they were all formally established in 2007) and two are more established (founded in 1996 and 1997 respectively). With the exception of the Kenya Community Development Foundation (KCDF), whose annual budget exceeds US $1million, these institutions are financially small, with annual budgets ranging from US $50,000 to US $160,000.

Dalia Association, Palestine[13]

The Dalia Association was established in 2006/7 by a group of civil society activists concerned about the consequences of aid dependence in the occupied Palestinian territory. They saw donor-driven aid programmes in the region as undermining civil society and weakening traditional systems of philanthropy and volunteerism, while contributing towards both passivity and a sense of entitlement among the population. Within this context, the Dalia Association's founders sought to develop a new model of citizen-led development that could be replicated in other aid-dependent contexts, in which local resources would play a key role in enhancing local ownership and where

13 **www.dalia.ps/**

international resources could be deployed in ways that were more effective, more transparent and less top-down.

In articulating the conceptual space that it seeks to occupy, the Dalia Association, a small organization both in terms of capacities and resources, has sought to position itself at the heart of the development discourse and in reference to the Israeli occupation, stressing the *rights* of communities to be in charge of their own development (and by implication, suggesting that many international development programmes effectively deny those rights when they outsource development contracts to NGOs which are ultimately accountable to their donors rather to the communities they serve). Using modest grantmaking resources, Dalia has adapted its own model of 'community controlled grantmaking', where local organizations are invited to present project ideas for small grants to the broader community for them to discuss and vote on. Successful grantee recipients are subsequently also required to present the final results of their projects to the community. In this way, the community is able to control resources and their allocation in a transparent and democratic way based on its own priorities and to establish a link between the deployment of financial resources and actual grant outcomes.

To date, Dalia Association has piloted the methodology for its devolved grantmaking approach through two programmes carried out in a handful of locations across the Palestinian territories and with a special focus on women. It has also begun to introduce a local resource mobilization component in all of the programmes. Dalia's role in each activity is to provide a small, unrestricted grant, support for community decision-making about how to use the grant, support for mechanisms for grantee accountability to the community-at-large and demand-driven capacity building in all aspects of project management, especially financial record-keeping. In their own words:

> 'We are as involved as grantees want us to be. This makes our work very relationship-intensive. The essential point is that grassroots groups lead (in response to community priorities) and we support them by networking them to resources (monetary and non-monetary) they need to be successful.' [14]

Waqfeyat al Maadi Community Foundation, Egypt[15]

The Waqfeyat al Maadi Community Foundation was established in May 2007 as a vehicle for promoting a more strategic and sustainable approach to local development in the community of al-Maadi (a suburb of Cairo) and its adjacent suburbs. The founders of the Waqfeyat sought to build a new platform to promote philanthropic giving that drew on existing cultures and traditions, which lay beyond the control of government and which would also offer an alternative to some of the large Egyptian NGOs that relied heavily on international funding and on good relations with government, and so were regarded with some scepticism by ordinary Egyptians. Central to the idea of the new foundation, was the revival and modernization of the Islamic philanthropic practice of waqf (or endowments), a deeply embedded tradition in Egypt which has in more recent times been met with mistrust, ambiguity or indifference by most Egyptians (El Daly 2006). If waqf could be reintroduced and managed under the auspices of a progressive, developmentally minded organization, WMCF's founders believed that it would capture the imagination of those Egyptians looking to give more effectively at the local level and in a distinctly

---

14 Update from the Dalia Association (unpublished), May 2011.

15 http://waqfeyatalmaadi-cf.org/en/index.php

Egyptian way. From the beginning, central to the idea of the foundation was the notion that the answers to a community's challenges must come from within a community itself.

For an institution with such ambitious goals, there was an understanding among WMCF's leadership of the need to exercise caution in the politically sensitive context of Egypt (there had been initial resistance from both government and religious institutions to the foundation, particularly in its use of the word Waqf in its name). Its early activities – a volunteer programme and the creation of an art centre offering classes to children – were sufficiently innocuous and low profile to avoid attracting any unwanted attention, even though they all formed part of a much more progressive and developmental agenda, that included promoting social inclusion and community bridge-building, particularly across different socio-economic groups. Not only did volunteers distribute Ramadan bags, therefore, but they also received training in community needs and asset assessments and so were able to collect data on local assets, opportunities and potential entry points for the foundation through its small grants programme. Similarly, art classes were arranged in such a way that those children coming from lower income families finished their (subsidized) lessons just as children from wealthier backgrounds arrived for their (paid) lessons, thus providing unique opportunities for different parts of the community to meet and interact.

Despite the small size of the foundation (which relies on a handful of paid staff and a lot of volunteers), it quickly became a hub for local civil society organizations in the area and a focal point for the local community in general. The events of the revolution in Egypt in January 2011 also illustrate the extent to which the foundation had become embedded in its community in less than four years of operations. When members of the Maadi community were killed in Tahrir Square, the foundation found itself thrown into a community leadership role, mobilizing across the community, across different faith groups and negotiating with authorities. WMCF was responsible for organizing a large public, interfaith funeral with high profile speakers and subsequently supporting the creation of the first Martyrs' Families Association (which meets at the foundation's premises) but, throughout, it sought to avoid the media limelight and rather to provide a platform through which individual community members and groups could engage with each other and with the forces of power. [16]

Amazon Partnerships Foundation, Ecuador[17]

The Amazon Partnerships Foundation (Fundación Tarpuna Causay) is based in Napo Province in the Ecuadorian Amazon and its core constituency is indigenous Kichwa communities – a group historically marginalized and discriminated against in Ecuador. The idea for the foundation emerged out of experiences garnered during the development and implementation of a grassroots grantmaking model (originally piloted under the auspices of an international health NGO). The model encouraged local rural indigenous communities to design, manage, and evaluate their own projects, rather than simply be passive recipients. As community involvement and participation in the grantmaking process grew, it became increasingly evident that the one single factor that was having an impact on a range of community issues, whether they were related to health, economic development or community cohesion etc. was that of environmental degradation due to

16 GFCF (2011) 'Nothing really made it easy, except that things got complicated',
http://www.globalfundcommunityfoundations.org/latest-news/2011/10/31/nothing-really-made-it-easy-except-that-things-got-complicat.html

17 http://www.amazonpartnerships.org/

a changing climate. What was also clear was that there was no local entity or platform to articulate the interests of the community and mediate with other parties and institutions on their behalf.

In 2007, a group of Ecuadorian (including Kichwa) and American development practitioners established the foundation, both to fill the vacuum that had been left by the departure of the international NGO and, more importantly, as a vehicle to foster environmental leadership, stewardship and ownership among Kichwa communities. In conceptualizing the foundation some clear principles were established from the start. One was a conscious break with the traditional 'NGO-led' model, where often, despite the best of efforts, ownership of a project lies with the implementing NGO, thus discouraging a genuine sense of community ownership and undermining any prospect of long-term sustainability. Another was the importance of small grants as tool for encouraging local initiative and responsibility, where success or failure of the project would rest in the hands of the communities themselves. And a third was a deliberate emphasis on exploring the interaction between Kichwa and Western traditions of philanthropy, mutual support and knowledge with a view to building an institution that was locally relevant but that could also leverage external resources through conventional philanthropic sources.[18]

Tewa – Nepal Women's Fund[19]

Tewa, the Nepal Women's Fund, was established in 1996. Its institutional roots derive from the politics of feminist activism and disillusion over decades of international development aid to Nepal, which had fostered a dependency mindset and fed the growth of a local civil society sector that was increasingly driven by external project funding. In addition, Nepal was seeing the effects of rapid modernization combined with long drawn-out conflict, which were putting pressure on communities at a time when traditional social safety nets were being eroded and levels of public trust were very low.

In establishing Tewa, its founder, Rita Thapa (who herself had previously worked for international NGOs and development agencies), sought to develop a model of citizen-led development which could offer an alternative to existing externally-formulated top-down approaches, and which could reach and have an impact on grassroots communities. The role of local resources – framed specifically by Tewa as 'modern philanthropy' (as distinct from traditional cultural or religious forms of giving) – has been a central cornerstone of Tewa's model. In fifteen years, it has mobilized contributions from 3,000 Nepali donors and, throughout, Tewa has consistently adhered to the principle that only local money is used for its grantmaking (although Tewa has been successful in leveraging external resources from international foundations too). By emphasizing the importance of small philanthropic contributions in bringing about tangible change at the local level, Tewa has sought to overcome powerlessness, to strengthen the connection between individuals as both givers and receivers and to mobilize networks of women across the country to become active in their own development. In the words of Rita Thapa,

> The alternative model of development offered by Tewa is grounded in
> the reality of Nepal, but explicitly works to do away with established
> hierarchies of gender, class and caste, ethnicity, age and even geography.
> It demonstrates an inclusive, non-hierarchical structure that can be

18 GFCF (2010) 'Fostering local leadership in the Amazon region',
**http://www.globalfundcommunityfoundations.org/latest-news/2011/1/16/
news-from-our-partners.html**

19 **www.tewa.org.np/**

transparent and accountable, as well as trusting and respectful. Tewa therefore works in true partnerships that promote lateral opposed to top down relationships.[20]

Kenya Community Development Foundation, Kenya

KCDF is Kenya's first and oldest home-grown public foundation. It was founded in 1997 by a group of Kenyan civil society leaders concerned at how the implementation of international donor programmes often resulted in the exclusion of communities from the processes of their own development. Despite the enormous sums of international development aid poured into Kenya, local community-based organizations were constantly being by-passed in favour of larger, urban-based NGOs, both international and Kenyan. They saw an opportunity to create a new type of Kenyan development institution which would mark a shift away from a short-term project mentality, where projects were delivered to communities, and that could invest in strengthening and getting resources to local grassroots institutions that had roots in their communities as a way of promoting participation, ownership and ultimately, sustainability.

Over the last fourteen years, KCDF has leveraged resources from a wide range of domestic and international sources, including the World Bank, international foundations, Kenyan corporations and individuals, as well as community members in rural parts of Kenya. It has demonstrated and promoted a form of transparent and accountable governance and management both internally and among its partners that may not have been previously possible in Kenya, where levels of corruption within both government and the NGO sector have been high.

It is perhaps in its engagement with a handful of communities in Kenya that the very unique role of an institution such as KCDF can best be observed – in bridging relationships within communities and between communities and other actors and resources. Community funds are permanent funds invested into KCDF's own overall endowment fund for the benefit of a community in a particular geographical area and which comprise local contributions from community members and matching funding from KCDF.[21] Interest earned on the investment of capital is made available to the community (normally through its Development Association or another member-based type community based organization) which decides – through a participatory process – on the kinds of projects or initiatives that the money will be used for. In addition to providing rural communities access to investment opportunities that might not normally be available to them (through the pooling of community funds within the larger KCDF endowment), a detailed study of one such community which has partnered with KCDF over more than fourteen years documents how KCDF's long-term engagement and investments in local leadership, strengthening local institutions, building on local assets, and facilitating widespread community participation have been instrumental in bringing about a complete transformation.[22]

20 Thapa (2002)
21 **www.kcdf.or.ke**
22 Mahomed and Peters (2011)

Common characteristics

Despite the regional and contextual differences among the organizations described here, and the fact that three of them are still so young, making it impossible to consider long-term impacts to date, there are some common characteristics that apply across all of them which may provide the basis of a framework through which we can better observe and document the phenomenon of new generation community foundations:

■ All seek an alternative model of democratic participation with flatter hierarchies and an emphasis on local assets, both financial and non-financial.

■ All act and interact within broader political and systemic contexts in which a re-shaping of roles and responsibilities of the state and its citizens is taking place and often highly contested.

■ All seek to blend and harness local, traditional, horizontal resources and knowledge with external, Western, modern, vertical ones (blending Susan Wilkinson-Maposa's and Ruesga's different categories of philanthropy).

■ All place great emphasis on the importance of the *process* of building capacities for local action and decision-making.

■ All seek to strengthen the relationship between agency (i.e. community voice) and assets (whether local philanthropy, or local knowledge, skills that are brought to bear in decision-making processes).

■ In their institutional arrangement, each institution highlights the role of small grants both as a development tool and as a strategy for building public trust. Although all five organizations aspire towards establishing a long-term presence in their respective communities, only two have (rather modest) endowment funds (one in cash and the other in property). Engagement with the corporate sector as a source of funding also varies across all five institutions from established funding relationships with corporations or philanthropic local businesses or individual business leaders, to non-existent.

It is also interesting to note that, despite leaning towards democratic and participatory forms of engagement, consultation, and decision-making in their processes and programme, at least four of these cases still have a traditional governance system, comprised of a board of like-minded individuals who act as stewards of the vision for the organization. Experience suggests that when developing new institutions, new leadership with a strong sense of purpose and mission is required, and that stable leadership is more likely to open up multiple opportunities for community-level self-organizing and social enterprise, rather than resist it. The sense of 'mutual responsibility' enshrined in a vision can, therefore, be compatible with an organizational form that is not member-based, but is 'MBO-like' in its social purpose.

Conclusion

Combining these theoretical and empirical observations on the space for, and emerging practice of, community foundations, new generation community foundations can be described as hybrid organizations in the social economy that are expressions of multiple layers of mutual responsibility for social inclusion and social justice. Their hybrid character is reflected in two ways. First, within the category of 'community foundation', they blend the functions of grant-making with active citizen engagement and asset mobilization in the spirit of 'mutual responsibility' for progressive social outcomes. Secondly, in their pursuit of civic-driven social change they can potentially combine community philanthropy with complementary mandates for wealth redistribution of the state, the private sector and/or aid agencies in the civil society sector, if and when such mandates exist and are put into practice. However, as hybrids, they risk the challenge of being pulled in conflicting directions, sometimes away from their community-driven purpose by the self-interest of partnering institutions, such as politicians or corporations, and sometimes internally where conflicting interests may pull them away from their values of social inclusion and social justice. A conceptual framework for new generation community foundations should therefore be able to locate them in the values and mandates of the sectors with which they overlap—state and market actors, for example— as well as identify the ways in which their own mandates are institutionalized (in terms of governance, resource mobilization and distribution of benefit for example) in order to achieve their promise as innovative actors within the social economy.

Further research is now required to identify and carry out in-depth analysis of best case examples of these new generation community foundations, especially in the Global South. Criteria for selection could include adherence to specific social outcomes, as in Figures 2 and 3, and the capacity to mobilize community contributions, but would also include governance criteria to identify those foundations that minimize the risk of cooption by external actors or by local power blocks, and actively instill values of mutual responsibility and social inclusion. In-depth case histories would describe and analyze: how these community foundations built on local expressions of mutual responsibility and philanthropy; their relationship with government and private sector actors; and how they are distinguishing themselves as 'new generation community foundations.' Such an analysis will permit the development of a 'theory of change' that explains the impetus behind a conducive environment for community foundations, and the conditions under which they can be most effective as vehicles for citizen-led development. This theory of change can serve not only to guide the development and growth of new generation community foundations but also lay the groundwork for the measurement of their outcomes and impact at the community level.

References

Beveridge W (1948) Voluntary Action: A Report on Methods of Social Advance. George Allen and Unwin (pages 8–9)

Billis, D. (2010) *Hybrid Organizations and the Third Sector.* London. Palgrave.

Chen, M., Jhabvala, R., Kanbur, R., & Richards, C. (2007). *Membership-based organizations of the poor.* London: Routledge.

Dagnino, E. (2008) Civic-Driven Change and Political Projects. In Alan Fowler and Kees Biekhart (eds.) *Civic-Driven Change: Citizen's Imagination in Action.* The Hague: Institute of Social Studies (ISS)

Draimin, T. And Smillie, I. (1999) *Strengthening Civil Society: The Role of Southern Foundations.* New York: The Synergos Institute.

Edwards, M. (2010) *Small Change: Why Business Cannot Save the World.* San Francisco, CA: Berrett Koehler and Demos.

Fowler, A. and Biekart, K. (eds.) (2008) *Civic-Driven Change: Citizen's Imagination in Action.* The Hague: Institute of Social Studies (ISS)

Hodgson, J. and Knight, B. (2010) More than the Poor Cousin? The emergence of community foundations as a new development paradigm. The Global Fund for Community Foundations

Knight, B (2011) Supporting Democratic Philanthropy: Report to the Ford Foundation. CENTRIS

Knight, B (2012) The Value of Community Philanthropy. Aga Khan Foundation and C.S. Mott Foundation

Mahomed, H. and Peters, B. (2011). The story behind the well: A case study of successful community development in Makutano, Kenya. The Global Fund for Community Foundations and the Coady International Institute.

Mathie, A. and Cunningham, G. (eds.). (2008). *From clients to citizens: Communities changing the course of their own development.* Rugby, UK: Practical Action.

Mathie, A. and Ghore, Y. (2011). Innovative types of formal member-based organizations (MBOs): Towards an analysis of trends and a guide to MBO potential. Technical Report to the International Development Research Center. The Coady international Institute.

McKnight, J. (2009) The careless society: Community and its counterfeits. Basic Books

Murray, R. (2009) *Danger and opportunity: Crisis and the new social economy.* Provocation 09. London, UK: National Endowment for Science Technology and the Arts (NESTA)

Murray, R. (2010). *Co-operation in the age of google.* Co-operatives UK. **http://www.uk.coop/sites/ default/files/downloads/Co-operation%20 in%20the%20Age%20of%20Google%20for%20 consultation_1.pdf**

Penrose-Buckley, C. (2007). *Producer organizations: A practical guide to developing collective rural enterprises.* Oxford: Oxfam GB.

Puntennay, D. and Ruesga, A. (2010) Social Justice Philanthropy: An Initial Framework for Positioning This Work

Quarter, J., Sousa, J., Richmond, B. J., & Carmichael, I. (2001). Comparing MBOs within a social economy framework. *Nonprofit and Voluntary Sector Quarterly,* 30(2), 351–375.

Ruesga, A. (2011) Civil Society and Grassroots Philanthropy. In Michael Edwards (2011) The Oxford handbook on Civil Society. Oxford University Press

Thapa, R. (2002) Tewa – Doing the Impossible: Feminist Action in Nepal, Toronto, Centre for Women's Studies in Education, Ontario Institute for Studies in Education, University of Toronto

Wilkinson-Maposa, S. (2005) The Poor Philanthropist

WINGS (2010) The Global Status Report on Community Foundations. WINGS

Yost, J. (2008) Involve Everyone to Grow Local *Philanthropy in Rural America.* In Council on Foundations (2008) Philanthropy and Rural America

About the authors

Jenny Hodgson is Executive Director of the Global Fund for Community Foundations

Barry Knight is Executive Director of CENTRIS and an Adviser to the Global Fund for Community Foundations

Alison Mathie is Manager, Research and Publications, at the Coady International Institute