



Community foundations and local philanthropy

In all communities, strong community philanthropy organizations can play a key role in the development process, by empowering citizens, promoting participation, and shifting the distribution of power to the heart of the community.

Community foundations are indigenous philanthropic grantmaking institutions, which accumulate financial resources from a variety of donors (including local individuals and companies, diaspora populations, government bodies and international funders). Where possible, community foundations aim to pool sufficient resources to develop a permanent asset base in the form of an endowment.

Although they may vary according to context and circumstances, at the heart of a strong community foundation is the idea that local people and groups are best placed to respond to local challenges. Grantmaking is therefore the local foundation's key development tool: grants to local groups empower them to address a range of local needs, including education, poverty alleviation, youth and women's programmes, health, and community development.

In contexts where levels of public distrust are high, the community foundation offers local donors, including individuals and businesses, a way in which to engage constructively around local problems and a transparent mechanism through which contributions can be tracked and their impact seen - in the form of grant-funded activities in the community. In turn, local philanthropic contributions confer legitimacy on a local foundation and serve to strengthen its voice at both the grassroots and policy level.

International funding also has a role to play in community foundation development, although not at the expense of developing a local donor base. It can be particularly effectively used in targeting root-cause or "difficult" social issues that may lie beyond the "radar" of new local donors, in providing "matched funding" for locally-raised contributions, and for investing in the institutional development (i.e. the governance, management and skills development) of community foundations. For international donors, community foundations and other local grantmaking institutions can also provide a "horizontal", transparent and cost-effective way of getting resources to a wider range of local partners with small-sized grants that do not "saturate" individual organizations. In many contexts where grassroots organizations are relatively undeveloped, community foundations also play a capacity building role to ensure that grants are managed effectively and that project objectives are achieved.

While the primary function of community foundations is grant-making, they also perform many non-grant-making roles that have a unique value in the local development process. These roles can include: **bridge builder** – helping build links between different sectors, particular where there is a climate of public distrust in institutions; **advocate** – in stepping forward to take a leadership role with local or national authorities on sensitive social issues; **steward** – accumulating and pooling resources for the public good, both for the present day and in perpetuity, and distributing them in an open and transparent manner.

For more information on community foundations or on the GFCF, please contact info@globalfundcf.org