

An International Perspective on the History, Development and Characteristics of Community Foundations

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1. Introduction

In the last several decades there has been a paradigm shift in how governments go about meeting the social needs of their citizens. Around the world national governments are retreating from direct responsibility for the funding and delivery of social services. They are privatizing delivery systems, working through intermediaries such as nongovernmental organizations (NGOs), devolving decision-making to local authorities, and asking communities to develop their own resources.

Communities are searching for ways to meet the challenge of this new environment and to find longer-term, sustainable sources of funding for human needs. Instead of relying primarily on informal acts of charity, increases in the local tax base, or the interests of funders, communities are exploring the establishment of community philanthropy organizations. Community philanthropy organizations collect, manage and distribute charitable resources for a local area. The community foundation is one of the fastest growing forms of organized community philanthropy today.

Community foundations are not a new idea; the first one was formed in the United States more than 85 years ago. However, in recent years they have experienced tremendous growth as individuals and institutions recognize the advantages community foundations have for building a permanent pool of charitable funds. The community foundation concept is flexible and adaptable, able to meet current needs and the changing needs of communities over time. It has shown the ability to adjust not only to local conditions, but to the local impact of change from external sources, such as the ups and downs of economic cycles, the effects of globalization, the decline of centralized, social welfare programs, and evolving political, cultural and nonprofit environments.

Community foundations exist in at least 27 countries today and are being explored in many others.¹ Even in countries where community foundations have a long history, their numbers and assets have increased dramatically in the last 10 years. In order to understand why the community foundation concept has been accepted in so many parts of the world, this article will examine the unique attributes of community foundations, the factors that encourage community foundation development, the role support organizations and funders play in spreading the community foundation concept, and the history of the community foundation movement.

2. The Unique Character of Community Foundations

Traditional community foundations have a number of common characteristics. Even so, no two community foundations are exactly alike. They are shaped by local traditions, history and culture to meet the needs of their local areas. Some community foundations will display most but not all of the characteristics listed below. Others will place a greater emphasis on one characteristic over another.

Community foundations²:

- seek to improve the quality of life in a defined geographic area;
- are independent from control or influence by other organizations, governments or donors;

1 E. W. Sacks, *The Growth of Community Foundations Around the World: An Examination of the Vitality of the Community Foundation Movement*, Council on Foundations published by the Council and by the Worldwide Initiatives for Grantmaker Support-Community Foundations (WINGS-CF), Washington, D.C., May 2000. The article presented here is adapted from that report.

2 This set of attributes was developed by the global advisory committee of WINGS-CF.

- are governed by a board of citizens broadly reflective of the communities they serve;
- make grants to other nonprofit groups to address a wide variety of emerging and changing needs in the community;
- seek to build, over time, a collection of endowed funds from a wide range of donors, including local citizens, other nonprofits and businesses;
- provide services tailored to the interests and giving capacity of donors;
- help donors achieve their philanthropic and charitable goals;
- engage in a range of community leadership and partnership activities, serving as catalysts, convenors, collaborators and facilitators to solve problems and develop solutions to important community issues;
- have open and transparent policies and practices concerning all aspects of their operations; and
- are accountable to the community by informing the general public about their purposes, activities, and financial status on a regular basis.

Given the variations that exist in countries with a long history and experience of community foundations, it should not be surprising that in emerging democracies – where legal, regulatory and banking structures are evolving, local resources are scarce, and varying attitudes toward philanthropy and volunteering exist – traditional community foundations may be difficult to establish. But even in these countries, community philanthropy is a powerful force for change and is leading to the creation of community foundations and community foundation-like hybrid organizations. The adaptability of the concept makes it possible for communities to mold it to fit their own circumstances.

3. Influences on the Dynamic Growth of Community Foundations in the 1990s

Among the most dramatic developments in the last 10 years was the sudden collapse of communism in Central and Eastern Europe and Soviet Russia, and the need to create new political, economic and social structures in former totalitarian countries. Democratic governments also are replacing dictatorial regimes in other parts of the world, particularly in South America and Africa. The emergence of new democratic states has given rise to the movement for greater citizen participation and citizen action. Less dramatic but no less momentous has been the Western democracies' turning away from the welfare state.

The past decade has also seen international funders ending direct participation in large-scale social and economic programs in underdeveloped countries, preferring to turn the operation of programs over to local NGOs. As governments and funders retreat from direct involvement in economic and social programs, there has been an explosion in the numbers of NGOs created to deliver programs and services. The end of the Cold War saw foreign aid budgets drastically reduced, leaving many poor nations with severely diminished finances with which to provide for the needs of their people. All of these countries are looking for new ways to build and sustain resources.

Globalization has led to a decline in the power of the nation state. Nations find they cannot continue to spend large portions of their gross domestic product on social services. At the same time many countries have concluded that programs designed and run by centralized bureaucracies are not effective in identifying and addressing local needs. The result has been an increase in local decision-making, based on the belief that those closest to the situation will find the most effective solutions.

In the wake of these developments a consensus is emerging worldwide that no one sector can do it alone. Governments, the private sector, and nonprofits are recognizing the need to share the burden of solving the persistent needs of their communities. In this new economic and social environment governments may provide a social safety net. The private sector assumes the responsibility for job creation that allows individuals to earn a living and acquire wealth. NGOs and philanthropic organizations play their part by identifying local needs, gathering local resources, and providing a conduit for national and international funding. They also act as incubators for new ideas and approaches to solving community problems and advocate for policy changes that strengthen local communities.

All of the recent changes to the world's political, economic and social systems have created an opportunity for community foundations to play a leadership role. When communities cannot rely on national or local governments to provide for them, they must rely on themselves to identify the issues that are of the greatest concern and find ways to address them. Community foundations – characterized by their focus on local asset development, local control, and local decision-making – are uniquely suited to this way of operating. The growth in the numbers of community foundations in the last decade shows how effective the community foundation concept can be in easing the transition to this new environment.

4. The Role of Associations of Grantmakers, Support Organizations, and Funders in Spreading the Community Foundation Concept

In country after country it can be shown that the establishment of associations of grantmakers and support organizations has accelerated the course of community foundation development. Associations of grantmakers are membership organizations that provide training and educational programs, information resources, and programs to promote, support and spread the concept of organized philanthropy. Support organizations, which usually are not membership based, provide similar services.

The number of associations of grantmakers and support organizations around the world has grown dramatically in the last decade, paralleling the growth of community foundations. The chief benefits of associations of grantmakers and support organizations are the opportunities they provide for foundations to network and share ideas and best practices. Peer learning is a very powerful tool for the development of individual community foundations and the field as a whole. Associations of grantmakers and support organizations also can play a key role in the public policy debate over the role of foundations in national life and the regulation of foundations and nonprofit organizations. They may conduct research on philanthropy and the law and promote legislation to create a more supportive regulatory climate for foundations and other nonprofit organizations.

A brief look at selected associations of grantmakers and support organizations around the world points to the important role they play in promoting the community foundation concept. The United States established its first national support organization for community foundations in 1949, some 35 years after the first community foundation. In the 1960s this organization became

the Council on Foundations and opened its membership to all types of grantmakers. It continues to support community foundations through its Community Foundation Services group, and the international interests of U.S. community foundations through its International Programs. The first regional association of grantmakers (RAG) in the United States was formed in 1948, one year before the Council itself. Since that time the number of regional associations in the United States has grown to more than 50, with several providing specialized services to community foundation members.

The European Foundation Centre (EFC) was established in 1989 as a membership organization for funders active in Europe. It began its Community Philanthropy Initiative (CPI) in 1997 to strengthen and increase organized philanthropy at the local level by building the capacity of community philanthropy organizations. Promoting the formation of community foundations in Europe is one of the primary goals of the initiative. The Southern African Grantmakers Association, SAGA, a membership organization for funders primarily in South Africa, launched a community foundation development program in 1998.

A few countries have formed national membership associations just for community foundations. The Community Foundation Network (formerly the Association of Community Trusts and Foundations) was established in the United Kingdom in 1991. Community Foundations of Canada was formed in 1992. Other types of support organizations have created programs to promote community foundation development. These include the Academy for the Development of Philanthropy in Poland beginning in 1998 and the Charities Aid Foundation's Russian affiliate (CAF Russia) since 1994. The increasing numbers of community foundation support organizations around the world led to the creation in November 1999 of an international network of associations of grantmakers and support organizations, the World-

wide Initiatives for Grantmaker Support-Community Foundations (WINGS-CF).

National and international funders have become a powerful force in promoting the community foundation concept and have done much to accelerate community foundation formation. Without their support, it is certain that the community foundation concept would not have traveled as far and as fast as it has in the last several decades. Community foundations have attracted the attention of a broad spectrum of funders. Private foundations play the largest role, but national governments, government entities and local authorities, and local, national and multinational corporations have seen the benefit of the sustained funding for local initiatives that community foundations provide.

Funders use a number of strategies to encourage the development of community foundations and build existing ones. The most common are: grants to individual community foundations for start-up and technical assistance, challenge grants to build endowment, and support for regranteeing programs and specific initiatives. They also have funded associations of grantmakers and support organizations to develop specialized services for community foundations.

In addition to providing monetary resources, support from a major funder can raise a community foundation's profile and the level of trust it enjoys with other potential donors, grantees and the community at large. Funders also provide expertise to help form new community foundations. They create opportunities for learning about the concept by funding study tours and hosting meetings where individuals learn what a community foundation is, how it functions and the impact it has had in other communities. They offer networking opportunities for community foundations already established.

5. Historical Origins of Community Foundations in the United States and Canada

United States: The first community foundation, The Cleveland Foundation, was formed in the United States in Cleveland, Ohio, in 1914. Frederick H. Goff, a local banker, had the idea to consolidate a number of trusts into a single organization that would exist in perpetuity and be governed by a board of local citizens. The trust assets would continue to be managed by the banks, but the citizen board would assess the needs of the local community and make grants to community organizations to meet the needs in that region. This new philanthropic model would not only relieve local trust banks of the burden of grantmaking, but would make certain that the changing needs of the community would be served into the future, even if the original purpose of a trust was no longer needed. The model he created developed out of the Progressive Movement in the United States, whose ideas included the secularization of philanthropy and the need for professional, businesslike management practices in government and in charitable endeavors. It is not a coincidence that community foundations arose when the first large private foundations were being formed.³

Community foundations in the United States boomed in the 1920s as the concept spread, especially in the Midwest and Northeast. In the 1930s community foundations faced a difficult period of decline during the Great Depression, when resources were scarce and the banking system was in difficulty and disrepute. When the movement revived in the late 1940s and 1950s most community foundations were formed under the charitable corporate form, characterized by self-perpetuating boards that had the

3 D. C. Hammack, *Community Foundations: The Delicate Question of Purpose*, in: R. Magat (ed.), *An Agile Servant*, Washington, D.C., 1989, pp. 23–50.

authority to make their own investment decisions, rather than the bank trust form.

Foundations in the 1950s, especially private foundations, came increasingly under attack for the perception that they abused their tax exempt status. The result was a sweeping change in tax legislation in the late 1960s to combat the perceived abuses. The reforms instituted by the Tax Reform Act of 1969 included a redefinition of the types of foundations according to their tax exempt status, more government oversight of foundations, and restrictions placed on private foundation operations. As part of these reforms community foundations received a favored tax status as public charities. The advantages of public charities over private foundations in the United States include: greater tax deductibility of gifts, exemption from taxes, and looser government regulation.

The effects of the Tax Reform Act of 1969 point to the importance of enabling legislation in encouraging community foundation creation. The current acceleration in the number of community foundations formed in the United States began in the 1970s after the regulations of the 1969 Tax Reform act were published.

The upward trend in community foundations was enhanced further by the recession of the early 1980s that put national social programs at risk. During the Reagan presidency the U.S. government began turning away from large-scale, national social programs, a trend that has continued into the 1990s and shows no signs of being reversed. Individuals and private foundations began looking to community foundations as a way to make up for the loss of national funding for local social programs. The economic boom years of the 1990s further enhanced the growth of community foundations. As the pool of disposable income increased, community foundations benefited from the desire of individuals to give back to their communities while taking advantage of the tax benefits of charitable giving.

There are more than 600 community foundations in the United States today, which include community foundations in the Commonwealth of Puerto Rico and the U.S. Virgin Islands. Residents in most parts of the United States have access to a community foundation. At the end of 1999 U.S. community foundations held nearly US \$30 billion in assets, up almost 19 percent from the year before. Gifts in 1999 exceeded US \$3.6 billion, which represents a 28 percent growth, and grants exceeded US \$1.9 billion, up nearly 19 percent.⁴

Canada: The community foundation concept arrived in Canada very soon after it was developed in the United States. The first Canadian community foundation, the Winnipeg Foundation, was formed in 1921, only seven years after the Cleveland Foundation on which it was modeled. Community foundations in Canada continued a slow but steady growth from their beginnings into the latter part of the 1970s when the movement began to gain momentum.

In the last decade the growth in the number of community foundations in Canada can be described as explosive. This is due to a number of factors. The model itself has proved attractive in the Canadian context as the country tries to find alternatives to state funding for social welfare programs. National and international funders have promoted the concept and supported individual foundations. An active national support organization, Community Foundations of Canada (CFN), was created that has been very effective in promoting the community foundation concept. The federal and provincial governments also have been supportive, recognizing the utility of community foundations in meeting local needs as centralized programs decline.

Canada currently has over 100 community foundations located in all the Canadian provinces and in the Northwest Territories, and

4 The Columbus Foundation and Affiliated Organizations, 1999 Community Foundation Survey: www.columbusfoundation.org.

new ones are being formed at a fast pace.⁵ To put the recent growth into perspective, seven of the community foundations now in existence were formed from 1921 through the 1960s; 10 community foundations were formed in the 1970s; 18 in the 1980s; and 55 plus in the 1990s. In 1999 assets held by Canadian community foundations reached over CDN \$1.2 billion by year end and over CDN \$60 million in grants were made.⁶

Community foundations play a proportionately larger role in Canada than in the United States. The largest foundation in Canada is a community foundation, the Vancouver Foundation. It has over CDN \$600 million in assets and is also one of the largest community foundations in North America. Today there are more community foundations per capita in Canada than in the United States. Canada has approximately one community foundation for every 313,000 people, whereas the United States has one for every 492,000 people.⁷

6. Community Foundation Development in Europe

Explorations of the community foundation concept began in Europe as early as the mid-1960s when officials of the French government studied the role of foundations in the United States. This initiative resulted in the formation of the Fondation de France in 1969, patterned after the Cleveland Foundation. However, community foundations did not begin to receive wider consideration until the late 1970s with the formation of the first community foundation in the United Kingdom.

5 A list of Canadian community foundations can be found on the Community Foundations of Canada Web site at: www.community-fdn.ca/cfs.html.

6 Community Foundations of Canada: private communication.

7 Estimates are based on census data.

United Kingdom: Britain has a long, rich tradition of private and secular community philanthropy that goes back at least to the Reformation. With the rise of the welfare state in the nineteenth century, the national government took over primary responsibility for meeting the social, health and educational needs of its people. The United Kingdom began turning away from the welfare state in the 1980s, looking to individuals to take more responsibility for meeting their own needs. Broad-based community philanthropy is now enjoying a renaissance. At present the United Kingdom has community foundations in all of its component parts: England, Scotland, Wales and Northern Ireland.

Initially, progress in the U.K. was slow. The depressed state of the British economy in the 1980s, uncertainty about how to adapt an American charitable model, and the difficulty in selling the concept of endowment when immediate needs were so great, proved impediments to spreading the community foundation concept.⁸

The first community foundation in the United Kingdom, the Northern Ireland Voluntary Trust, was established in 1979 to support and encourage the efforts of voluntary and community groups to tackle the worst effects of Northern Ireland's serious social, economic and community problems. Its initial funding came in the form of a £500,000 challenge grant from the central government to be matched one-to-one by funds raised independently by the Trust. Today, the Trust relies on income from the endowment, and donations from individuals, foundations, statutory bodies and the European Union.

A number of other community foundations were established in the 1980s and 1990s, some with government seed grants and others with support from local, national and international fun-

8 Charles Stewart Mott Foundation, *Community Foundations Change Face of U.K.*, in: *In Focus*, Vol. 2, No. 1, March 1999. Available on the Mott Foundation Web site: www.mott.org/publications.

ders. For example, the Charities Aid Foundation (CAF) in the United Kingdom and the Charles Stewart Mott Foundation in the United States joined forces to award on a competitive basis £1 million challenge grants for endowment building to each of three community foundations. The challenge grants were essential in attracting other donors to these foundations and did much to raise the profile of community foundations in the United Kingdom. An unforeseen outcome of the challenge was that a number of other community foundations in the competition who did not receive grants went ahead with their own endowment campaigns and were highly successful.

The community foundation movement began to hit its stride in the 1990s with the formation in 1991 of the Association of Community Trusts and Foundations (renamed the Community Foundation Network in 2000), the national membership association for community foundations. The recent growth in numbers of community foundations also has been aided by the Blair government's focus on local decision-making and local initiative for solving social problems and its promotion of voluntarism and philanthropy. The economy, which is growing and dynamic in many parts of the country, has increased the money available for giving. The disparities between the more prosperous areas and the industrial areas left behind in the current economic climate have also spurred the development of community foundations.

There are now 58 community foundations in the United Kingdom and their numbers are increasing rapidly.⁹ Of these about half are in full operation and the rest are at an early stage of development. Around 70 percent of the regions of England are covered, along with all of Scotland, Wales and Northern Ireland. By 2003 the Community Foundation Network anticipates that

9 A list of U.K. community foundations can be found on the Community Foundation Network Web site at: www.communityfoundations.org.uk/members.html.

over 90 percent of the U.K. population will have access to a community foundation.

At the end of the 1999–2000 fiscal year the combined total assets of the 29 most established community foundations reached nearly £92 million. They made a total of nearly £22 million in grants up from £1.4 million in 1992.¹⁰

Belgium: The King Baudouin Foundation (KBF), an independent foundation established in 1976, is active nationally, within Europe, and internationally. KBF accepts funds from individuals, nonprofits and corporations and provides them with services similar to a community foundation. KBF also is working to develop community foundation affiliates in at least two areas of the country. In Wallonia, efforts are underway to expand the Fond La Wartoise, which was set up in 1997 within KBF by a local donor to serve the towns of Couvin, Momignies and Chimay and the surrounding rural area. KBF also is exploring the idea of establishing an affiliated regional community foundation in West Flanders with funds from a corporate foundation whose related business interests recently closed manufacturing facilities in the area.

The King Baudouin Foundation, in partnership with the German Marshall Fund of the United States, has established a three-year initiative, the Transatlantic Community Foundation Fellowship Program. This is a peer exchange program for community foundation professionals, in which five American and five European senior staff representatives of community foundations spend three weeks at a host community foundation on the other side of the Atlantic. Participants learn about the social cultural and economic circumstances affecting the development of community foundations in countries other than their own. The first exchange took place in 2000 and will continue yearly until 2002.

10 Community Foundation Network: private communication.

France: The Fondation de France is an independent, nonprofit foundation that operates in many respects like a national community foundation for France. Modeled on the Cleveland Foundation, it was founded in 1969 to help people, businesses and associations to realize philanthropic, cultural and scientific projects of general interest. It acts as an umbrella organization for individuals who want to form their own personal foundations and take advantage of the Fondation de France's program expertise and fiscal management.

Germany: Community foundations have caught on quickly in Germany, due to the strong support of national foundations, associations of grantmakers and support organizations. The first community foundation, Stadt Stiftung Gütersloh, was formed only five years ago, in late 1996, in the hometown of the Bertelsmann Foundation, an independent, operating foundation, which took the lead role in creating the community foundation.

Community foundations in Germany are commonly called citizens' foundations (Bürgerstiftungen). They have received start-up funds from individuals, from national foundations, and in a few cases from city governments.¹¹ Today there are over 20 community foundations in almost every state in Germany. Numerous local initiatives are under way to establish additional community foundations.¹²

In a very short period of time, the Bertelsmann Foundation has become a lead player in the community foundation movement in Germany and around the world. Not only has it been promoting community philanthropy and the community foundation concept within Germany, but also internationally through symposia and transatlantic exchange programs. The Bertelsmann Foundation

11 T. Vesper, Community Foundations Searching for a Profile of Their Own, *Forum International*, January 1999, pp. 10–11.

12 A list of German community foundations can be found at the Bertelsmann Foundation Web site at: www.buergerstiftungen.de.

recently partnered with the Charles Stewart Mott Foundation to create the Transatlantic Community Foundation Network to share experiences and knowledge, especially of management practices, among community foundations on both sides of the Atlantic.

Other national foundations supporting community foundations include the Körber Stiftung and the Freudenberg Stiftung. The Maecenata Institut für Dritter-Sektor-Forschung, a third sector public policy and research institution, is also actively promoting the community foundation concept. The Bundesverband Deutscher Stiftungen, a national association of foundations, has established an interest group on community foundations that brings together foundation professionals, funders and others interested in community foundation development in Germany.

Ireland: In November 1998, the Irish Ministry for Social, Community and Family Affairs established the Foundation for Investing in Communities to support voluntary and community activity. The Foundation for Investing in Communities has three missions: to establish the first community foundation in Ireland; to raise awareness of corporate social responsibility; and to establish a trust for children. The Community Foundation for Ireland, the first community foundation in Ireland, was formed in January 2000. The government donated £300,000 (Irish) toward the endowment and another £750,000 to fund start-up expenses and early grantmaking. Companies also donated money for core costs and grantmaking. Last year the Foundation awarded grants of £80,000.

Italy: The first community foundation in Italy, the Fondazione della Provincia di Lecco, was founded in February 1999. The second, Fondazione provinciale della comunità comasca, was formed in Como in December 1999. Since that time community foundations have been established in Mantua, Novara, Bergamo, Sondrio, Monza e Brianza, and Cremona.

They were all created through a community foundation development program instituted by the Fondazione Cariplo, a Milan-

based savings bank foundation. Fondazione Cariplo has pledged to help as many as 15 communities in the province of Lombardy establish a community foundation if they desire one, providing they meet certain requirements. The foundation will provide newly formed community foundations with financial resources for endowment and regranting, technical assistance and investment services. In 2001 Fondazione Cariplo hopes to cover all of Lombardy and the counties of Novara and Verbania in Piemonte. A special initiative is being developed for the city of Milan.

The Venice Savings Bank Foundation has established the Fondazione Santo Stefano, in Portogruaro, north of Venice and is interested in starting other foundations in the area. There are also activities in the central part of Italy, especially in Umbria and Tuscany. Savings bank foundations became interested in promoting community foundations as a consequence of banking reform legislation in Italy in the early 1990s. These reforms privatized the community-owned savings banks, separated their charitable functions from their business functions by creating banking foundations, and required the newly formed banking foundations to sell their bank shares. The result of this legislation was the formation of almost 90 banking foundations. Of these, the 82 savings bank foundations hold an endowment of almost US \$30 billion.¹³ As part of these reforms, the banking foundations are expected to use their resources to give back to the communities that were the source of their wealth. The establishment of community foundations is seen by a number of savings bank foundations as an ideal way to carry out this mission.

Poland: Community foundations are being developed in Poland with the assistance of the Academy for the Development of Philanthropy in Poland. The Academy was formed in 1998 to

13 C. Hartnell, Foundations for Europe, in: *@lliance*, Vol. 4, No. 1, March 1999, p. 10.

promote citizen participation and the long-term sustainability of the nonprofit sector. The Academy's Center for the Development of Community Foundations provides challenge grants for endowment building and for operating costs and grantmaking. The Center also offers organizational development, fundraising, marketing and legal information and expertise. The first community foundation established was the Snieznik Massif (Snow Mountain) Community Foundation in Bystrzyca Klodzka in late 1998. Progress has been very quick. Since 1998 12 communities in Poland have established community foundations and all have launched their first grant programs. These 12 organizations have formed the Local Philanthropic Organizations' Cooperation Network. They meet regularly, attend training sessions, and exchange information on their experiences via e-mail.

Another national organization, the Foundation in Support of Local Democracy, is helping to establish community foundations in three additional communities.

Portugal: Interest in community foundations is growing in Portugal. The Fundação Luso-Americana para o Desenvolvimento (FLAD, also known as the Luso-American Development Foundation) is actively promoting the community foundation concept and looking to develop community foundations in Portugal. After studying the feasibility of such a project, FLAD may start a community foundation in 2001 as a pilot program. The Portuguese Foundation Centre, with support from Fundação Oriente, is also promoting community foundations in Portugal.

Russia: The development of community foundations in Russia has been a major initiative of the U.K.-based Charities Aid Foundation's Russian affiliate (CAF Russia) since 1994. This has not been an easy task in a country that is experiencing a difficult period of economic and political transition, in a society that lacks mutual trust and is burdened by the legacy of Soviet hostility to charitable giving.

In spite of all these obstacles, the first community foundation in Russia, the Togliatti Community Foundation was formed in early 1998. During its first year of operation the community foundation was able to attract and distribute about \$80,000 in grants given by local donors. It gained substantial support from the local community and raised an initial endowment of \$83,000.¹⁴ The foundation has also been successful in obtaining grants from international funders, and support from local businesses and organizations. Currently, it has four donor advised funds: three opened by local banks, and one by the local council to support youth programs.

The rate of formation of new community foundations in Russia is increasing rapidly. There are now 11 community foundations in Russia, including a community foundation in Moscow. They all have small endowments and have organized grant competitions.¹⁵ The success of the community foundation movement in Russia has attracted support from international funders such as the National Charities Lottery Board, the Charles Stewart Mott Foundation and the Eurasia Foundation.

Bulgaria: The role of nonprofit organizations in Bulgaria is becoming more important as neither the local government nor the emerging private sector can respond adequately to meet local needs that previously were the responsibility of the central government. Community foundation-like organizations in Bulgaria are evolving out of several of the Open Society Clubs begun with the assistance of the Open Society Fund-Sofia. The first Open Society Club was established in 1992. Today there are a total of 13 Open Society Clubs. The clubs were originally formed to promote civic discourse and encourage citizen participation in local communities, but have since taken on the role of raising funds for and making grants to local projects.

14 O. Alexeeva, Community Foundations in a Country Without a Community, in: *@lliance*, Vol. 3, No. 2, May 1998, pp. 16–19.

15 CAF Russia: private communication.

The Open Society Clubs in 1998 formed a national association, the Bulgarian Association for Regional Development (BARD), to identify local problems, address local community needs and encourage local philanthropy. BARD promotes information exchange and networking among its members.

Carpathian Euroregion: The Carpathian Euroregion encompasses a mountainous area that includes parts of Hungary, Slovakia, Poland, Romania, and Ukraine. In order to help defuse the ethnic and religious tensions in the area, in 1993 leaders from the five countries created the Carpathian Euroregion to provide a mechanism for governmental cooperation. An outgrowth of this process, although independent of it, was the creation of the Carpathian Foundation as an independent foundation in 1999. The Carpathian Foundation is a regional foundation that has many of the qualities of a community foundation. It supports public/private/NGO partnerships and cross-border and interethnic approaches to regional and community development and conflict prevention. It raises funds and provides grants and technical assistance to strengthen the capacity of grassroots nonprofits active in these areas, and also works to strengthen local and regional development units.¹⁶

Czech Republic: After the fall of communism the community of Ústí nad Labem recognized the need to increase indigenous sources of funding to foster the development of strong NGOs. In order to do this, in 1998 they formed the first community foundation in the Czech Republic, the Komunitní Nadace Ústí nad Labem (Community Foundation of Ústí nad Labem), by transforming a local nonprofit social service agency. The foundation has been successful in raising funds from local businesses and recently was awarded a grant from the national Foundation for Invest-

16 Charles Stewart Mott Foundation, *Five Nations, One Community: On the path to unity in the Carpathians*, in: *In Focus*, Vol. 1, No. 1, March 1998. Available on the Mott Foundation Web site: www.mott.org/publications.

ment Fund. The community foundation is active in the Transatlantic Community Foundation Network and was a host foundation for the Transatlantic Community Foundation Fellowship Exchange.

The community foundation is a partner in the Community Partnership Support Initiative (CPSI), a consortium of foundations in the Czech Republic headed up by the Open Society Fund-Prague. CPSI aims to promote the development of community philanthropy, democracy and community partnerships at the local level through a program of small grants and technical assistance. It is expected that a number of these local initiatives will lead to the formation of new community foundations.

Slovakia: In 1994, the first community foundation in Central and Eastern Europe, the Healthy City – Community Foundation of Banská Bystrica, was established. It grew out of the city’s participation in the World Health Organization’s “Healthy Cities” project and the interest of the local Rotary Club in starting a foundation. An initial donation of US \$30,000 from the city enabled the community foundation to begin local grantmaking and fundraising, primarily from middle-class residents and international donors. Since 1994, community foundations and community foundation-like organizations have formed in at least four other communities, including Tencin, Presov, Pezinok and Bratislava-Petrzalka. In addition to funds raised locally, the Open Society Fund-Bratislava has provided challenge grants and technical assistance.

An informal network exists among the community philanthropy organizations in the country. In addition, the Ekopolis Foundation, a national Slovak organization, recently launched an effort to establish a national technical assistance center for community foundations.

7. The Worldwide Appeal of Community Foundations

Community foundation development in the last decade has been especially strong in the United States, Canada and Europe. However, the idea of local individuals coming together to create permanent resources for their communities has universal appeal and is being put into effect around the globe. Community foundations and community foundation-like organizations have been established in all parts of the world and interest is on the rise in many areas where they have not yet taken root. Community foundations and community foundation-like organizations exist today in: Mexico, the British West Indies, Ecuador, Brazil, Israel, Kenya, West Africa, Mozambique, South Africa, Australia, New Zealand, Japan and India.¹⁷ The concept has shown a remarkable ability to adapt to local conditions.

For example, in Mexico, community foundation development began in the 1990s as the country turned away from a state-centered model for social services and privatized their delivery. Increasingly, local populations have been called on to display their own initiative to meet their social needs. There are about 15 community philanthropy organizations in Mexico with more under development.¹⁸ More than half of this number are organized along the lines of a traditional community foundation, while others are hybrid organizations.

In South Africa, community foundations started to form as the country emerged from the apartheid era faced with enormous social and economic challenges and the need to rebuild the coun-

17 For more detail on community foundation developments around the world, see Sacks, *Growth*.

18 A list of community foundations in Mexico can be found on the Centro Mexicano para la Filantropía Web site at: www.cemefi.org/fundacionesc/directorio.html.

try on democratic and non-racialist principles. In South Africa's favor was a long tradition of local self-help and community solidarity forged in opposition to the government. The first community foundation, the Uthungulu Community Foundation, was formally established in 1999. It has raised an endowment of R 6.5 million, but has not yet made any grants. Three other community foundations are raising funds and making grants; six more are being developed.¹⁹

This is an exciting time in the history of the community foundation movement. The growth in the numbers of community foundations around the world has been phenomenal. The community foundation concept, which was formed out of the particular traditions and culture of an earlier time, once again has shown the agility to meet the very different needs of communities around the world and become an engine for community betterment. The creativity and ingenuity communities have displayed in developing the community foundation concept is a testimony to the power of the idea and its effectiveness. The numerous initiatives currently underway to share the knowledge and lessons learned from community foundation to community foundation, within countries and across national borders will make it easier for new community foundations to be formed. As more and more community foundations are formed, every country, region, and community will find a way to take the concept and make it truly their own.

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Other Resources:

- The Columbus Foundation and Affiliated Organizations: 1999 Community Foundation Survey: on Columbus Foundation Web site: www.columbusfoundation.org/comm_found_set.html.
- Community foundations in Canada: on Community Foundations of Canada Web site: www.community-fdn.ca/cfs.html.
- Community foundations in Germany: on the Bertelsmann Foundation Web site: www.buergerstiftungen.de.
- Community foundations in Mexico: on the Centro Mexicano para la Filantropia Web site: www.cemefi.org/fundacionesc/directorio.html.
- Community foundations in the United Kingdom: on the Community Foundation Network Web site: www.communityfoundations.org.uk/members.html.
- European Foundation Centre: Community Philanthropy Bulletin. A monthly e-mail publication, available free to subscribers and on the European Foundation Centre Web site at: www.efc.be/projects/philanthropy/bulletin.asp.