

Case studies of organizations supporting
community foundations:

European Foundation Centre (EFC), Belgium

This case study includes a focus on funding for the EFC's Community Philanthropy Initiative (CPI), and the services it provides.

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European Foundation Centre (Belgium)

1. The Whole Organization

Background

The European Foundation Centre (EFC) was established in 1989 by seven of Europe's leading foundations: Charities Aid Foundation, European Cultural Foundation, Fondation de France, Fundação Oriente, Juliana Welzijn Fonds, King Baudouin Foundation, and Stifterverband für die Deutsche Wissenschaft.

Mission and Objectives

The EFC promotes and underpins the work of foundations and corporate funders active in and with Europe. EFC's vision is: a community of informed, inspired, committed, independent funders engaged in seeking solutions to challenges facing humanity in Europe and internationally. It is a knowledge-based membership association dedicated to strengthening organised philanthropy, which is embedded in and supports civil society in Europe and internationally. The EFC helps nurture efforts aimed at supporting independent, accountable and sustainable funders throughout the "New Europe", particularly when the right to associate private capital for public benefit needs fostering.

To support the development of community philanthropy, the EFC introduced in 1999 the Community Philanthropy Initiative (CPI), which operates as a program with its own staff and budget.

Financial resources

Year 2000 – All amounts in euros (note: 1 euro = approx. \$0.88 USD as of 13 November 2001)

Source	Total
Income from contributions	614,175
Income from "Maecenases" (special contributors)	325,000
Income from projects and miscellaneous sources	1,213,597
Total Income	2,152,772
Total Expenditure	-1,942,761
Surplus for the year	210,011

Contributions vary according to the status of the organisation vis-à-vis the EFC. Contributions are paid on a per annum basis. There are two member categories: Funding Member and Member. Funding Members contribute 10,000 euros and Members 2,000 euros. Associates and Subscribers contribute with 1,000 euros and 500 euros, respectively.

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“Maecenases” are members of the EFC particularly committed to the mission of the organisation that wish to contribute above their normal membership dues. Their contributions usually average 50,000 euros. “Maecenases” may decide to contribute above their dues on a regular or one-off basis.

The EFC’s budget is divided into two main categories: Core and Projects. Each project has its own budget, and fundraising activities are undertaken by the respective project coordinators. The Community Philanthropy Initiative (CPI), for instance, is classified under Projects and its budget is thus separate from Core and set in relation to specific projections and fundraising results. Projects have special fundraising plans in accordance with their objectives.

Staffing

The EFC has 20 staff members in total: a Chief Executive, a Chief Operating Officer, two Directors, seven Programme/Project Coordinators and supporting staff, a Communications Coordinator, a Legal Affairs Officer, a Librarian, a Membership Services Manager, an Events Coordinator, two Accountants, a Computer Technician, a Receptionist/Volunteers’ Supervisor. Not all of these staff members have employee status with the EFC, some are seconded by member organisations and others have independent consultant status. One Programme/Project Coordinator and the Computer Technician have consultant status. Additionally, one Programme/Project Coordinator, the Communications Coordinator, the Librarian, and one of the Accountants work on a part-time basis.

The Legal Affairs Officer is seconded by the Federal Association of German Foundations, by a group of its members that are also members of the EFC. In the past, the Foundation Center (US), the Charles Stewart Mott Foundation and the Sasakawa Peace Foundation (Japan) have seconded staff members to the EFC. Secondment of staff has proved to be a very valuable contribution to the overall work of the EFC, not only in terms of financial resources but, more importantly, in terms of transfer of good practice and training skills. CPI was, in fact, created via this process with the support of the Charles Stewart Mott Foundation.

The EFC also hosts during the year a number of volunteers (between eight and ten) whose main purpose is to help with projects.

The majority of the EFC’s staff is based in Brussels, Belgium although three staff members work at the branch office in Warsaw, Poland. This branch office helps the EFC to reach out to countries in Central and Eastern Europe (CEE), and is responsible for the management of specific information and networking activities in the region.

Governance

The EFC is an independent international non-profit association under Belgian law. The EFC Annual General Assembly of Members has ultimate authority, with governance entrusted to an elected Governing Council, supported by a Management Committee. Strategic Guidance is provided by a European Union (EU) Committee, an International Committee, an EU Enlargement Committee and a Development Committee. Operational responsibility is entrusted to a Brussels-based Secretariat under the supervision of the EFC Chief Executive.

The Governing Council is composed of one Chair, two Vice-Chairs, one Treasurer, 30 Members and four Observers (all are elected from EFC membership). The Management Committee is composed of seven member organisations.

Membership

Foundations and corporate funders from all over Europe, and the world, are members of the EFC. There are two categories of membership: EFC Funding Member and EFC Member. Applications are approved by the Management Committee of the EFC. Categories of EFC Associate, Subscriber and Guest also exist for organisations that do not fall into one of the above membership categories. The EFC currently has some 200 organisations in its membership.

EFC Guests have their “membership dues” covered by a member of the EFC that wishes to bring these foundations into an international working environment and help them to build their capacity in this way. Guests are usually small foundations with few resources but of particular significance for the foundation movement in general. Guests are expected to become full members of the EFC after a two-year period. Currently, two of our members are supporting Guest foundations at the EFC: the Charles Stewart Mott Foundation and the Fundação Oriente.

A Membership Strategy Plan has been initiated in 2001 to address the specific needs of our members and the general membership drive of the organisation. The main objectives of this plan are the retention and the expansion of our membership, not only in view of a more representative organisation but also to respond better to members’ needs.

The Orpheus Programme, the public record of private funding is the EFC’s information and communication wing and as such serves the needs of EFC members. The programme puts us in touch with circa 48,000 organisations in 37 countries worldwide. It specialises in the collection, analysis and dissemination of funding information and facilitates a network of national resource centres that serve independent funders throughout Europe.

2. The Environment

Economic and political

At European Union (EU) level (15 European countries), the poorest 20% of the population received only 8% of total income in 1994, while the richest 20% received almost 40% of the total income, i.e. five times more, for the same year. Income inequality in Europe has increased throughout the 1990s with countries such as Denmark, the Netherlands, Sweden and the United Kingdom reporting the biggest increase.

Wealth inequality is poorly documented. European observers tend to report on an increase of unequal wealth distribution since the mid-1980s but they also point out that the level of increase is much lower than in the United States and higher than in Japan.

In Central and Eastern Europe (CEE) income and wealth distribution are reportedly less equal than in the past (Communist era), with income and wealth accumulation registering very high levels at the top. However, recent economic developments in certain Eastern European countries, Russia is a good example, have slowly started to allow for the creation of a well-established middle-class.

In 1998 unemployment in the EU member states touched 10% of the labour force, compared with 4.5% and 4.1% for the US and Japan, respectively. The situation in CEE countries is generally worse than in the EU region in terms of unemployment with many state-owned enterprises having had to close down (even if new private initiatives have helped to compensate for some losses).

Although a generalisation, in the 20th century Europe experienced two main ideological influences: fascism and communism. Fascist or right-wing regimes have taken root in most of continental Europe during the period between the two World Wars (1918-1939); many of these regimes endured well into the 1970's (e.g. Spain and Portugal). After the Second World War (1945) most countries to the east of Berlin fell under Communism and the influence of the Soviet Union. This led to the so-called "Cold War" during which Europe saw itself divided into two opposing ideological blocks: one capitalist and generally pro-democratic to the West, and one communist and generally anti-democratic to the East. This period is illustrated in Europe's 20th century history by the "Berlin Wall".

In 1989 the "Berlin Wall" (which divided the city of Berlin in two) fell and with it most countries of the previous communist block initiated a transition towards democratic regimes. The Soviet Union disintegrated and gave birth to a number of new independent countries in Europe.

Parallel to these events Europe witnessed after World War II the birth of the European ideal with the creation in 1949 of the Council of Europe (currently with 41 member states) and in 1957 of what is nowadays the EU (currently 15 member states). The former is an inter-governmental organisation and the latter a transnational set of institutions.

Europe faces two main challenges at the moment: the enlargement of the EU and the accession of countries to the East is the first. The second is the resolution of the grave conflicts in South-East Europe (also known as the Balkans), where the disintegration of the former Yugoslavia has left in its wake a trail of inter-ethnic conflicts and destruction.

Legal and tax frameworks

During the early years of the 20th century, when most tax systems were taking shape in Europe, it was not a concern of most European governments to grant privileges to non-profit organisations. Most privileges were granted on an irregular, case by case basis. In general, the UK and Scandinavian countries have a more favourable legal framework when it comes to the creation of foundations. In the South of Europe legal frameworks tend to be more restrictive (e.g. France) and in Central and Eastern Europe legislation is either incipient or very dispersed (e.g. Russia). In recent years, the creation of Donors' Forums in many CEE countries (e.g. Czech Republic) has led to concerted attempts at creating or changing the legal frameworks applied to non-profit organisations in general and to foundations in particular.

In general, taxes on the transfer of capital are not a barrier to the creation of foundations in Europe, but it is more difficult for a foundation to avoid paying taxes in respect to its activities. Operating foundations (as distinct from grantmaking foundations) are generally required to pay VAT (value added tax). The most favourable legal frameworks in Europe are found in Cyprus, Denmark, Switzerland and the UK.

Although in most European countries donations or gifts are tax deductible (for the donor), the UK is the only country where there is no limit (other than the donor's income) on the amount of the deduction that can be claimed in one year for a cash donation to a foundation. Some other countries with annual limits on deductions allow relief for excess gifts to be spread over a number of years (e.g. Germany and Greece). Generally, the German, Italian, Dutch and Spanish frameworks are the more beneficial in relation to gifts in kind.

Attitudes to “philanthropy” and “foundations”

In 1995, Spain was the country in Europe with the highest level of philanthropic contributions as a percent of GDP (0.9%), followed by Britain (0.7%), Hungary (0.6%), the Netherlands (0.4%), France (0.3%) and Germany (0.1%).

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Private philanthropy is not the major source of income for the non-profit sector in Europe, although in 1995 the Romanian non-profit sector received 27% of its income from private funders (many of them international private foundations). Most non-profit organisations in Europe obtain their income either from fees charged to the beneficiaries of their activities or through government grants. In Southern Europe philanthropy tends to be seen primarily as a charitable activity (Church dominated) and many foundations in CEE countries are looked upon with some suspicion due to their lack of accountability and transparency and the resulting abuses of the law (e.g. Russia).

Throughout Europe governments are still the main providers of funding in the areas of health, education and social services (and many people expect them to continue to play this role in the future). However, a shift in policy in most European countries in the past decade (both in the West and in the East) is leading to a repositioning of governments when it comes to the provision of services and improvement of living conditions for their citizens. Welfare budgets are tighter and there is greater recognition of the important role played by civil society in terms of citizens' engagement and the right to self-organisation. This is contributing to the steady development of philanthropic activities in Europe.

Today many multinational companies have corporate social responsibility programmes and although the practice is gaining momentum slowly, it is a trend that is permeating businesses at all levels.

Across Europe foundations and corporate funders are receiving increased attention from policy makers and are taking up a central role in discussions on the future of economic, social and other policies. For governments, independent funders are an attractive option for four principal reasons: they give the government a "human dimension"; they can enter into funding partnerships with governments where every euro of public money goes to the recipient; they complement governments or add resources where the latter are unable to operate due to legal or other restrictions; and they are free of short-term considerations faced by elected governments.

Most foundations in Europe are operating foundations, although many combine their service delivery with some form of grantmaking activity. In Europe, only the UK, Germany, Italy and the Netherlands have a high proportion of grantmaking foundations.

Estimates for 19 European countries (Western Europe and Turkey) suggest the existence of circa 90,000 foundations (if public, church, commercial and non-profits labelled as foundations are to be excluded). The EFC estimates that for the whole of Europe this value is close to 200,000 foundations. The situation varies very much from country to country.

Like Europe itself, the community philanthropy movement across the continent is very diverse in terms of approaches and structures. Many of the organisations in Europe responsible for community philanthropy activities could not be described as community foundations in relation to the North-American model. That is why the EFC prefers to use the expression “community philanthropy organisations” (CPOs).

Developments in Europe have been so rapid in the past decade that it is only possible to give approximate figures. In 2000, there were circa 95 CPOs. At the beginning of 2001 this number had increased to 132 organisations. In 2001, countries such as the UK (58), Germany (20), Bulgaria (13), Poland (12), Russia (11) and Italy (seven) were in the European top rank in terms of numbers of CPOs.

Since the mid-1990's, CPO's have flourished throughout Europe. This development is a response to less state intervention and dwindling governmental budgets in the social sphere. It is also the result of greater civil society autonomy and the rediscovery of a local community identity (even the Council of Europe has adopted the motto “think globally, act locally” and the EU has a number of initiatives focusing on regional/local community development).

Other factors encouraging development of community philanthropy organisations include:

- Decreasing government aid to non-profit organisations and the need for intermediaries that have the expertise to tap into private sources of wealth and then help to redistribute these resources in the community.
- Government and private foundation recognition that if they want their programmes to have an impact at local level they need to partner with organisations that know the local reality and can provide professional management of funds.
- In addition, new models of community development seek partnerships at local level between local authorities, the business and the non-profit sectors. Community philanthropy organisations can work as catalysts and convenors at local level and promote active community development (with citizen and institutional engagement).

Countries in Southern Europe (where the Church has played a crucial role in terms of local philanthropy) and in Northern Europe (where the generous welfare state has stifled people's local initiative) are sometimes reluctant to adopt this model of philanthropy. It is seen by many as a competitor of traditional philanthropists or the state. Nevertheless, these countries are increasingly open to the idea of building communities through local giving, to complement existing provision, to respond to new challenges/needs, to experiment with new models of social intervention and to take risks, or to build upon a sense of local identity and civic engagement.

Tradition of voluntary organisations

It is difficult to know how many people volunteer in the whole of Europe, but a study of the EU in 1990 showed that one in four Europeans undertook unpaid work for a variety of charitable causes and voluntary groups.

Voluntary work in Europe in its modern format dates back to the end of World War II, when many of the current major organisations operating in this field were created (namely those that cater to young people and youth issues in general). In Central and Eastern European countries, the communist model of voluntary work after the war, seen by many as forced labour in disguise, led to a general depreciation of the social value and status of volunteering. This attitude is, however, changing.

The recent changes in Southern Europe (e.g. the resurgence of democratic regimes in Greece, Portugal and Spain) as well as in CEE countries (the fall of communism) have led to the development of a very dynamic and creative voluntary sector across Europe. European countries with longer democratic traditions (e.g. the UK and Scandinavia) have had a thriving voluntary sector since the beginning of the 20th century. The recent creation at European level of the European Voluntary Service (a programme of the EU open to 31 European countries) has led to an increase of funds and activities in this area and to a policy drive for a better legal framework for volunteers in Europe.

3. Developing Community Foundations

Background

The Community Philanthropy Initiative (CPI) was formally initiated as a project in January 2000 and will conclude its first phase of operations in December 2002 (a new three-year phase is planned). The project started to take shape in 1997 with the secondment of Suzanne Feurt by the Charles Stewart Mott Foundation to the EFC. Suzanne's insight and skills were crucial for the creation of CPI as a sustainable and long-term project inside the EFC. In 1999 CPI was presented as a long-term project to members of the EFC and was officially approved by its Governing Council to start activities in the following year.

Although CPI focuses on community foundations, its wider role is to promote and help sustain the development of Community Philanthropy Organisations (CPOs) in Europe. In fact, CPI bases its mission on the concept of community philanthropy:

“Community philanthropy is 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 such as citizens and

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local businesses helping other residents in times of crisis. Community philanthropy can also be expressed in formal, organised ways whereby citizens give contributions to local organisations, which in turn use the funds to support projects that improve the quality of life in the community. These Community Philanthropy Organisations serve as vehicles to nurture, sustain and enhance community development, and make it possible for individual citizens to have a larger impact than acting alone". CPI concentrates its attention on the latter form of community philanthropy.

CPI's goals are:

- to strengthen existing CPOs and facilitate the establishment of new ones;
- to build the capacity of emerging and established national community philanthropy support organisations and informal networks;
- to increase awareness, knowledge and understanding about issues, trends, needs and opportunities affecting CPOs;
- to promote and advocate on behalf of the community philanthropy movement to key target audiences in Europe;
- to build a strong and sustainable European-level network of CPOs, national support centres, donors and other interested groups.

Some European organisations are very similar to the community foundation model found in the US, while others combine the characteristics of typical community foundations with those of a United Way or of a Rotary Club, for instance. Many European CPOs do not have endowments, especially in CEE countries. In some European countries CPOs combine traditional aspects of community foundations' work with development of their own projects in the community, organisation of annual fundraising campaigns, organisation of social and cultural events in the community, active participation in local development projects initiated by other institutions, such as their local authorities.

CPI sees endowment as a special advantage of community foundations. Whether consisting of unrestricted or restricted funds, an endowment ensures perpetuity and predictability. With an endowment the needs of the local community are served on a long-term basis and grantmaking programmes can be planned with some degree of long-term certainty. An endowment gives real financial stability and enables organisations to function successfully during the years when, for instance, donations decrease.

Although CPI does not promote endowment building as the primary responsibility of Community Philanthropy Organisations in Europe, it emphasises the benefits of having an endowment and insists on a strategic plan where endowment building appears as a clearly defined goal. In many European countries obtaining donations for endowment is very difficult, and in some cases there are few opportunities to invest these funds

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efficiently (e.g. lack of a strong or stable stockmarket or limited banking services). CPI believes that CPOs can start by obtaining donations from a variety of sources at local level and in this way make an impact in the community through grants to significant projects, while simultaneously investing in long-term relations with donors, with a view to building endowment.

CPI does not see the role of CPOs as a replacement for state intervention, but in many ways as a complement. CPOs develop a range of practices dedicated to increasing the strength and effectiveness of community life, improving local conditions, especially for people in disadvantaged situations, enabling citizens to participate in public decision-making and debate, and building social capital. In most European countries in recent years, welfare budgets have been reduced leaving many people in the community unprotected. CPOs exist to provide additional help, to promote creativity and a sense of empowerment in the community (i.e., being in control of one's circumstances). CPOs help to build active communities through grantmaking in areas such as education, health, the environment, children and youth, the elderly, historical and cultural heritage, ethnic minorities and women, among others. Every community decides where intervention is needed and responds by raising the funds and goodwill of its local citizens. That is why CPI's motto is "building communities through local giving".

Size and population of area(s) covered

The population of the 15 member states of the EU stood at 375 million people in 1999 (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Luxembourg, the Netherlands, Ireland, Italy, Portugal, Spain, Sweden, and the United Kingdom). The population of the potential members of the Union, i.e. the twelve countries that are in the process of membership negotiations, was around 106 million people for the same year (Bulgaria, Czech Republic, Croatia, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovak Republic, and Slovenia). Russia's population stood at circa 148 million people.

Resources, aims, activities and achievements

Staffing for community foundation work

CPI is staffed by one Coordinator, one Assistant Coordinator and one Volunteer. The first Coordinator was seconded by the Charles Stewart Mott Foundation, and the first Assistant Coordinator started as a Volunteer with the project. Both left the EFC in October/November 2000 to pursue new professional careers. Finding adequate replacements took longer than initially expected.

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Sources of funding for community foundation work

2000-2002 - All amounts in euros

CPI Direct Project Income	Fixed	Matching Fund
Atlantic Philanthropies	250,000	100,000
Charles Stewart Mott Foundation	146,728	-
Sub-total 1	396,728	100,000

The Matching Fund is granted on a 1:1 basis and only funds raised from European donors are eligible.

CPI Indirect Project Income	Fixed	Eligible for Matching Fund
Bertelsmann Foundation (TCFN Web site)	22,500	22,500
Fundação Oriente (CPI Volunteer)	7,500	7,500
King Baudouin Foundation (TCFF services)	3,000	3,000
Miscellaneous (training)	681	504
Sub-total 2	33,681	33,504
Total/Difference	430,409	-66,496
Total income with matching fund (August 2001)	463,913	
Total income with total matching fund:	530,409	

During 2001, and the beginning of 2002, the priority for CPI has been to raise the outstanding amount of 66,496 euros of the matching fund. In the first semester of 2001 only 10,500 euros were raised.

It seems that most potential European funders are interested in contributing if asked to cover a specific item of the budget or if provided with a concrete return, i.e. service, from CPI. Funders in the US, for instance, will more easily invest in the development of the overall project in an unrestricted manner. This does not mean that European funders are not interested in the concept or that they do not recognise merit in it, it merely reflects different giving traditions on each side of the Atlantic. Furthermore, because many European foundations are operating foundations they are less flexible about funding an external project such as CPI.

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Budget for community foundation work

2000-2002 - All amounts in euros

Status	Approved	Approved	Draft
Costs	YEAR 1 (2000)	Year 2 (2001)	Year 3 (2002)
Personnel (3 people)	97,000	98,000	101,900
Consultants	30,000	20,000	15,000
Travel/Meetings (includes scholarship fund for annual networking meeting)	35,000	55,000	48,500
Office costs	3,600	4,000	4,444
General Operating Costs	37,750	38,400	27,494
EFC Administration	21,650	21,600	19,889
Total Budget	225,000	237,000	217,227
Total Costs Years 1 to 3			679,227

For the first two years of the project, due to staffing difficulties mainly, the project's expenses were lower than foreseen. This will allow the EFC to compensate for the difference between projected total income and costs, as well as to reduce some costs for 2002 (possibility of transferring results from the previous two years).

Activities specifically related to community foundations

Information:

a) Regular electronic bulletin

The first issue of this Bulletin was published in April 1999 and a second one was published in August of the same year. In 2000 five issues were published. CPI intends to send the Bulletin out monthly in future. Contact with key partners has shown that they value this service, as there are few opportunities to obtain information about developments in the field of community philanthropy, covering the whole of Europe.

b) Dossier of basic resource materials

CPI provides interested individuals and organisations with a package of general documents (e.g. brochures, reports, etc.) in the field of community philanthropy and foundations as part of its regular promotion work. This information package contains documents produced in the past two to three years by important players in the field of community philanthropy. CPI felt that there was no need "to reinvent the wheel" and that many existing publications covered the basic information for an introduction to the topic of community philanthropy. The package is updated regularly, to ensure that it remains relevant to the field.

CPI also responds to specific requests for information. This usually involves more detailed research and a personalised package of information. Regular exchanges are held with people in many parts of Europe (namely CEE and Southern European countries) where CPOs do not yet exist, responding to their questions as they arise. CPI often provides individuals and organisations with personal contacts in Europe and beyond, to help them to pursue their interests further.

c) Monographs on specialised topics

CPI is currently planning a monograph, on the local impact of CPOs' grantmaking activities in Europe. The objective is to show how CPOs are making a difference at local level, promoting true community development. If CPI can prove the value of CPOs' work, by showing the impact of their grants, it believes it will be able to make private and public funders more aware of the potential of CPO's.

d) Web site

CPI has a homepage on the EFC's Web site. The homepage has developed considerably since 2000. CPI plans to include documentation in different European languages about community philanthropy and to provide people with more links to other relevant sites. The goal is to make the site reflective of the diversity of the movement and to provide an introduction to the concept of community philanthropy, a picture of developments at European level and access other links giving in-depth information about the field. The upkeep of our homepage is labour intensive, but there are considerable benefits in having a dynamic and informative page.

The EFC's Web site currently hosts the Web site of the Transatlantic Community Foundation Network (TCFN), a project managed by the Bertelsmann Foundation (Germany) supported and advised by the Charles Stewart Mott Foundation (US). This site contains links and information about community foundations in the US and Europe.

e) Periodic review of the field

At the end of the year CPI publishes a short review, for each European country, containing information about the year's most significant developments in the field and highlights of potential future developments in Europe.

Networking, Technical Assistance and Training:

a) Annual Networking Meeting

The first Annual Networking Meeting took place in Turin, Italy in 1998. It started as a half-day meeting, expanding to a one-day and a half meeting in 2001, the fourth Annual meeting. The first meeting included circa 20 participants and in 2001, 51 people attended. The objective is to consolidate the meeting as *the* networking opportunity for

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CPOs and support organisations in Europe, allowing for a more defined identity to be developed for this meeting, but maintaining its place within the framework of the EFC's Annual General Assembly, under the general denomination of Satellite Events. This meeting is also intended to be the "entrance door" for organisations or individuals, interested in the concept of community philanthropy, who have not had the chance to make contacts in the field. The 2002 meeting will take place in Brussels, Belgium; CPI plans to use this opportunity to raise its profile among European institutions such as the European Parliament and the European Commission.

b) Conferences and seminars

Since 1997 the EFC has organised conferences and training seminars in the field of community philanthropy. An average of three events, apart from our Networking Meeting, are organised or co-organised by CPI every year. One of the main objectives is to promote the concept of community philanthropy, including the achievements and good practice of European CPOs. CPI participates in events outside Europe, informing others about CPI and the situation in Europe.

During the EFC's Annual Conference, CPI organises at least one session directly related to community philanthropy. This allows CPI to reach a larger and wider audience than that attending the Annual Networking Meeting.

c) Peer exchange opportunities

Peer exchange opportunities are organised mainly through the Transatlantic Community Foundation Fellowship (TCFF), managed by the King Baudouin Foundation – KBF (Belgium) and the German Marshall Fund of the US. This programme allows five European and five US fellows from community foundations/CPOs to spend three weeks abroad and exchange information and good practice. CPI sits on the European Advisory Committee and helps the KBF with the organisation of activities related to the programme, as well with preparation of specific materials (e.g. reports, promotion, and recruitment efforts, among others.).

d) Resource group of community philanthropy experts

CPI has been exploring the creation of a "Steering Committee" which will be composed of six European experts in community philanthropy. The main purpose of the group will be to help set the political agenda for CPI and to provide informed guidance for future activities and initiatives. It is hoped that the group will also increase the sense of ownership at European level, making CPI more accountable and more relevant to those dealing with the day-to-day work of CPOs and their support organisations across the continent.

e) Training activities

Since 1997 the EFC has provided numerous people and organisations with training in the field of community philanthropy, through specific events and participation in more general events where audiences show an interest in community development issues or new forms of philanthropy. E-mail has proved to be a powerful tool for long-distance training, with many individuals and organisations asking for input and feedback on specific topics. CPI engages in extensive communication with these client groups, providing them with individualised information/advice and examples of good practice from all over the world.

Research:

a) Comparative research

CPI is currently planning a document with basic statistical information on the community philanthropy movement in Europe. This will include information about the number of well-established CPOs per country, the number of potential CPOs and information on their main features, such as endowment values and yearly growth; main types of donations and donors; main activity (operational or grantmaking); amount and types/areas of grants; governing structure; staffing; volunteers; and local partnerships. Without this sort of factual information it is difficult to represent the European movement in relations with key institutions of European government.

b) Studies on best practice and factors that help or hinder the growth of community philanthropy (e.g. cross-border giving and potential new donors)

Throughout 1998 and 1999 CPI was particularly involved in debating the potential of cross-border giving in the framework of community philanthropy. In 1999 a meeting was organised together with the Charities Aid Foundation (US branch) in the US to address this issue with an international audience of community foundations. Diaspora philanthropy continues to be seen as an important topic for many CPO's in Europe and our networking meeting in 2001 addressed this issue.

Lobbying and Representation:

a) Advocacy activities targeted at European institutions, national and local government officials

This is one of CPI's top priorities. All activities will be carried out in cooperation with the EFC EU Affairs department, to ensure best use of resources and avoid duplication of effort. Because the EFC pursues a number of high level initiatives with European institutions, especially with the European Commission, it is very important that CPI's activities conform with EFC overall policies.

Contacts with the European Parliament are particularly complex because there is no single Committee dealing specifically with issues related to community development. Many of the areas of interest to CPOs are spread out among different committees (e.g., education, culture, youth and the media; employment and social affairs; and regional development, among others). Finding the right strategy to tackle this diversity will be a major challenge.

b) Special briefing materials

CPI plans to review its provision of special briefing material. In the past these have not been sent out regularly. One objective is to inform European CPOs about the different EU programmes that they could benefit from, explaining to them both the pros and cons of accepting EU money (i.e. the EU programmes may be a source of additional funding, but they do not allow their grants to be used for endowment purposes or for re-granting, and the reporting specifications can be quite burdensome).

Corporate Outreach:

a) Outreach activities targeted to businesses active in Europe, including specialised resource materials, and examples of successful partnerships and links with key business networks

Together with colleagues from the EFC Corporate Citizenship Europe department, CPI is planning a brochure for 2002, similar to one developed by the Council on Foundations in the US, telling businesses about the benefits of giving to community foundations. The initial target group will be multinational corporations with several branches in different European countries, and thus with an interest in having impact in the local communities where they operate.

4. Key Tensions and Challenges

In the beginning, it was not always easy for the Community Philanthropy Initiative to find its place within the overall structure of the European Foundation Centre; some colleagues saw CPI as a special project bearing little resemblance to the rest of EFC's work. Efforts to integrate CPI more and more into the daily routine of the EFC, and to establish links with other departments and projects, have slowly created more synergies and allowed European members of the EFC to become more aware of the importance of community philanthropy in the global philanthropic arena. But this is an ongoing process requiring constant attention.

At present, not all European countries have active CPOs operating in their communities. CPI sees bringing community philanthropy to these parts of Europe as one of its medium term challenges. The challenge will be to ensure that these potential new countries see community philanthropy and its organisational forms as something

“European” and not an imported model with little relevance to local contexts. CPI needs to demonstrate the significance of CPOs in promoting local development and new forms of philanthropy in Europe.

The diversity of the community philanthropy movement in Europe is both an opportunity and a threat. It is an opportunity because it reflects the potential of the community foundation concept to adapt to different local communities over time. But diversity is a threat in that it may lead people to see the movement as lacking unity and a common identity. The different stages of development and different models of community philanthropy being pursued in Europe are an asset, but sometimes an obstacle to effective representation of the overall interests of the movement.

In the next five years further development of community foundations in Europe will require:

At national level:

Learning how to deal with local authorities

In Europe, local authorities play a very important role in most countries in terms of community development policies, and CPOs have been reporting on the difficulty of keeping a balanced and independent relationship with local authorities. On the one hand most CPOs need the support of local authorities to be established and to implement their action plans. On the other hand, they are also aware that many local authorities may wish to use their grantmaking capacity for political purposes, and in this way put at risk the accountability/transparency and independence of the organisation. An example: when local authorities are represented on the boards of CPOs, as is often the case in many European countries.

Moving beyond international funding

Many European CPOs have been established with the financial help of international funders. Although this has been crucial in their start-up phase, it has also presented a challenge to many of them, by slowing down their local fundraising, or contributing to the impression among local donors that their gifts are not really needed (this is the case in some CEE countries, although some CPOs in Western Europe face the same predicament).

Being able to cover for operational costs

Many European CPOs are facing the difficulties of covering operational costs in the first years of their existence. The need for covering these costs sometimes restricts the necessary freedom to concentrate on more aggressive asset building. Being able to pay for their running costs is something that worries most CPOs in Europe. In the United Kingdom, Germany and Poland, for instance, national funders (in this case foundations)

have been responsive to this need and have provided community foundations with some support in this area. However, this is not the case everywhere else. Some local donors often do not see the point in giving money for operational purposes, seeing in it a waste of resources that could otherwise be immediately used to make grants (they forget that good grantmaking requires a professional structure behind it).

Professionalisation

Many European CPOs are exclusively run by volunteers. Although this is typical of most organisations when they are young (e.g., boards are responsible for the day-to-day operations as well as political governance) many CPOs are not able to hire members of staff after two or three years of operation, putting at risk their future development and consolidation.

Creation of national networks of CPOs

As more and more CPOs appear in Europe, and as their concentration at national level becomes greater, they will have to look at whether it makes sense to formalise their networks. By formalising their networks, these organisations can begin to work towards common standards, share information, and represent their interests in a more coherent and unified manner. In fact, this is already happening in some countries, first in the UK with the creation of ACTAF in 1990 (now Community Foundation Network), but currently there are also active discussions in Germany and Poland, for instance, to do the same for providing support to their CPOs. These networks could, for instance, be most successful in helping to lobby for more favourable legal and taxation frameworks and, eventually, to tackle national sources of funding either via private or public institutions.

Stable financial markets

This is an environmental aspect of CPOs' work that they cannot effectively control. The fact is, however, that in many of the CEE countries the lack of a stable financial market, the absence of an equity market, or even a weak and conservative banking sector, do not provide many opportunities for professional investment of their assets. This makes endowment building, for instance, impossible for many CPOs, which must therefore concentrate on flow-through gifts that allow them to make immediate grants and raise the standing of their organisation in the community.

Legal and taxation frameworks

Although in most European countries incentives are given to those who donate for charitable purposes, certain countries do not have specific legislation in this field. A few others have legislation that discourages this type of giving (e.g. the Slovak Republic) and yet others have such complex systems that most people find it hard to understand what exactly is allowed or possible. In Bulgaria, for instance, gifts in cash to any charitable NGO must be cleared of any suspicion of money laundering before being

accepted, something that most CPOs find too burdensome and difficult to prove. On the other hand - and this is related to professionalisation - many CPOs are not fully aware of the scope of their legal and taxation systems, and are unable to advise potential donors of the benefits that they might derive.

At European level:

Promotion of the concept

It is fundamental that more and more organisations and people know about community philanthropy in Europe, including decision-makers and other European NGOs working in the same or related fields, to disseminate the results of the good work that CPOs have been accomplishing throughout the continent.

Training and peer exchanges

Because Europeans are still, in general, experimenting with the concept it will be fundamental to provide them with training opportunities at European level. It would be very beneficial to bring people together at least twice a year (e.g. groups of 20 staff members maximum, such as directors and programme officers) to provide them with insightful input from experts in the field and to give them the opportunity to learn from one another. This is, in fact, one of CPI's concrete objectives for its second phase of operations, after 2002.

As the community philanthropy movement matures, it would also be important to provide staff members and key-volunteers with the opportunity to exchange their knowledge at intra-European level (a programme similar to TCFF but within Europe). This would contribute to a sense of greater unity for the movement in Europe, and could lead eventually to the creation of more common standards across the continent.

Research

There is virtually no research in Europe about CPOs and the field of community philanthropy. If it is a shared wish to create a strong European movement and to promote the lessons of its work within and outside Europe, and to improve its activities and results, those active in the field in Europe need to have access to research. In fact, the EFC believes that research about the field in Europe would be beneficial for the entire philanthropic world, since very little research is done on a European scale.

A common platform for Europe

At some point in the development of the European community philanthropy movement it will be necessary to think about the common interests of all those involved. CPI hopes to be, in a way, the embryonic stage of such a future platform, one that could more formally represent the European movement at European and worldwide level, in close cooperation with the national associations of CPOs that exist or are about to be created

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in several European countries. This is something that will probably only take place in the next five to ten years, but a promising prospect for the New Europe.