

"TO PROMOTE THE CULTURE OF GIVING:
ROLE AND OPPORTUNITIES FOR COMMUNITY PHILANTHROPY"

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1 - Spreading the Culture of Giving

by *Timothy Seiler*, Director, Public Service and The Fund Raising School, The Center on Philanthropy at Indiana University

How to spread a culture of giving is a daunting topic, especially in a multi-cultural setting. The United States seems to hold a revered position as a culture of giving. It must be acknowledged, though, that the United States received philanthropy - - a culture of giving - from English and other European forebears.

Many data, particularly those reported in the annual publication, Giving U.S.A., suggest that the United States boasts a well-developed culture of giving and that the country is a generous, maybe the most generous, nation in the 20th and 21st century world. That level of generosity may have as much to do with how such measurements are conducted and what is counted as it does with giving habits of the citizens of the United States.

The experience of cultures throughout the world demonstrates strong traditions of giving, traditions that are centuries, even millennia, old. But a lot of that giving looks different from how giving looks in the United States. The giving that is tracked in the United States is organized and formal; it's highly structured. This is largely what gets counted as philanthropy. That difference is one of the differences in societies throughout the world. For example, in many countries giving to church is not counted as philanthropic giving, and in the United States, giving to church represents 36% of all philanthropy as measured and reported through formal means. In the United States there are numerous private, nonprofit universities (as opposed to state-run) as well as many nonprofit art museums and health-care institutions. In the United States giving to religion, education, health, and arts and culture represents 2/3 of all tracked giving. That alone makes the United States look more generous than other cultures or countries. There have long been vibrant cultures of giving, albeit informal and unstructured, throughout the world. The United States cannot lay claim to any unique perspective on how to spread a culture of giving. What does seem to be different today, and where the United States may, perhaps, play a leading role, is in an interest in studying and improving cultures of giving.

The Center on Philanthropy at Indiana University was created as a vehicle for enhancing the fundraising training already being provided by The Fund Raising School, an organization that was already in existence and which became the centerpiece for the Center on Philanthropy. At The Center on Philanthropy we believe that we can help spread a culture of giving by increasing the knowledge of philanthropy and improving its effectiveness. At The Fund Raising School we believe that fundraising is servant to philanthropy, and thus improving effective, ethical fundraising also increases philanthropy and its effectiveness. The Center on Philanthropy offers programs in effective fundraising, programs that lead to academic degrees, and programs in research that seek to understand and inform philanthropy and fundraising.

One of the observations we and others have made about formal philanthropy in the United States is a changing pattern of giving. Elizabeth Lynn and Susan Wisely have written about four interrelated yet distinct traditions of philanthropy. The grid below shows the traditions of philanthropy along with the principles of operation and the primary objective of each.

Four Traditions of Philanthropy

Philanthropy as...

Relief	Improvement	Social Reform	Civic Engagement
Operates on principle of compassion	Operates on principle of progress	Operates on principle of justice	Operates on principle of participation
Alleviates human suffering	Maximizes human potential	Solves social problems	Builds community

The tradition of philanthropy as relief might be the most common and best understood of the traditions. Often known as charity, philanthropy as relief strives to alleviate suffering and operates on the principle of compassion for others. We see this tradition especially in times of disaster, when relief is needed for neighbors and friends. Critics of philanthropy as relief argue that it addresses symptoms, not problems, and therefore does not get to the root of what causes the need in the first place.

Another tradition of philanthropy is that of general improvement, individual and civic. Operating from the principle of human and civic progress, philanthropy as improvement strives to maximize human potential. This type of philanthropy builds networks of connections and provides opportunities for individual and social betterment. Critics of philanthropy as improvement maintain that this type of philanthropy is elitist, offering help and opening opportunity's door only to the select few, the already favored groups of mainstream society.

Social reform philanthropy is a third distinct tradition of philanthropy. This type of philanthropy seeks to solve social problems and operates on the principle of equality and justice. Social reform philanthropy seeks to affect social change by identifying and addressing social problems. Critics of social reform philanthropy suggest its limitations by arguing that those who lead this type of effort are not in the best position to recognize the most pressing social problems.

The newest tradition of philanthropy identified by Lynn and Wisely is described as philanthropy as civic engagement. Motivated by a desire to increase civic participation, civic engagement philanthropy builds and nurtures reflective local communities by strengthening the connections among ordinary citizens. The desire to encourage civic conversations drives this type of philanthropy and is behind the recent world-wide growth in the establishment of community foundations. In the United States as of the year 2005 there were approximately 630-650 community foundations with \$39.4 billion in assets ([Giving USA 2006](#)). These community foundations represented only 1% of grant-making foundations but about 92% of the giving (The Foundation Center). Internationally, about 1200 community foundations have been identified in 46 countries. Approximately 40% of community foundations exist outside the United States ([WINGS 2005 Community Foundation Global Status Report](#)). It is this type of philanthropy that addresses social needs, especially the needs of the weakest of our citizenry, and seeks to act for the broadest general welfare.

All four of these traditions of philanthropy share a culture of generosity. In her book [The Greater Good](#) Claire Gaudiani asserts that the United States is not generous because it is rich, but rather it is rich because it is

generous. Gaudiani presents numerous examples of philanthropy's role in American society in addressing human and civic needs and in innovating in areas where government and business are slow to move. She argues that generosity is a long-standing tradition of a people who, while being ruggedly individualistic, also seek to build and share community.

Paul Schervish, a sociologist at Boston College and director there of the Center on Philanthropy and Wealth, studies the motivations of the wealthy and concludes that there are several factors that influence the formation of a generous identity. Schervish identifies the following donor motivations:

Communities of participation: involvement in family, church, school, civic groups

Frameworks of consciousness: values and beliefs from religious upbringing, political involvement, a sense of reciprocity

Early childhood experience: role models such as parents, other adult influences, teachers, coaches

Socializing agent: peer networks inviting philanthropic participation

Intrinsic/Extrinsic rewards of giving: making a big difference, recognition, legacy, tax benefits.

Invitation to join: being asked to give.

Schervish discusses also fundraising practices and how fundraising strategies might influence negatively or positively a culture of generosity.

Two distinct models of fundraising practice, using the language of Paul Schervish, are the scolding model and the discernment, or inclination, model. The fundraising models derive from how one thinks about philanthropy. If we take the scarcity approach, there's anxiety that there is not enough wealth to go around. On the other hand is the abundance model which suggests that there's plenty of wealth available.

What Schervish maintains is that in the United States right now, and from the tenor of discussions at this conference it sounds like this is true also in Italy and much of the rest of Europe, there is an abundance of wealth.

If fundraising is approached from the scarcity side, there's a sense of competition with every other organization trying to fundraise, chasing a limited amount of money. This approach tends to create a demand side kind of fundraising, what Schervish calls a "scolding model," where there's a sense of trying to talk people out of their money, or as was described in another presentation, to "threaten people," to create a sense of guilt that "if they don't give they are going to be left out." That's a type of fundraising called "twisting people's arms" to cajole them into giving, to embarrass them. That creates a fear that if your name is not on the list of donors and all your peers' names are on the list, you're going to feel bad. That's a type of demand side fundraising. That's fundraising that focuses on the needs of the organization and is inward-looking. That is to say, it's fundraising that delivers a message something like "we're in a position of great need, please help us. If you don't help us, we can't do the important work we're trying to do." This type of scolding model works—that's why we use it—we're a very pragmatic bunch, we fundraisers.

You've heard or read that in the United States philanthropic giving annually represents about 2% of gross domestic product. For the fifty plus years that giving data have been tracked, philanthropy has varied from 1.7% to 2.3% of gross domestic product. If we're living in a culture of generosity, why can we not move the

percentage higher? Many observers of the philanthropic scene suggest that we don't move the number higher because fundraising is stuck on the demand side scolding model and our donors are weary.

They are tired of being lectured to or scolded, hounded into giving. This theory suggests that if fundraising moved out of the scolding model into an inclination model, also called a discernment model, we could move the percentage higher. What does it mean to fundraise from an inclination/discernment model?

It means that you work with donors in such a way that you find out what their primary interests are, what they discern to be the way they want to participate in philanthropy. You discover what they are inclined to support and then you invite them accordingly. After they have discerned their primary interests, you match their interests with your organization's interests and the resulting gifts are larger. I mentioned earlier that Shervish studies the wealthy who give very large gifts, so I think he's onto something with this idea of the discernment model. Now let me say also that, just as the four traditions of philanthropy are not exclusive of one another, but they all have a role in everyone's giving history at one point or another, so do these fundraising models.

The scolding model has a place and the discernment model has a place. The discernment model is the more emerging kind of model of fundraising in the United States right now. We're getting a little bit smarter about and more sophisticated about how to interact with our donors and how to invite them to participate at appropriate levels as they discover their own interests and needs.

In the midst of these different fundraising models are several challenges facing philanthropy and fundraising. I've addressed some of them with the models that we're using, but here are a few others that are out there right now and that we're going to have to deal with. A very big challenge, perhaps more applicable to the United States than to other countries, is the challenge to the tax-exempt status of nonprofits. What has prompted this challenge is the erosion of trust in the nonprofit sector; the erosion has been caused by misbehavior of a very small number of non-profits. Nevertheless, one organization misbehaves, we all get judged by that behavior, so we have to be careful about openness, transparency, honesty, accountability: concepts and practices that are very important as we move forward in philanthropy. If we can regain that trust, we will be in a position to do far better with our fundraising and ultimately with our philanthropy.

In the United States, the cost of fundraising is a particularly challenging issue. Many donors don't like to pay for the cost of running programs or infrastructure, administrative overhead, so we're going to have to deal with this - the true cost of fundraising. In the for-profit world we talk about the bottom line, that's profit; in the non-profit world we talk about the top line, that's mission, service to the community. But what we also recognize in the non profit work is without a bottom line there is no top line. So we have to raise money and we just need to be open about this.

Another challenge facing philanthropy today is that of executive compensation. There are executives who are very well paid, and it's probably open to question whether it is within keeping of the spirit of non profits, so we are going to have to deal with that question going forward. We must be able to articulate compelling, justifiable reasons for paying leadership generously.

In conclusion to this overview of how to spread a culture of giving, I'm going to give just a glimpse into some of the training programs and academic programs that address the big picture of philanthropic studies, nonprofit management, and fundraising at the Center on Philanthropy at Indiana University. We believe that studying

philanthropy and studying fundraising will make both of those activities better. When we opened the Center on Philanthropy in 1987, we were about the fifth or sixth center in the United States; we were not the first, but the fifth or sixth. As of today, there are probably sixty plus academic centers in the United States affiliated with colleges and universities that are studying nonprofit management, fundraising, philanthropy, or one or more of those in some fashion, so it has been an exploding area of interest in the United States. Giuliana Gemelli's program at the University of Bologna, the Masters in International Studies in Philanthropy, is flourishing. There is a fundraising training program in Frankfurt, Germany, called the Fund Raising Academy, so there are many of these programs underway today.

Some of these programs lead to degrees in fundraising, but most of them lead to degrees in philanthropic studies or non-profit management. The professional organizations such as the Association of Fundraising Professionals and Certified Fund Raising Executives International promote continuing education and credentialing of fundraisers, including adherence to a code of conduct and ethical practices. From academic programs leading to degrees to continuing education for practitioners, this attention to the study of philanthropy, nonprofit management, and fundraising is making more reflective practitioners leading to a growing culture of giving.

The Fund Raising School at the Center on Philanthropy at Indiana University has taught courses in forty countries around the world, and we have partnership arrangements in several countries. We have a partner in Mexico, we have a partner in Argentina, we have a partner in Austria, Vienna, and we are looking at a partnership with the University of Bremen in Germany. We have taught in South Africa, Australia, New Zealand and many other countries. Wherever we have gone, we've gone by invitation. We don't just show up somewhere and say "we know how to do this, why don't we help you" but people invite us and we go where we're invited, and I think that that outreach, that extension, is one of the critical ways that the Center on Philanthropy and other centers like ours in the United States and around the world are contributing to the continuation and the spreading of a culture of giving.

2 - Community Philanthropy in the US and the World: Scenarios and Opportunities

by Lucy Bernholz

Imagine a place, a farming village, where the people come together daily, contribute a few small coins each to a common account. This account is not owned by the Church. It is not required by the government. It is a small, but increasing source of funding, to spend toward improving the community - the community of the people who gave those small amounts. They give the money. They decide where it goes.

Imagine a place, a neighborhood in large and growing city, where several people, similar in age and background, can come together to meet with another group, themselves similar but different from the first group, and talk about the shared possibilities now that they are all living in the same city neighborhood. They can meet peacefully, away from the eye of the press, and talk about the things they have in common - both the good and the bad - and try to develop solutions.

Imagine a place, a small city with a long history, where a single community member has a dream for renovating the parks in her town. The government no longer provides adequate funds. The benches are breaking, the tile is cracked, and litter is more common than grass. She remembers what they used to look like and has a vision of what they could be. What she needs are some other community members who also remember and envision, each of whom might add some of their time to the project, some of their expertise and help raise the funds needed to match those of the original donor to make the work happen.

Community foundations are part of each of the stories above. In the farming village - this one is in the Philippines - community members make daily deposits of small change and then meet to decide how to use the funds to improve their community. In the larger city, in a country long-torn by religious violence, neighbors do come together to move beyond the losses and damage each side has experienced and build something better together. The third story is from a city in the middle of America, but it happens all over the world all the time.

There are more than 1200 community foundations around the world. Even as they share the common goals of "building permanent financial resources for and from their community," they are as different as is each place.

- The structures and purposes of community foundations are 'customizable' to the traditions of giving in each place. They also take into account the society's expectations about the role of the government or of the church in providing certain services to the community. Community foundations in former Soviet countries have very different relationships to local government than do those in the United States. The right answers only exist for each place and time.
- Over several decades, Community foundations have received extraordinary support from private foundations and, in some places, public support in terms of tax advantages.

1. There have been many deliberate attempts to grow CFs in parts of the world (South Africa, Eastern Europe, Former Soviet Union).
2. There are lots of reasons for this. It is in part because of the community foundation's unique ability to bring together many stakeholders, who understand the local situation, and who can both advise on solutions and catalyze more local giving. They provide a place to be generous. They are, almost naturally, a way to bring inside as many outsiders as possible - as we were encouraged to do by yesterday's speakers.

Key trends influencing Community Foundations around the World

- Community foundations are not static. They are subject to the forces of change both at their local level - changing demographics, such as an aging population, for example - and more global forces, such as the corporate opportunities presented by the creation of the EU.
- Major global forces include:
 - Technological change - more information, more products for giving, more opportunities to collaborate
 - Global economies and mobility - people can move around more freely. This can change what and where they care about things.

A small digression on this point. My family and I have had the joy of spending 6 days in Rome prior to this conference. My 6-year old son is very outgoing. So far on this trip to Italy he has made friends with a number of people. He has learned to count to 10 in Punjabi, Malayalam and Tumbuka. He purchased castagne (chestnuts) in Chinese behind the Duomo here in Milan. He learned and played a skipping game from a Scottish girl and an Italian boy. My point: The world's diversity is right here in Italy and that will matter to your community foundations.

- Blending of the sectors - commercial organizations and nonprofit organizations increasingly doing similar things - providing services, selling philanthropic products, running businesses.
- At the local level:
 1. Local politics - who needs to be on board? Who is independent and trustworthy
 2. How is the community changing? What businesses are thriving? Which are struggling?
 3. Demographic changes - old and young? New and old residents? Growing or shrinking?
- At the national level:
 1. Law s about giving.
 2. Role of government in providing certain services
 3. Health of national economy
- Donors are not static. Each is an individual. Some know what they want to support, others might want help. Some live in a region all the time (and their families have for centuries) others are globe hopping business people with a strong attachment to many places in their lives. Some have lots of financial resources. Some have lots of time. All have lots of ideas and a desire to do good.

- Donors have a lot of choices about ways to give and when to give.
 4. In the United States, a donor can choose from among at least a dozen different types of giving options. Some of these are organizations like community foundations others are products of the nation's large commercial investment firms and banks. Philanthropy is a hybrid industry with both commercial and nonprofit pieces.
 5. This increased choice in product means donors can select based on price, service, efficiency, customer attention, and local knowledge.
- Donors have access to lots of information. They don't have lots of tools for making sense of it, applying it to their decisions about giving, or ways of filtering the different requests they might receive.
- Everyone cares about accountability. How can an individual donor know the funds he gives are used for the purposes stated? How can a board of local community leaders make fair decisions that won't leave people questioning their own conflicts of interests? How can a nation as a whole make sure that it is supporting an independent sector that is credible, accountable and effective?

Opportunities

- Infrastructure varies significantly in each country - in some cases it supports the growth of new foundations in others it is focused on meeting common standards. In most places - Italy being a KEY exception - the infrastructure was not deliberately designed. Italy has great opportunity to lead because it is building foundations and infrastructure simultaneously and deliberately.
- There may be potential for Italian Community Foundations to work together in ways that have worked well in few other countries - namely Canada.
- Community foundations in Italy may also look to peer foundations in other countries to address issues such as immigration.

What the USA could learn from Italy.

I see three major opportunities for community foundations in Italy that can inform the rest of the community foundation movement:

1. Fondazione Cariplo is building both individual community foundations and an infrastructure to support them. Italy has a chance to address local, regional and national issues in ways that other countries have not been able. What does it mean to build these simultaneously? What does it promote? Does anything get left behind?
2. Italy's rapid development of community foundations will allow the field to take on issues of ethics, credibility, the role of industry data and the skills of philanthropy from the beginning of the development period.
3. If a country builds community foundations on a shared technology platform - as is happening here - can you share information better? Can you build better industry research? Can you address regionally and nationally complex issues collectively?

These are just a few of the questions that Italy's unfolding community foundation future may answer. I look forward to learning from you.

Remarks Opening of the Community Foundation of Northern Milan

Community foundations are a gift from the present to the future. I came to Italy this time to help celebrate the 15th Anniversary of the Fondazione Cariplo. It is an extra special treat to also get to celebrate the birth of the Community Foundation of Northern Milan.

As I have traveled through Italy with my 6-year-old son we have met many Italians. Some Italians whose families have lived in the same village for hundreds of years. We have met Italians who have just arrived in the country. We've met Italians whose first language is Chinese, Portuguese or Punjabi. And we've met Italians who speak flawless English as well as Italian.

This diversity is the future of Italy. As you build the Community Foundation of Northern Milan - build it for this future. Make sure it is a place everyone can participate in, that everyone in Northern Milan can be part of and be proud of. Build it for your 15th Anniversary, and I'll proudly come back and celebrate with you again. Build it for your 50th Anniversary, and my son will join with your sons and daughters to celebrate.

3 -A critical identity: we need to rethink our mission

by *Bernardino Casadei*

The high growth rates and the diffusion throughout all the continents that characterize community philanthropy and more specifically community foundations, must not allow us forget that we are dealing with a very complex reality whose identity is often problematic and is difficult to define.

Furthermore, it is important to note that large investments made by some of the main private foundations have, on the one side, surely been very important in promoting take off in this field, but, on the other side, have driven parties, whose characteristics could not always be identified with the community foundations', to call themselves this way in order to obtain grants and technical assistance. Finally, in the United States, where the model's success encouraged other types of parties even with a commercial nature, in entering the field, there are more and more people inviting the foundations to redefine their identity and mission.

An Alternative right from the start

The community foundation's identity actually appeared to be problematic since the beginning. In fact, if we analyse the two that used to be the major community foundations in the world: The Cleveland Foundation and the New York Community Trust, we will easily find out that these two realities have taken very different roads since their birth.

Right from the beginning, the aim of the New York Community Trust was to help people donate freeing them from all the bureaucratic burdens that distinguish such activities. A contemporary defined it as "the mechanical side of philanthropy". The foundation is very similar to a bank, not only due to its sober and reserved style, but also because of its inclination not to publicly express its opinion, for the simple reason that its role is to help present and future donors pursue their philanthropic goals and not that of achieving its own political and social projects, whether shared or not.

The approach of the Cleveland Foundation, which since its constitution, when it still had very limited financial resources, was aimed at influencing the public opinion developing strategies which would allow it to improve its community's quality of life, is radically different if not actually opposite.

Such approach is very well describe by the Foundation's decision to use the first resources to finance some studies which were then used throughout a decade, not only to address the foundation's activity, but also to influence the public policies in that community. Anyway, amongst the first collaborators of the foundation in Ohio were some of the eggheads that would later on contribute together with Roosevelt in the achievement of the New Deal. Today the Cleveland Foundation still elaborates and publishes reports with the aim of arranging the models that may be needed to address social policies in its city, but that also have the ambition to be used in the rest of the Country.

However reticent and reserved the New York Community Trust may appear, almost invisible within the Big Apple, the Cleveland Foundation instead is always present and it is practically impossible to live in that city without being in touch, even indirectly, with Frederick H. Goff's creature.

The New York Community Trust Model

As has already been pointed out, the foundation's task is to assist donors that can be identified as the main customers of the foundation. This structuring has widely spread above all in the last decades and has prompted foundations to re-write their mission clearly stating that their aim is to serve donors.

A similar approach made it that the non-profits are actually considered as suppliers. In concrete terms the donor establishes his/her wishes and the foundation makes the effort of finding the non-profit organisations that are in a position to achieve the projects that the former wants to support, guaranteeing at the same time for the quality of the initiatives identified.

The logical consequence to this approach is the tendency to consider the performance purely in quantitative terms. An annual research carried out by the Columbus Foundation with a table reporting data related to funds raised, grants made and the value of the assets concerning all the foundations, is the symbol of this tendency. These are the criteria that, for a long period of time, have been considered as the only ones to measure the value of a community foundation in the United States.

If the growth of the community foundations' assets and resources is certainly due to the diffusion of this model, it is not immune to risks that are becoming apparent above all in recent years. In particular, new instruments, even of a commercial nature, are coming forth that have the aim of allowing donators to maximize tax relief. In 1991, the creation of the Fidelity Charitable Gift Fund, soon followed up by similar institutions constituted by finance companies, was a real shock for community foundations. For the first time the American Foundations were forced to face with tough competition and someone imagined, perhaps too hastily, that community foundations were coming to a near end.

Besides, it was soon realised that competition was not only coming from finance institutions. The development in technology and, in particular, the diffusion of internet, are making a consistent part of the community foundations' services obsolete and useless. Thanks to the development of new research instruments, it is becoming everyday easier for the single donor to identify directly the non-profit agency that suits best the aims dearest to him/her without having to ask for assistance to a community foundation.

However, the biggest danger of this approach is losing one's ideal dimension. When one's value translates directly into book value, there is a risk of focusing one's attention only on financial data and it soon becomes difficult to affirm one's identity and specificity with respect to the commercial field with the consequence of being influenced by the latter's logic.

The Cleveland Foundation Model

As opposed to what happened in New York, since the beginning, the Ohio foundation's aim was to find a solution to its community's problems. As has already been said, its first resources were destined to financing studies that could then be used to elaborate strategies that were able to give an important contribution to the improvement of its community's quality of life. Whereas in the New York model, the improvement of the quality of life is the consequence to the increase in grants, in this case, it is the result of a specific strategy that elaborates solutions and then tries to implement them in the community, through the granting activity after having identified the common problems causes.

This approach changes donors into real sponsors that support the foundation's activities with their financial resources. This means that, whilst the most common instrument used by the foundations to promote services to donors are the donors advised funds, where the donor must be involved in identifying the destination of the grant deriving from his/her contributions, for the foundations that follow the Ohio model instead, the aim is to obtain gifts without restrictions, so that financial resources may be used to implement strategies that the board has elaborated.

Even in this model non-profit organisations have the role of supplier. This time though, the true buyers are not the donors but the community foundation that, instead of pursuing its own strategy through direct project management, makes grants. From this perspective, the community foundation ends up being very similar to any grantmaking foundation. Actually, the main difference between a community foundation that follows this approach and a private foundation that has decided to focus its attention on a well-defined territory, is that the first is a public charity, a technical term with which the American law establishes that an agency is able to pass the public support test, that is a mathematical calculation aimed at checking that a consistent amount of resources derive from different subjects, as an index consensus degree that the foundation has been able to arouse within its community. By the way we should point out that the more the foundations' assets increase, the more it becomes difficult to pass the test, because it is necessary to generate an increasing number of donations to balance the revenue from the investment.

Of course, for this kind of foundation the performance is measured through the social change it has been able to generate. It is a particularly difficult measure to elaborate, as grantmaking foundations know very well, but that anyway, above all in a limited geographical context, as is that in which community foundations operate, it is not impossible to elaborate.

If, above all in recent times, the idea that a community foundation should have as its major goal the promotion of social change is gaining great interest and attention, it is advisable to be conscious of the risks that characterize also such approach.

Besides the fact that it has still to be proved that a foundation with a clear granting strategy is able to generate more donations compared to one that instead offers its services to donors, there are criticalities that could end up preventing the foundation from carrying out its role efficiently, if they are not adequately analysed and managed.

We therefore must not forget that one of the strong selling points of a community foundation has always been its neutrality and therefore the ability to serve all non-profit organisations in the territory. One of the most popular slogans used in fact reads: "You do not donate to a foundation, but through a foundation." But the moment that a foundation should decide to play a significant orientation role, being able to maintain such neutrality risks becoming more of a problem and the non-profit organisations, whose strategies are not provided for in the foundations' action plans, could consider this as a dangerous competitor. The consequence of all this would be that of not being able to exercise its catalyst role which till then has often enabled it to give an important contribution to its community.

Even political relations become more complex. For a foundation serving its donors, protecting itself from political parties influences becomes relatively simple, also because it is clear to everyone that if the foundation should lose its independence, fundraising would immediately become more difficult, if not impossible.

Nevertheless, when a foundation starts elaborating a personal political project, it becomes important for politicians to be able to control a structure that, thanks to its financial resources, could influence their activities in a significant way. On the other hand it is difficult for a foundation to resist interference attempts from those who, due to a clear democratic justification, can pretend representing at the best what the real community needs are.

Finally, a similar approach risks generating the ivory tower syndrome that often distinguishes granting foundations. The foundation has qualified personnel that sometimes loses touch with reality and feels obliged to impose its vision to the non-profits, that not only submit themselves to such wills, but often avoid any kind of criticism fearing that it may have negative effects on future grants. If this imposition is sometimes positive for the non-profits themselves, in other cases it generates abstract projects lacking in real social impact. Even though having to face with donors' will, may be frustrating, it may help foundation personnel to develop self-criticism and avoid making similar mistakes.

Compromise or superior synthesis

This summary analysis of the two models clearly demonstrates how both are carriers of important petitions but also of risks that could be dangerous for the community foundations' activities. It is not an accident that there is often a debate on whether it is fairer to focus one's attention on donors or on the community, with the awareness that none of the two are fully satisfactory. To face this tension there are two possible paths to follow: the research of a compromise that can balance the needs of these two approaches or, as an alternative, the elaboration of a new synthesis that gives us the necessary cultural instruments to allow the community foundations to carry out their task overcoming the identified contradictions.

The compromise is a pragmatic approach based on common sense and that tries to identify a fair though unsteady balance between the conflicting needs mentioned above. It is a particularly frequent approach in the United States where, often, the pendulum metaphor is used and there is a need to avoid extreme behaviours whose abstractness is often negative. It is an approach that, playing more on the *esprit de finesse* than on the *esprit de géométrie*, helps in finding adequate solutions also beyond the operators' awareness, who, due to their experience, avoid the dangers of ideology.

Instead, for the person who can count on a limited experience, in Europe above all, it is very important to try to develop a thorough analysis that can serve as a compass for the management of a community foundation. A method which has often been efficient to reach this goal, is to identify if both approaches have a common prerequisite, that they have not analyzed critically and that is a limit common to both. By overcome such a limit we may end up bringing new and fruitful light to this problem. Practically speaking it is a matter of elaborating a new synthesis that will be based on exceeding such a limit.

The limit: giving as a means

In the brief analysis that has just been made, we have seen how in both cases, the non-profit agencies are realities considered as suppliers. Their value concerning community development is actually identified by their ability to produce goods and services that can satisfy donors' needs or the aims established by the foundation's board. This attitude in particular clearly shows how, at least theoretically speaking, because practically speaking it is often a different reality, both models consider a gift as a means and not as an aim to pursue independently from the practical consequences of the latter.

If we analyse the New York Community Trust model from this point of view, we will easily see how the aim is not giving, but it is fundraising. The extent of success is actually given by the amounts raised. Of course the funds raised are the fruit of donations, but there is a substantial difference between fundraising and promoting donations, at least because promoting donations can also be done for the benefit of other subjects, whereas fundraising must necessarily be done through the foundation structure.

Similarly this also goes for the Cleveland Foundation model. In this case instead, the donations are the means to obtain the necessary financial resources to achieve one's projects. In this case also there is a fundraising activity rather than giving promotion. As a final analysis it means having the necessary resources at disposal to give concreteness to one's strategy and the donations are but only a particular efficient means to achieve such an aim.

Giving as an end

Instead, the theory we want to bring out here is that promoting donations may be the most important and real aim for a community foundation, that which can define its identity and distinguish it from other organisations operating in the territory, with the awareness of the strategic meaning that pursuing this aim can have in the development of our society.

In fact, a donation may be considered the true basis for a community that wants to call itself civil. The most recent studies on social capital have shown the importance of the latter, above all in a globalisation context, not only in moral and civil growth, but also for economic and social growth. Now you don't need to be an expert to notice the deep relation that links giving, trust and social capital. Furthermore one must admit how it is the donation that generates that asset of civil values that both the open market and the rules of the game in democracy need to be able to work out and that however they are not able to generate autonomously.

The donation is then the engine and the identity of the charitable sector, of that third sector in which everybody recognises an increasingly important role in our communities' organic development, but that it finds hard to assert its role. It is not by accident that today such a sector is defined with negative terms: non-profit, non-governmental, in confirmation of a cultural deficit that sentences it to a sort of dependence towards state and market, almost as if its role was not but compensating their failures and balance shortages. What actually distinguishes the third sector must not be sought for in goods and services that it can produce, even if important, in activities that can be carried out also by others, but in its ability to support gratuitousness, in any form, something that is structurally barred both to commercial companies that must pursue profit because of

their essence, and to the public administration because generosity, by definition, cannot be forced, not even by the law.

Finally, and this is the most important aspect, the donation is really a fundamental need for each person who wants to live its humanity. Giving is in fact what really makes a human being human and what gives concreteness to every person's dignity. In a world where all relationships are necessarily exploited, where men are instruments or obstacles for each other, only a donation can make us break this vicious circle that isolates us, that alienates us and makes us actually powerless, in order to allow each person to live really human relationships in which Kant's second categorical moral principle, to never consider the other uniquely as a means but always as an aim, may materialize in everyday life.

Definition of giving

If giving can thus have such an important role in the development of our civilisation, it is essential that we try to give it a definition that allows us to catch its essence in order to avoid mistaking it with some of its deteriorations.

In the first place a donation is a relationship, it is a relation that is established between two persons and not a demonstration of superiority or the execution of a social duty. These are the activities that have often been mistaken with a donation. In fact cultural anthropology studies have shown how a donation has had such social duties, above all in ancient societies, so much that the possibility of pursuing these aims in modern society through other instruments has urged many to deny any social meaning to giving, confining it in the private life of each individual.

Instead, a donation is really an exchange that, as opposed to what happens in business, does not involve swapping for something equivalent, but it is an act of trust in another human being. Even if often what we receive in return is bigger than what we have donated, which is well testified by all those who go through this experience, we cannot know this beforehand and there is always the risk that the grantee pays us back with ungratefulness or intolerance. Moreover, unlike what happens in trade, where incorrect behaviours can be repressed, in giving, the risk completely depends on the donor, who at the most can regret having trusted in an ungrateful person. However, it is the act of faith and the acceptance of this risk that allows a donation to give life to really free and therefore human relationships.

Of course giving does not simply mean opening up ones wallet but also and above all, it means putting something you have, such as time, resources, contacts at disposal to what you really believe in. This does not only mean that promoting donations cannot be limited to fundraising and therefore one must encourage all other expressions of generosity, but also that real donations can only come from listening to ones conscience, from the analysis and a close examination of our values, and lastly from the ability to put oneself in relation to superior principles that can give a sense and a meaning to ones existence. In a society where distraction and noise dominate, a person who may want to promote donations cannot get out of trying to help individuals listen to their conscience, in the silence of passions.

This last reflection leads us to consider how a donation is a fragile dimension that needs protection and support. Without a suitable environment a donation struggles in becoming apparent. In fact our society hinders

this aspect of human life. Besides that distraction we have just mentioned, we must reckon with the complexity of a world where specific competency and professionalism are needed to carry out any activity, particularly when an individual mostly needs help from his neighbour in order to overcome its own weight. If in fact, a donation is an essential answer to a deeply rooted need within each person, like climbing a mountain, it means struggle and sacrifice. In the same way often, if our near ones do not spur us, we are corrupted by sloth and end up not taking the opportunities that life offers us, without concrete help on behalf of the community, we risk living marginally or not living the pleasure of giving.

The utopia related to giving

To promote donations, having a strong awareness of its importance and a clear vision of its essence is not enough, it is also necessary to imagine an utopia, an ideal society based on the assertion of this principle. In other terms, it is about elaborating an image that can help us address our actions and motivate our effort.

Unlike other utopia that imagine a perfect society as a society without something: no classes, no poverty, no pain, no illnesses, etc., the utopia based on giving does not believe that a perfect community should be a community without problems. On the contrary problems are challenges, they are St. Augustine's press where the oil or the sludge come out from.

The utopia related to giving instead is a community in which each one is helped and supported in their efforts to follow the dictates of their conscience to give their contribution to the definition and the achievement of common well being. Naturally each time such efforts will translate into fighting against hunger, suffering, solitude, but not the illusion to be able to eliminate evil from Earth one day, but convinced that this is the only way we will be able to fully express our humanity and our dignity.

The instrumental use of giving

Having an utopia must not push us to taking refuge in the illusion, but on the contrary it must help us to face with everyday reality with the awareness of how easy it is to promote giving in an instrumental manner, in order to pursue other aims that, even when they are legitimate, end up impoverishing the experience related to giving.

Often the community is in fact more interested in seeing its own problems solved rather than making an effort in encouraging the development of its social capital. Of course, everybody agree that investments in this field are fundamental for the future growth of the community, but in front of everyday pressures and of the need to give prompt replies to concrete problems, we look for short-cuts and forget that in the end what is really important is not solving a problem that will soon be replaced by another, but creating that energy heritage and reciprocate respect that alone allows us to deal efficiently with the challenges that history does not fail to propose.

A similar question also goes for the non-profits that are often more interested in receiving contributions rather than creating relationships with the donors. Besides the shortsightedness that distinguishes this approach also from a purely instrumental point of view, it is advisable to remember what was stated above regarding the charitable sector role in our society. What should characterise these agencies is the ability to turn into catalysers of generosity. It is the fertility of the latter that will then generate goods and services and not, as

often happens, the will to realise such services that drives us in using the generosity that surrounds us in an instrumental manner. Of course, even in this case the daily nature, the need to balance a budget and to pay off bills at the end of the month, prevents many people from thoroughly understanding this truth or in any case from putting it fully into practice.

Finally, the donors themselves often do not have the strength or the ability to make a further even emotional investment in terms of participation that alone allows us to fully experience the joy of giving. The latter is often experienced in abstract terms like a duty dictated by tradition or social pressure and not as an experience that has the ability to give a sense and a meaning to one's existence. Therefore a donation does not become a relationship and remain a simple item in the family balance sheet or an investment in advertisements.

Specific indicators

If community foundations really want to pursue giving and withstand the pressures of all those who refrain from capturing the poetry that distinguishes it so as to see only the prose made up of grants and receipts, then we need to develop specific indicators. Without such indicators that could be used to verify the coherence with one's mission, it will be hard to resist the pressures aimed at changing the foundation in a mere almoner, a sort of cash point that distributes the funds raised in a more or less efficient manner.

In other words we must ask ourselves if the granting activity encourages the development of social capital and the feeling of community or not. Solving problems is not enough; this activity must be performed through the active participation of citizens who must not be considered pure consumers of the services offered, but the real protagonists in the development of their community.

At the same time it is necessary to verify whether the foundation's contribution was useful as catalysers of new donations, both in cash and goods and services. Whilst a simple granting foundation can only go so far as verifying the efficacy in the use of its contribution, for a community foundation it is more important knowing that such contribution has served as a catalyser for new generosity even in terms of voluntary work also if a similar participation has negative effects on the administrative efficiency in the management of the project sustained.

Lastly, it is advisable to check if the funds raised have only left tracks in the bank accounts, tracks that the tax inspectors will need for their assessments, or if they have changed into relationships between donors, with the non-profit organisations and with the end recipients of the contributions themselves. This is an extremely important aspect in the life of a community foundation that, as we have said, is the "business of making relationships," even if of course, elaborating indicators with the ability to measure this dimension is extremely difficult and complex.

The triple bottom line

A consequence to this argument is that it is not enough for community foundations to obtain economic sustainability nor is the verification of the impact of one's grants sufficient. These have to face with another dimension that, in perhaps somewhat overblown terms, we could define as the humanisation of life. Therefore we must elaborate a true triple bottom line to measure each foundation's performance with.

Of course it is essential to put together data on financial sustainability in this analysis. The funds raised, the yield in property investments, the incidence of management costs in the foundation's activities are fundamental values that must be monitored constantly. It is not an optional that can be disregarded in the name of more noble values. Of course it concerns means, but essential means that cannot however be forgotten, if they do not need to be changed into foundation activities, if it really wants to pursue its objectives.

At the same time however it is essential to measure the social impact of ones activity. Doing good must be done properly and therefore we must have a good knowledge of the needs and potential of our territory, have the instruments for an accurate verification of the real impact of our allocations, without fooling oneself that reality can be controlled, and having promoted those partnerships that in a complex society like ours are the essential condition for the elaboration of adequate solutions to challenges that nobody can think of solving without involving others. Furthermore, it is fundamental that the foundation learns to capitalise on the knowledge generated in each of its allocations. The methodical collection of this information and its transformation into knowledge, will soon become the most important heritage, even more important than the allocations themselves, that the foundation will ever be able to put at its community's disposal.

Nevertheless, all this is not enough, however important it may be. As we have already stated repeatedly, the really fundamental role of a community foundation must be sought for in the humanisation of life. In other words, it concerns asking oneself what the foundation's contribution in the spreading of the solidarity culture also between the non-profits themselves, which, because they are too concentrated in pursuing their specific mission, often forget that they can express their values only by respecting the principles of solidarity which are the only true basis of the charitable sector.

While pursuing its activities a community foundation must always ask itself whether it is really contributing to strengthening the sense of community and belonging. In a world where the formalization of civil relationships, the development of technology, the globalisation process itself tend to have a standardisation and atomisation impact that denies individuals' identity, it is a fundamental duty that must never be put above the solution to even important social problems.

Lastly, it is a case of asking oneself whether real human relationships are promoted through the foundation's activities. As we have already stated repeatedly, giving is perhaps one of the few principles that allow us to defeat formal rationality, whose diffusion in modern society as Max Weber has already stated, risks depriving the world of any magic and, at the same time, denying it the poetry and the joy of living, which we try to replace with amusement in vane. A community foundation worthy of that name should therefore verify whether its activity changes into stories whose human dimension always has the place it is entitled to, that is the first.

Conclusions

In a rich and advanced society like ours, what we really need is the ability to be able to put efficiency, efficacy, and inexpensiveness below a person's dignity. It is not a matter of denying the importance of these principles, whose role in the development of each society is obvious to everyone, but to admit that their absolutization risks destroying the community's true essence. In other words it is a matter of rediscovering the

difference between means and aims and rediscovering that the only aim that deserves being pursued is the assertion of a person's dignity, not just mere rights which we can often abuse from.

This is a challenge that involves each one of us and which the future of our society depends upon. Community foundations, owing to their structure, their characteristics, and their role in society, can offer a fundamental contribution in the humanisation of the world that we live in. Perhaps the real reason for the enthusiasm and vitality that characterizes this field and that allows it to grow as we can all verify is our conscience that we are carrying out such a duty, even if we are not always fully aware of it.

On the other hand the proof that the paradigm that tends to confine a person in mere selfishness and in the maximisation of its marginal usefulness, is, though dominant nowadays, false and reductive is actually the spreading of agencies whose only real aim is to help people giving. The concrete everyday witness that man is much more than this, gives us the strength to live life with the faith, hope and charity that are the real basis of every human being's dignity even in this world full of conflicts and strains.

4 - One Foundation, Many People: Engaging Donors for Greater Community Benefit

by Peter de Courcy Hero

Thank you, Bernardino, it is very good to be here and congratulations on the splendid first 15 years of the Cariplo Foundation!

My community foundation, Community Foundation Silicon Valley, is 52 years old this year. It began in 1954 with just \$50,000 in assets and today it has \$1 billion. We serve a region of 2 million people in one of the most ethnically diverse regions of the world, which is also the center of global technology innovation. This year we have given away about \$2 million per week, all year, 60% in my region, 40% around America and the world as our more than 700 donor-families and 30 corporations carry out their distinctive charitable strategies we helped them create and have given away \$600M in the last 10 years.

But this vigorous philanthropic activity did not always characterize CFSV. When I arrived in 1988 we were a stable but slow-growing foundation, with \$7M in assets and just 3 staff, as we sought to implement the then-gospel philosophy of community foundation development, that of building long-term unrestricted assets. I say gospel because this goal/purpose had not changed since the first ever community foundation was created in Cleveland in 1914. The mission was basically to convince donors to give you their money and then, preferably, to die, or at least get out of the way so that your foundation could decide where to give it away now and in the decades ahead. This model was the terra firma of U.S. community foundations and remained so most of the 20th Century. But in 1988 when I arrived in Silicon Valley I found terra incognita. Our donors were, and still are, young, hands-on, smart, idealistic, focused on their giving as investments not as charity. The Cleveland model was and is, irrelevant to them. They want to be involved, not be simply passive purses for other giving institutions. I realized at once that I needed to create a new adaptive enterprise, shaped by and with the emerging trends of our donors' behavior. And so I began to explore entirely new ways for a community foundation to develop. I set out to create nothing less than a center for philanthropy. My colleagues often cautioned me that I was straying too far from the norm, and at times I felt much like 14th–15th century Italian ocean explorers whose navigation charts, at the outer edge of their knowledge, simply carried the words: "beyond here there be dragons." While I found no dragons I did find new ways to build community by engaging donors rather than waiting for them to die. And so today I want to tell you briefly:

1. What philanthropic trends and opportunities CFSV used to build a donor-centric culture of giving in Silicon Valley.
2. Describe briefly some methods of engaging donors, to better animate their giving and build my—and perhaps your—foundation's mission.
3. Suggest several ways community foundations outside the U.S. might adapt what we learned.

Lets first talk trends. I've already described some of the behavior of a typical Silicon Valley donor. Every four years we conduct research on the charitable attitudes, motivation behavior of our donors, you can find it all on our website, www.cfsv.org. By the way I urge you to conduct similar research for it informs your work and that of the nonprofit community, the media loves it, and your CF is perceived as the "go-to" place for charitable info. Our region's donors, with their wealth derived mostly from the tech sector, practice a kind of "venture philanthropy," that is, investing charitable grants as they invest in for profit companies: They look for an outstanding nonprofit leader with a great idea, back him/her over several years, create mutually agreed upon performance measures and often have an exit strategy. These donors also want to do 6 other things:

1. Network with other donors to leverage their charitable investments, if you think about it, it is only a CF which can meet this need (vs. private foundations). The capacity to connect donors is one of our greatest assets and should be developed.
2. Use technology and the internet to inform their giving, but not to give. People give to people. But the internet can identify causes, organizations, and leaders which look promising.
3. Use multiple charitable vehicles, as Lucy has said, for multiple charitable purposes and strategies. For example, the Chairman of my Board of Directors has a donor-advised fund with my foundation as well as a private foundation and a charitable fund at Fidelity, a charitable gift fund.
4. Find a trusted "neutral" advisor organization, in this case the CF to help them refine their giving (but not sell them a cause).
5. Carry out their giving locally, nationally, globally and often in other communities where they may have grown up or may have 2nd or 3rd homes.
6. Remain personally involved, even if their hectic work schedules provide them with little discretionary time for their philanthropic activities.

My foundation, over time, has created specific donor engagement strategies to meet these needs, needs which are evolving each year. Like one of Italy's best football players, we aim to move toward where the ball—in this case the donor—will be, not where he or she is now.

So now lets talk specifics. Here are some strategies which work for us:

1. We think donors are smart and have good ideas. We invite them to the table early on. We ask for their ideas on how to solve community problems and we listen to them. You'd be surprised how readily they fund good program ideas that they have helped shape!
2. We have also institutionalized this active donor participation. Donors want to be connected with each other, to network, trade ideas, learn from each other. Several years ago we created the Silicon Valley Social Venture Fund to do just that. Donors contribute \$2,500 to \$25,000 into a charitable pool each year and then regularly meet with, and work with, other donors and my foundation staff to research, decide upon, and award two very large grants each year. Today we have nearly 200 members—we call them "partners"—and they have collectively given away over \$3 million. SV2 donors meet in a peer-

based stimulating environment, learn from us, and each other. Today there are over 25 such “donor circles” in other American regions.

In addition, here are three other ways we are building donor engagement. First, we regularly connect to other community foundations where our donors have multiple homes—Aspen, Hawaii, and elsewhere. We work as a team with those foundations encouraging shared donors to give in both regions. Second, we have created brand new software, still very much in development, which will enable donors to 1) develop a specific and sound charitable strategy around any cause, field of interest or nonprofit sector, 2) find specific public benefit organizations anywhere in America which are most effective addressing that concern, 3) help find other donors who share that interest. Using the working title RIVP-Matrix, I hope to have this new product available for us, and other community foundations to use in 2007.

And finally, we consistently offer donors the opportunity to seize exciting and high impact giving opportunities. For one example, when the corrupt Enron Corporation caused an unprecedented energy crisis during a burning hot California summer four years ago, we e-mail surveyed (today you can use Survey Monkey) our data base of local NGO's, found which had been hardest hit—childcare centers, senior citizens day centers—presented the facts and data to the media at a press conference, and to our donors, and quickly raised a significant “energy retrofit” grants program to immediately alleviate the worst situations. All in six weeks. Our donors deeply appreciated the chance to take immediate action, and see the results, in concert with the CF.

In the few minutes remaining, let me leave you with a few suggestions that you might consider here in Italy or elsewhere to better engage donors. First, visit the CFSV website, for all of our research and donor services programs are listed there. Second, establish simple low cost ways to help your donors to meet each other and to better learn the needs and opportunities in your region. Informal site visits, topic briefings which also have a social component, and e-newsletters are simple and effective ways to begin. Donors want to know their donations are well deployed. And telling stories about the impact your CF is making is most effective. Third, go on the internet and look up Social Venture Partners International (SVPI.org), you can learn how to establish a giving circle (like my SV2) here in Italy or elsewhere. And fourth, don't forget to create a nimble, professional internal culture. For example, you cannot thank your donors enough. Have a good back office with grant checks that go out on time and numbers that add up, for these are the absolute necessities of donor participation. Train your staff to be responsive to donors. I tell all of my 35 staff, no matter what their jobs, that each is in donor service. We also assign key donors to senior staff members, almost like a “private banker” model, so those donors know who to call with questions and suggestions.

And finally, always network. My advice is don't hesitate to contact one of your colleague community foundations in other countries for advice and ideas. Another idea, see if there are corporations headquartered elsewhere which do business in your region which might become your donors. My foundation currently works with community foundations in Dublin, London, Berlin, Prague and elsewhere, connecting our corporate donors to these colleague intermediaries. Perhaps you have donors who also give elsewhere, so be sure to connect to those regions as well. In America we are seeing more community foundation donors give overseas, especially as

the global reality of our lives became clearer after 9-11. Community foundation giving by U.S. CF's going overseas has increased 5-fold in the last five years. Many U.S. community foundations also work with diaspora populations and immigrants and help guide their giving back to their countries of origin. You are part of a global community foundation network, I hope you use it, and I hope these remarks are helpful to you today as you engage and animate your donors where they live in your region.

Thank you. I'd be glad to answer questions.

5 - Involving and transforming the community

by Diana Sieger, President, Grand Rapids Community Foundation

I am honored to be here in Milano with all of you and I want to thank the Cariplo Foundation and Bernardino Casadei for inviting me to this celebration and conference.

I am the President and CEO of the Grand Rapids Community Foundation located in the western part of the state of Michigan in the United States. We distribute more than \$7,500,000 (U.S.) a year to nonprofits (NGOs) in our area and have financial assets of \$215,000,000 (U.S.). Because of the generosity of the people in West Michigan, we like to think that Grand Rapids is il centro della filantropia!

While this may seem amusing, there actually is a Center for Philanthropy at Grand Valley State University which is based in Grand Rapids. The Center has an excellent reputation in the United States providing training for nonprofit leaders while growing in stature in terms of research and formal education in philanthropy. The Grand Rapids Community Foundation and the University formed a unique partnership creating the Community Research Institute seven years ago. I will refer to this Institute in a moment because it is essential in our ability to make the community more aware of important issues.

There are approximately 800,000 people who live in the geographic area that the Foundation serves and it is considered the fastest growing area in the state of Michigan. Our local economy is doing well in comparison to the conditions in other parts of the state. We truly are the world leaders in the production of office furniture and have developed other businesses that are focusing on technology and what we call the "knowledge based" industries including the life sciences requiring great skill, research and education.

The state of Michigan, which has a population of 10 million people, is experiencing a substantial loss of manufacturing jobs due in part to the decline of the automobile industry. It has been estimated that more than 200,000 jobs have been eliminated since the year 2000.

Detroit, which is 225 km to the east of Grand Rapids, has been known as an automotive giant in the world and many businesses in our state are directly linked to this industry. The economic conditions in our state do have an impact on the dollars we raise in our communities.

Reading reports from Bernardino on the progress of the community foundations in the Lombardy region is exciting. You are all to be commended and I congratulate you all on your success so far.

I had the pleasure of working with Emilio Amigoni the Executive Director of the Lecco Community Foundation in the summer of 2000 through an exchange program sponsored and funded by the C.S. Mott Foundation, the German Marshall Fund and the King Baudouin Foundation. I am very grateful that the Transatlantic Community Foundation Program was in existence at that time as it did provide a wonderful opportunity to learn more about community philanthropy between the United States and Europe. People in Lecco were clearly quite proud that

the Lecco Community Foundation was created and there was great interest by the local newspapers, associations, community leaders and citizens of the province. After seeing the results thus far, I am sure that the citizens of Lecco are very pleased with their community foundation.

After six years, it is tremendous to see that there are now 15 community foundations in the region that are growing and providing needed funding for projects in their respective communities. I understand that there are approximately 20 community foundations in total throughout Italy. Thank you Cariplo Foundation and to the generous communities of the Lombardy Region!

What I am going to talk about today is how all of you and your foundations can involve people from your community to create a culture of giving. This means that the community foundations take a leadership role to show people examples of how good programs in your community can really improve the lives of people. People need to see what is happening in your community and all of you are in the right place to be able to do that! You are creating a culture of giving.

I would like to show you how the Grand Rapids Community Foundation connects with people in our area providing a greater understanding of community issues and how we have helped create a culture of giving in our area. I will provide some practical applications and examples around these two issues which will begin to answer the following questions:

- How can community foundations become the heart of your communities and how can you play an important role in creating and growing a giving community?
- What are some ways to involve your community in the life of your foundation and how do you communicate the needs in your community to all people?
- Ultimately why is this so important for the community foundation and your community?

The Community Foundation is the heart of your community

Understanding Community Needs

Community Foundations can play significant roles in their communities in addition to funding programs and projects. *The first thing is to understand the needs and the issues in your community.* How can this be done? One simple way is to keep up on all the news! Other ideas are:

- Read all the newspapers, talk to people - your board members, your friends, your family - what is on their mind? What do people view as the top issues in your community?
- Contact and partner with universities who can help by identifying and reviewing data on your communities and share this information with your foundation. As I mentioned before, we have a

partnership with our local university creating the Community Research Institute which helps us with information relating to the impact of our grant distributions and statistical information on the social and human conditions in our area. They provide demographic information on the trends in our area. The Institute has been in existence for eight (8) years and the Grand Rapids Community Foundation has provided more than \$1 million (U.S.) to finance this effort and will continue to do so in the future.

- Convene nonprofits/NGOs in your community and ask them what they think are the most critical needs.
- Ask your government officials what they believe are the most important needs and what role do they think that the community foundations could play?
- Has there ever been a research study done on the cities and towns throughout the Lombardy Region? Is that something that all of your foundations could do together?

You want to know what the quality of life is for the children, youth, and families in your communities. What are the basic needs that people have like being able to afford good housing, nutrition and food - essentially basic needs? What is the crime level, educational achievement of the youth in your area, and how can you reach out to make people more aware of the needs?

Communicating Community Needs

Communicating the needs in your area can help demonstrate how your community foundation plays a critical role in addressing these issues. Further, you need to try to generate interest in your communities to involve people in addressing the issues.

I have some ideas that may be of interest to you. You may already be doing some of these things or maybe some of these things will seem strange as they may not fit your culture. But that is the point of having the opportunity to have all of us together from all around the world - to share and understand how we can learn from one another. You may want to consider:

- Creating information sheets that can be distributed at meetings you convene and at individual meetings with donors or potential donors.
- Write a weekly or monthly article for your local newspaper on topics of interest that you have learned from the results of your grants. What has happened because of the funding?
- You all produce beautiful annual reports and websites. I am so impressed by the design and beauty of the reports and websites. Your publications and websites do provide a way for your communities to understand what the foundation can do to contribute to the lives of people.
- Your websites should have information on issues and inform people about what is happening in your community. It is the front door to your community foundation.

- Other ideas -
 - **A blog** - I write a blog on the Grand Rapids Community Foundation website. Recent articles include the issue of improving the quality of education in our public schools; the importance of community philanthropy; Warren Buffett's unprecedented gift to the Bill and Melinda Gates Foundation; this visit to the Cariplo Foundation and the growth of community foundations in your Region.
 - **A radio program** - I have a monthly program called "Perspectives on Philanthropy". This has been a good way of communicating what we think are the important issues and needs in our community including the economic conditions of the area, housing needs, the rate of poverty, child abuse and neglect and many other topics. I talk about what the community foundation is doing in partnerships with other nonprofit organizations, foundations, and the government to address the needs.

Bringing people together to address the issues

Your community foundations have the ability to bring people together to discuss issues that may have a positive impact on the quality of life in your area. You can host a meeting and ask what the foundation can do to help.

As an example, in 1992 the Grand Rapids Community Foundation hosted such a meeting at a time when we needed to bring attention to key issues facing our community. We asked them to tell us what the foundation should be addressing and they told us that protecting children and youth was the most important issue in the community.

After hosting that forum, we asked 35 people to commit to a weekly meeting and formed a committee to discuss more in-depth over a nine month period of time. We conducted research, brought in experts and talked to many citizens concerned about the issue. We issued a report on the alarming incidence of child abuse in our community including 16 recommendations for immediate action.

The Grand Rapids Community Foundation has been funding a variety of programs to help families since that time to attempt to prevent abuse and neglect of our community's children. We have been very vocal with government officials and others to change the way we work with families and protect our children. We will continue to work on this and we are committed to this issue.

We brought a difficult issue to the attention of the community and addressed it and demonstrated good leadership. So I encourage you to host meetings to talk about community issues.

Over the past 16 years, we have continued to bring people together around issues relating to improving our educational system, developing ways to help older adults with health, housing, and other major issues, and other ways to keep our community strong into the future.

Developing Resources

Doing all of this does require raising funds and working with donors and interested people to become more involved. You really do need to focus on raising all types of resources: human capital, financial resources, information on needs and be knowledgeable on needs and opportunities. As has been noted in previous presentations, you are developing trust with your community.

How to Involve Your Community - Other Ideas

- Community Tours - Conducting tours showing donors and others those agencies and programs of interest that the foundation has funded. These tours can include more in-depth information on the critical needs in your community. This has given us the opportunity to talk to our donors and other people interested in the learning more about community issues as well as to demonstrate our knowledge.
- Involving community people on foundation committees who may not be members of your boards of directors. This will involve more people who will become aware of the community foundation. Once people are involved, they become more interested in the community foundation.
- Social Venture Investors - Throughout the United States, many community foundations involve groups of donors who are generally between the ages of 30 to 50 years old who do grantmaking as a team. They donate money to a fund and then participate in making grant distribution to programs in the community. Participating in this activity helps them to become more engaged with the foundation and with the community.
- Youth Grant Committee - The W.K. Kellogg Foundation provided funding to community foundations in Michigan to grow resources and to create committees of young people who could learn about philanthropy through making grants to nonprofits. Community Foundations throughout Michigan have created committees of high school students who come together to learn more about their communities and make funding decisions and distributions to programs. This is a good way to help young people understand what is going on in their community and play a significant role. The C.S. Mott Foundation also funded this effort and has been a significant funder of community foundations not only in Michigan, but throughout the world.
- Helping families who are interested in giving back to their communities and the community foundation can provide specialized services. We provide services to a number of families who are trying to involve the future generations in their family in giving back to their communities.
- Hosting forums - seminars on issues in your community which I discussed previously.
- Celebrations are important! You need to bring the good news of successful efforts to your community and host occasional celebrations to bring people in and learn more about your programs.

- Communicating information about your community in an interesting way through occasional briefing papers, brochures, websites and other methods which help create a culture of giving and caring.
- The Grand Rapids Community Foundation publishes a summary version of our annual report in our local newspaper; we present grant checks at the board of directors meetings of nonprofit organizations we have funded involving our board members; we host speakers at local service clubs bringing issues and information to various audiences in partnership with that service organization.

This is important for the community foundation and your community

The ideas presented today may help in the development of a culture of giving in your communities. You all have been so successful and you can continue to grow if people know more about needs and how they can help. Developing partnerships with other nonprofit organization can strengthen the message out to your communities. Your community foundation will be seen as a good partner and strong leader. The results will be a more involved community who care about giving back and helping one another.

Community Foundations in Italy will continue to grow and distribute needed money to nonprofits. The next step will be involving the community in understanding the issues and helps bring awareness to the needs.

Congratulations on your success and I looked forward to your future and observing your progress. I learn so much from all of you and I appreciate this opportunity to be with all of you. Please remember that community foundations are here - For Good! For Ever!

6 The opportunities of national network

by Stephen Hammersley, Chief Executive, Community Foundation Network

Introduction

Thank you for your invitation to speak. I run Community Foundation Network (CFN). CFN is the infrastructure body that supports community foundations in the UK. Although we face a number of challenges, the growth of Community Foundations in the UK has been spectacular:

- Community Foundations (CFs) now cover 90% + of the UK population, Grant making has grown threefold over the last 5 years to 110m Euros p.a. and endowment is at 220m Euros up from only 140m two years ago.
- We are the fastest growing part of the UK philanthropic scene.

Our success is down to the people in the community foundations, but infrastructure is essential and I am delighted to share our learning.

1/ Help from outside

Early stage community foundations (CF's) need support and help from outside. Nowadays this is help / advice / learning, but one of the critical events that sparked UK growth was a challenge grant programme in 1991 funded by CS Mott, CAF and the UK government. This successful challenge proved the concept in the UK and showed that the community foundation model worked in our environment.

And while CFs are small and developing, their national infrastructure organisation also needs support. CS Mott have generously supported CFN over the years and have helped us maintain links with practitioners in the US and Europe. The King Baudouin Foundation has also helped here.

2/ Time For Growth

But once CFs were established in the UK, a key challenge for the national network was to encourage faster growth. The slide shows how grant making and endowment have grown in the UK. But the growth in recent years has been stimulated by some CFs coming together supported by a large UK foundation to invest in fund development planning and activity.

The results were spectacular; a 1.6m investment in staff yielded 31m Euros of endowment. In terms of learning, the Calouste Gulbenkian Foundation helped us fund an independent study and the national network organisation has been able to use this learning to help government and other key players understand the potential in the UK of CFs.

3/ The State as Donor

The second key opportunity for the national network in the UK that I want to mention has been to help the state as a donor get money out more effectively to smaller groups and voluntary associations. The UK government wants to help people at the front line where small amounts of money are multiplied by local community voluntary action.

In the UK the most significant opportunity for CFN has been to help the national lottery give around 80m Euros to build the capacity of the non profit sector in 70 of the UK's most disadvantaged communities. We have been able to show the government and the Lottery that local people can be trusted to agree a long term grant programme, and we have been able to help the Lottery think through its approach to working with community groups. And crucially we have made the Lottery's money go further by leveraging in private sector donor money.

4/ Banks and Intermediaries

Turning to another area, a key focus of our national network has been to create opportunities for CFs to develop relationships with professional advisors and intermediaries that have a national perspective.

In the UK we believe that, as in the US, the relationship we have with professional advisors are key to growing endowment.

And we are delighted to have had some success with Coutts, the UK's largest (by number of clients) Private Bank who have led the way by creating a national philanthropic advisory service with community foundations as one of the delivery partners.

5/ Network Standards

As I draw to a close let me say a word about 'national standards'.

In the UK we are in course of implementing a national quality accreditation process agreed with members that we believe will:

- Make CFs more credible when together we approach companies and other national donors
- Protect our 'brand' from poor practice
- Give a focus to our development efforts

We believe that national quality standards are an important investment to release our potential. Facilitating the agreement of those standards has been an important role for the national infrastructure organisation.

6/ National Organisation

Finally, the network organisation plays an essential role in making sure that we bring people together to learn, to share good practice and (particularly in the early days of a CF) to provide encouragement to trustees and staff. As in Italy we also provide essential services like IT.

The picture on my slide comes from a celebration organised by the Milton Keynes CF. It is one of our network's great success stories. At this event I saw a community come together to celebrate its diversity; to celebrate the value of all sectors of the community; to celebrate partnerships between people with money and people using their skills to put that money to use to build communities. The CF was and I quote "an institution by which individuals in Milton Keynes were able to express their ideals and concern for fellow man".

Those of you who were here yesterday will have recognised that those are words taken from Charles Stewart Mott. The picture is a reminder to me of how much our network has benefited from the learning and experiences and thinking of others. I hope that our network can help others in the UK and further a-field in a similar way.

Thank you.

7 Promoting a new concept in continental Europe

**Nikolaus Turner, Chairman, Affinity Group „Bürgerstiftungen“, Association of German Foundations
Bürgerstiftungen in Germany**

Thanking you for the invitation to take part in the Cariplo Foundations Birthday Symposium I take the opportunity to send you “Herzliche Glückwünsche” and “Tanti Auguri” or “Happy Birthday” on behalf of all community foundations in Germany.

We wish you well and thank you for including the idea of community foundations to your goals and the fields of interest of your foundation.

The vision of individual civil engagement within the context of a free-democratic society in Germany is experiencing a notable renaissance these days. This phenomenon can be seen by the development of non-party electoral interest-groups. The establishment of initiatives, lobby-groups, associations and foundations for communal purposes and for the interest of the community are, however, of a more far-reaching nature and of greater numbers. More and more “Bürgerstiftungen” are being set up, spurred on by the success of community foundations in the US, UK and Canada, but also in regard to a very European tradition, since the model of the “Bürgerstiftungen” (“German version” of community foundations) is hundreds of years old and originates in central Europe.

Foundations are about money. So aside of fantastic projects, the enormous engagement of volunteers, which we call “donors of time” in addition to “donors of money” and changes made through community foundations in their areas and regions I keep to the “money”-aspect for my statement.

There are several different types of foundations in use which many would classify as „Municipal Foundation“, “Field of Interest Foundation“, “Capital Campaign Foundation” etc.

The term “Bürgerstiftung” defines a foundation of a group of citizens for a variety of purposes in a defined area, like a city, a region or a district.

Foundations with a locally defined social and cultural domain as a charitable (non-profit) institution, initiated by many citizens, have existed in Germany as long as citizens themselves. In view of limited and declining public funds on the one hand and considerable private wealth on the other hand, civil engagement is being both demanded and encouraged these days.

Apart from the setting up of foundations by one donor, a donor family, or a company, which are mostly intended for one or several purposes without local restrictions, the focus is concentrated ever more on finding potential donors with moderate fortunes, who may not necessarily want to set up their own foundation.

In this context the idea of the community foundation, which increasingly gathers allies and donors, is to be seen. In keeping with the times, where decentralisation in politics and public life is more and more favoured, several donors get together mostly in order to act within a specific region and with limited means. By virtue of birth or settlement within this region they identify with it and wish to share their success by giving back an effective, enduring and prospective endowment.

Bürgerstiftungen in the sense of charitable institutions with specifically limited social or cultural fields of activity and initiated by numerous citizens, are to be considered a long-term possibility to solve the relevant problems encountered.

Differing from the „classical“ private foundations set up by a wealthy donor, the characteristic of a Bürgerstiftung consists of a combination of many donors bestowing smaller and larger amounts of money in order to make up the entire monetary fund of the community foundation. Not one individual but many citizens contribute to the creation and development of „their“ foundation.

After originating in Europe, these foundations have been refined in many cities and regions throughout the U.S., realising community beneficial projects in the direct personal field with the help of quite astonishing financial backing and are now again popular in Germany based on the American model and experience.

Thanks to these jointly established foundations it is possible to supply private funds for beneficiary purposes and professional know-how can be used in a compact and concentrated manner without the necessity of a potential donor having to set up their own foundation.

Within a very wide scope of the foundation's aim it will be rendered possible for the community foundation to offer promotion and support within specific local limits whereby their benefits are to be granted in addition to those of the public hand and not as a substitute.

Besides the promotion of a wide range of purposes, community foundations also serve as a means to promote public spirit and civil engagement.

For Germany it all started with an inspiring presentation of the US-model to Reinhard Mohn by Shannon St. John in Gütersloh and at the same time the visit of Christian Pfeiffer at the New York Community Trust.

As a result the decisive impulse for re-spreading the idea of community foundations was the establishment of the „Stadt Stiftung Gütersloh - die Bürgerstiftung“ (1996/97) and the notable furtherance of the idea of community foundations by the „Bertelsmann Foundation“.

Of the impressive number of over 100 community foundations that has been formed in between times, only a

few key facts can be mentioned here:

It all started with the „Stadt Stiftung Gütersloh“ set up on January 1, 1997, through the initiative of Reinhard Mohn and the Bertelsmann Company, closely followed by the first bottom-up model, when in December 1997, 31 donors established the „Bürgerstiftung Hannover“. In 1998 among a few the „Bürgerstiftung Steingaden“ was granted a permit. In the course of 1999 a permit was granted to the „Bürgerstiftung Dresden“ on January 13, on March 23., the „Bürgerstiftung Hamburg“ received its permit, on 3. May permission was granted to the „Bürgerstiftung für den Landkreis (District) Fürstfeldbruck“ with 147 listed donors and on 26 July the „Bürgerstiftung Berlin“ followed.

Even though the number of over 100 licensed community foundations in Germany, the steadily rising interest in this particularly democratic form of foundations has caused the Association of Foundations in Germany, the „Bundesverband Deutscher Stiftungen“, to form an affinity group - called working-group for „Bürgerstiftungen“ - that comes together twice or three times per year and regards the exchange of information and experience as only one aspect of its work. Above all it seeks to make its demands felt in politics and in society to support the important involvement of each individual citizen on a long-term basis and to assist him by creating the best environmental framework therefore.

Most lessons we learn by personal contacts such as personal exchanges or Transatlantic Community Foundation Network (TCFN) meetings.

One lesson learnt by attending US-Fall Conferences, the Denver Conference brought as a first result the creation and implementation of „first“ standards in Germany.

The affinity group at the Association of Foundations in Germany as early as in 2000, passed „Characteristics“ / „first“ Standards that define 10 criteria a so called „real“ or „100 %“ Bürgerstiftung should cover.

A result is the branding to the field and to the public awareness.

A summary of those criteria might be given by the Preamble:

„A Bürgerstiftung (community foundation) is an independent, autonomous, non-profit foundation with a broad charitable purpose. A Bürgerstiftung provides lasting and sustainable support for a community within a defined area and serves all members of the community by making grants and operating programs. Bürgerstiftungen seek to foster the commitment of the residents to their community.“

To support and assist the development of the Bürgerstiftungen in Germany, three major foundations in the country, Bertelsmann, Körber and Tschira, jointly along with the Association of German Foundations and with support of C. S. Mott Foundation and a federal ministry build up and created the „Initiative Bürgerstiftungen“ a staffed project, based in Berlin, to promote - independently and without any own interests - the idea of community foundations and to help, assist and support community foundations and initiatives for CFs during

their development. The demand for assistance and guidance is enormous and Katrin Sachs, the head of the project and expert for marketing and fundraising campaigns, Dr. Burkhard Küstermann, the legal counsellor, as well as Gabriele Fleischer, the assistant and office manager are more than busy to meet the needs and hopes.

To spread out the idea and the know-how we declared October 1st as Day of the community foundations and try to get nationwide awareness by articles and media coverage. We announced regional ambassadors of the community foundation idea to cover direct contact to community foundations and initiatives. We started with 5 last year and just announced additional 3.

We can find three main models of Bürgerstiftungen in Germany nowadays.

The foundations started from the bottom up with a number of individual donors providing the initial capital for the foundation, from the top down with a single donor or company to start with and a mixture of both which means some donors and an individual or a company putting up a "matching fund" to double every Euro given by a donor.

What we call a misleading wrapping is seen in some cases with foundations labelled "Bürgerstiftung", but consisting of an overwhelming majority-influence of one donor or a donating company, often the case with banks, savings banks, or community bodies or city administrations.

In order to continue the story of success of Bürgerstiftungen in Germany the demand is on citizens with time and/or money to lend beneficiary support in their immediate surroundings.

As of October 1st we count and are proud of 6.600 donors to the endowments of the 103 community foundations with the Seal of the association of German Foundations.

Even so we are still representing the smallest - but quickest growing - section of foundations in Germany we might be the ones most travelling, not only because travelling broadens once mind but because success and development is - if not all - but most about people, inspiring contacts and possibilities to learn. So in Germany we are grateful to those who enable us to learn abroad for at home.

Let me finish our story of success with a sentence I learnt from friends in the States that now runs through the country, describing who should serve on a board of a community foundation: "Give, get or go". No way to describe it more exact but who could explain it to once colleagues?

One more reason to travel, to share know-how and to help each other to teach and to translate "How to do"-experiences to the other audiences.

And to drop a little water into the wine: We are all thrilled by the community foundation idea and its impact

but, to promote the concept possibly we have additionally to take into account the aspect of time as the demographic "future" will teach us, that we cannot compare our development with the past development in the US or Canada as there may not be the same time period of around up to 90 years of a successful society and prosperous economy in Europe to come.

So I would add, let's tell the story, let's get started quickly to give and get.

Time is running, some experts define the door open for donations to the endowment in average of about 15 - 20 years, so we have to be quick to get as much as possible for the common good.

This idea might give you an idea why we try to establish the community foundation model so quickly and lasting in our country.

Thank you for your attention.

Appendixes

8 The characteristics of German Community Foundations Association of German Foundations, Affinity Group Bürgerstiftungen

A Bürgerstiftung is an independent, autonomous, non-profit foundation with a broad charitable purpose. A Bürgerstiftung provides long-term and enduring support for the community within a specified area and by making grants and operating programs serves all the members of the community. Bürgerstiftungen seek to foster the commitment of the residents to their community.

1. A Bürgerstiftung is a non-profit, charitable institution that operates for public benefit and plays an active and supportive role in civil society.
2. A Bürgerstiftung is typically established by several donors. The initiative to set up a Bürgerstiftung can be put forward by individuals or individual institutions.
3. A Bürgerstiftung is economically and politically independent. It is neither associated with political or religious confessions nor dominated by single donors, groups, or companies. Political and administrative agencies shall not exert influence on the foundation's decision-making.
4. A Bürgerstiftung's activities are limited to a clearly defined area.
5. A Bürgerstiftung continuously builds an endowment. It accepts donations from those who care for their community and share the vision of the Bürgerstiftung. A Bürgerstiftung also accepts flow-through resources and provides the opportunity to establish funds that may pursue specific purposes or serve a particular community or region.
6. A Bürgerstiftung meets a wide array of local needs and therefore has a broad charitable purpose, as a rule encompassing arts and culture, youth and social issues, education, nature and environment and the protection of historic buildings. A Bürgerstiftung pursues its goals by making grants and/or operating programs.
7. A Bürgerstiftung supports programs which foster the engagement of the citizens or provide the means to help people help themselves. In doing so, a Bürgerstiftung instigates new forms of civic engagement.
8. A Bürgerstiftung publicizes its activities and has a comprehensive communications strategy to give every member of the community the possibility to engage in the projects and programs.

9. A Bürgerstiftung may coordinate a local network of non-profit organizations.
10. A Bürgerstiftung conducts its activities in a transparent and participatory way. A Bürger-stiftung has several governing bodies (Executive and Advisory Board) that allow members of the community to direct and monitor the performance of the foundation.

9 The Community Foundation's Project in Fondazione Cariplo

The goals:

1. to create in the area where the Cariplo Foundation operates, with the exception of the city of Milan, a network of organizations that could become its natural partner for managing small grants;
2. to create an infrastructure that could promote the culture of giving and therefore catalyze resources to support projects that will improve the quality of life of local communities.

The strategy:

1. to involve the most important local institutions since the beginning;
2. to constitute, with the help of the local institutions, a steering committee that will:
 - A. develop a three year strategic plan;
 - B. collect a budget to cover the running costs;
 - C. prepare the statute and by-laws;
 - D. identify the board;
3. to promote a major challenge grant with that will provide each foundation with a starting endowment of 15 million euro.

The financial resources provided by the Cariplo Foundation:

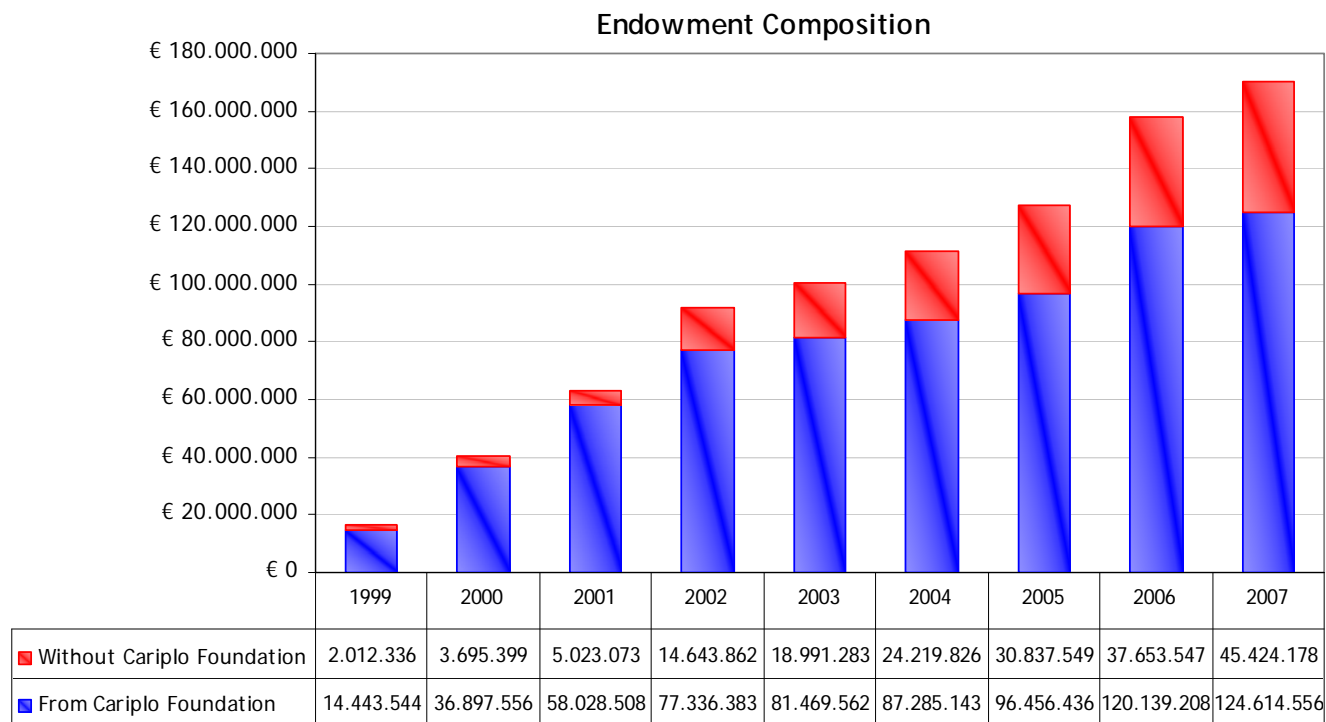
1. 10.320.000 € as challenge grant with a 2:1 ratio (two euro given for each euro raised);
2. the creation since the beginning of a fund of 5.160.000 € for each foundation, this fund will be integrated with the same amount that the foundation is raising in endowment and will be transferred to the community foundation when it will have raised in endowment 5.160.000 €;
3. an annual grant whose value is proportional to the capital that has been raised by the community foundation. This grant will be however given to the foundation only if it has raised 516.000 in gift for its endowment in the previous year;
4. the possibility to manage in behalf of the Cariplo Foundation a budget that it was planning to spend in small grant in the community where the local foundation operates;
5. the possibility to use up to 5% of that money to cover its operating costs.

The technical support provided by the Cariplo Foundation:

1. an office whose function is to help the community foundations to achieve their goals;
2. the development of a web based software for the management of community foundations;
3. the organization of conferences and meeting to discuss about issues related to community foundations;
4. periodical meetings among the community foundations general secretaries;
5. training classes for staff and volunteers.

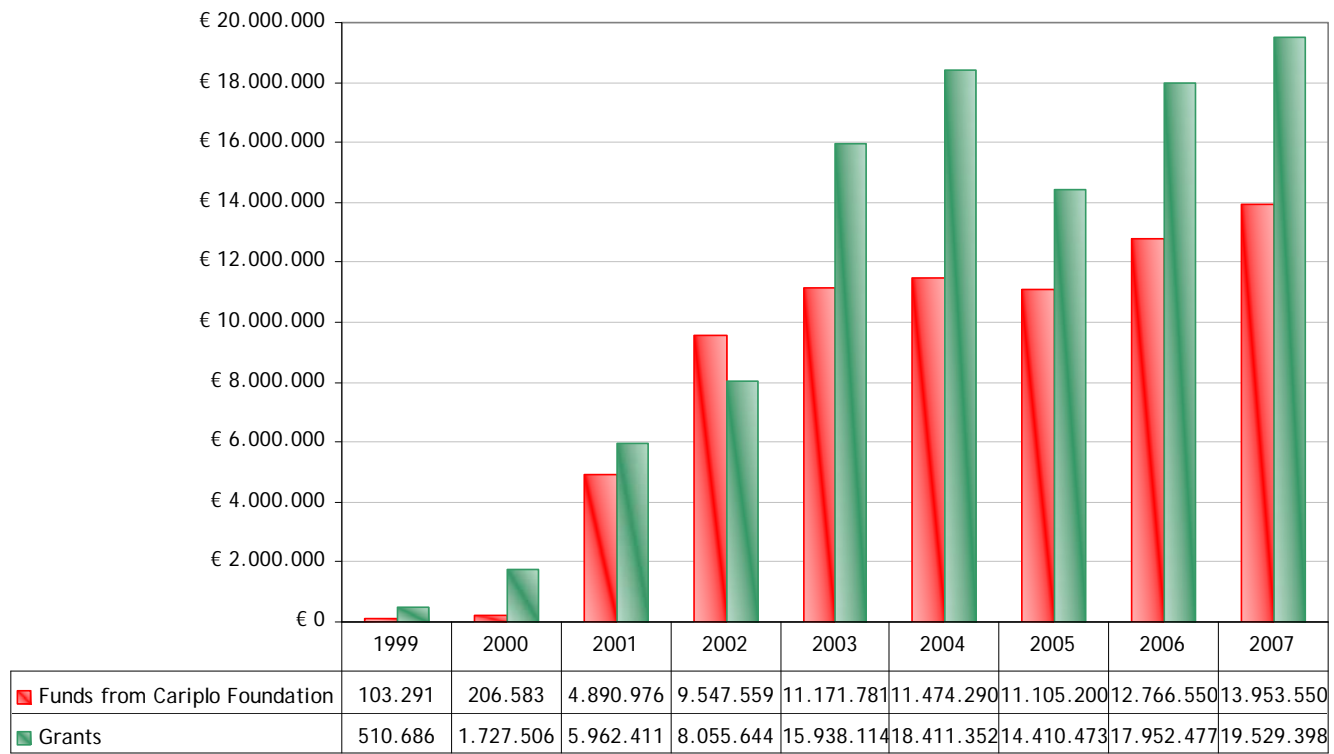
The results:

1. since 1999 fifteen foundations have been created serving the all territory where the Cariplo Foundation operate with the exception of Milan;
2. the quality of local grant-making has improved with a greater control on what has been achieved (since the beginning 83 million euro have been granted by the community foundations to support 7.000 projects);
3. the activity of the community foundations is fully transparent and all the information are easily accessible on their web-site;
4. the community foundation where able do raise 51 million euro in gift;
5. the project has been presented in many different countries ad an example of best practice;
6. the project is and will be replicated in other Italian region.



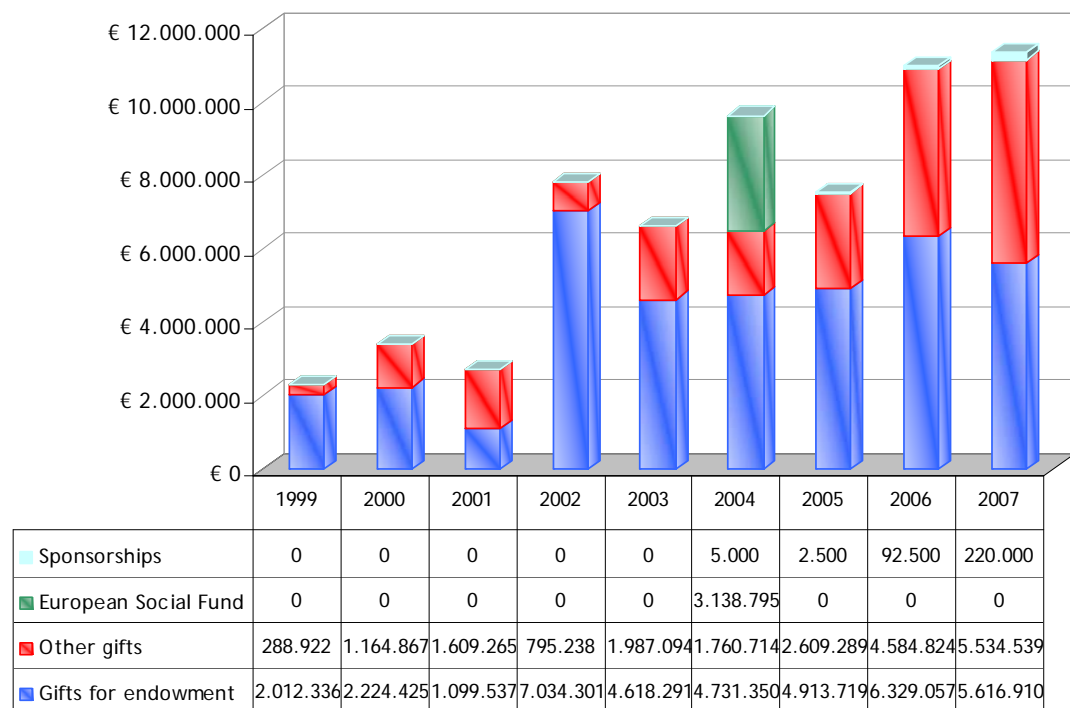
In this graph it is possible to see the growth of the community foundations endowment and to identify how much of that growth do not depend on Cariplo gifts.

Incidence of flow-through from Cariplo in grant-making



In this graph it is possible to see how much the community foundations still depends on Cariplo transfer for their grantmaking.

Gifts



This graph is showing the amount of gift the community foundations where able to raise not considering the transfers from the Cariplo Foundation. In 2004 they also managed more then 3 million euro coming from the European Social Fund. More recently some community foundations are also collecting social sponsorships from local companies.