

Building something new for the future

Jenny Hodgson

Dramatic shifts in the political and economic landscape of many low and middle-income countries in recent years have resulted in the emergence of a new class of wealthy individuals. This has led to a rapid growth in private and family foundations in many emerging markets. But the benefits of economic liberalization have not always resulted in an equal distribution of wealth, and income disparities have only been exacerbated by the global economic crisis. As social and economic inequality increase, welfare systems are cut and the effects of climate change begin to make themselves felt, poor communities are increasingly finding themselves under pressure. Against this backdrop, a new breed of community philanthropy institutions is emerging. (It is perhaps no coincidence that three of the finalists for the Olga Alexeeva Memorial Prize are from the community philanthropy field.)



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The phenomenon is global and the institutions diverse in shape and size: community foundations, women's funds, giving circles and other community grantmakers. Growth has been particularly marked in emerging market economies. ICom, a community foundation in southern Brazil, was established to address growing inequalities in the city of Florianopolis, while the Waqfeyat al Maadi Community Foundation in Egypt seeks to promote community development through the revival and modernization of the Islamic philanthropic practice of *waqf*. And in Vietnam, the LIN Center (one of whose founders, Nguyen Tran Hoang Anh, is a finalist for the Olga prize) has done much to foster giving for social causes among young middle-class professionals as a strategy for strengthening social cohesion in Ho Chi Minh City.

Building on existing traditions of solidarity

Of course, the concept of community philanthropy is not new. Every country and culture has its own traditions of giving and social solidarity between family, friends and neighbours, whether it is the tradition of burial societies in Africa or hometown associations in Mexico. Community philanthropy has consistently saved and improved

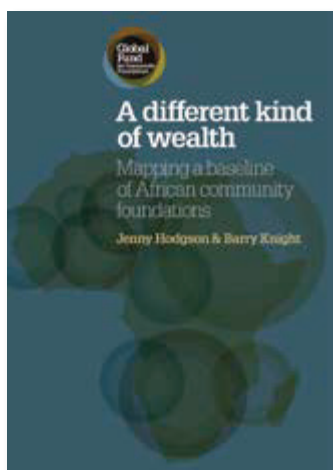
people's lives; where the state lacks the resources or simply the will to provide for its citizens, it has often been the only safety net available. However, while the value of these forms of giving is well understood by those who benefit from them, they tend to be overlooked as marginal and unstrategic by the formal development sector. What is significant about many of these institutions is the way in which they are embedding and adapting existing cultures of giving in their own operation and organization. Two other prize finalists from Kenya, for example, have been behind a new fund that seeks to build philanthropy from the roots of mutual aid in an urban slum.

In our recent report, *A Different Kind of Wealth*, which provides a baseline study of the emerging community philanthropy field in Africa, Barry Knight and I noted a number of features that distinguish this set of institutions from other parts of civil society. Although this report was specific to Africa, these features can also be applied to many low- and middle-income countries. First, they are seeking to draw on local resources and assets, not just as a strategy for funding but also in the belief that development outcomes are more lasting when people have invested in their own development. Second, they are looking to build bridges at many levels, whether between external forms of development support and more local mobilization of communities and their assets, or within different parts of communities, usually by directing the resources they raise to community organizations through small grants. Third, although many of them are small in terms of money they are rich in terms of social capital and trust-based relationships.

Challenging the conventions of mainstream development

A number of factors may explain the recent growth of the field (an average of 70 community foundations, for example, have been established each year for the last decade). Reductions in international aid flows generally, and donor exits from various middle-income countries (like DFID's planned withdrawal from India in 2015), are certainly among those factors. As this trend continues, local donors will increasingly be called upon to fill the funding gaps and they will need mechanisms through which to give.

But community philanthropy is not just emerging in response to changing funding patterns. Either implicitly or explicitly, it is also challenging many of the conventions of mainstream development with its issue-based silos, short-term project horizons and



upward accountability to external donors, choosing instead to take more holistic, long-term and flexible approaches that can develop community resilience and social cohesion.

Repairing relationships

Community foundations are also filling new spaces opened by the overhaul of state, private sector and civil society relationships that many emerging-market countries have undergone in recent years. The transition from a communist system to a free market democracy in Russia, for example, created new wealth and new freedoms but also produced new kinds of poverty, inequality and distrust. The dramatic retreat of the state, for so long the sole provider, created new expectations of the private sector in the form of corporate philanthropy. Community foundations, the first of which was in Togliatti (whose founder Boris Tsyrunikov is another prize finalist), emerged as a response, a mechanism that could smooth the mistrustful relationships between those with money and those looking for it. By advising new local donors and managing their funds, community foundations could ease the flow of charitable monies and ensure they were used effectively. And because they were working equally with donors and local groups, they were also uniquely placed to foster new kinds of community interaction with new tools like grantmaking. The fact that there are now over 40 community foundations across Russia shows clearly how their introduction to the country in the late 1990s answered a need for new types of bridging or facilitating institutions in the post-communist context. Indeed, in many parts of Russia where independent civil society is still very weak community foundations may offer almost the only spaces for voluntary action.

Meanwhile, in Turkey, TUSEV is currently leading efforts to generate interest in the community foundation concept among a range of different stakeholders (Turkey has one community foundation, established with support from a member of the Turkish diaspora in the US). Many of the right ingredients are in place: there is local money, a rich tradition of mutual support, a growing philanthropic sector and an active civil society. Conversely, much philanthropic giving is one-off, in-kind and unstrategic. When they give, most people prefer to bypass organizations altogether

and give directly, while local NGOs struggle to raise local money and there are few tax incentives for giving. Underpinning all of this, however, are much larger concerns about current strains on the notion of 'community' in Turkey, in both urban and rural areas, as the country finds itself pulled increasingly in different directions along religious, ethnic, class and political lines.

The notion of an organization that seeks to build trust among people in a community and, by doing so, can strengthen it, is an important one, not least in emerging-market countries where public trust is often low because of weak institutions or a history of conflict or division.

Agents and brokers

In practical terms, community philanthropy institutions also have much to offer local donors in these countries, offering economies of scale in their grant-making and a cost-effective mechanism for managing and monitoring funds. Pooled multi-donor funds can help foster a culture of collaboration and they can also reduce risks (and on tricky social justice-type issues which might not find favour with authorities there may be also safety in numbers). More importantly, they can also provide a direct line to communities. As social inequalities grow, so do the cracks within communities. A wealthy individual may end up far removed from the problems of an urban slum in his or her community and their views may be ill-informed or even paternalistic. Small grants to community groups through a community foundation can offer a way of opening up a conversation with different parts of the community and bringing different perspectives to the table.

So much in philanthropy and development is big – big ambitions, big budgets and big numbers. For their part, community philanthropy organizations around the world offer modest and yet crucially important platforms for engagement and participation, working at the intersections between public, private and civil society sectors and maximizing what they have to offer. Perhaps most importantly, they offer a meeting point where numerous expressions of giving, responsibility and solidarity can come together and move forward in a progressive and inclusive way. In the words of one of our partners in Romania: 'Community foundations are working from the bottom up; our focus is not about fixing what's broken but about building something new for the future.' @