

TRACKING THE GROWTH OF ORGANISED COMMUNITY PHILANTHROPY:

IS IT THE MISSING PIECE IN COMMUNITY DEVELOPMENT?

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SUMMARY

It's time the mainstream development sector listened more closely to the voices - quiet, passionate, credible and deeply-rooted - of local community philanthropy. These small institutions are routinely overlooked by large donors, but they are an essential part of what development, globally, is trying to achieve. In recent years local indigenous institutions of community philanthropy around the world have finally begun to merge their voices and demand attention, but it's a slow process. This article provides an overview of the current state of global community philanthropy, with particular reference to the global South. It describes the factors that are driving a growth in community philanthropy, and the key features of this distinct section of civil society and its role in driving community development agendas that are locally formulated. This small but growing field, which emphasises local asset development and multi-stakeholder good governance, may have particular relevance in the context of increased limitations experienced by and reduced resources for CSOs in many parts of the world.

New institutional forms, old traditions of solidarity

The concept of community philanthropy has always been with us. Every country and culture has its traditions of giving and mutual support between family, friends and neighbours. This includes the tradition of burial societies across different parts of Africa and hometown associations in Mexico. Community philanthropy has consistently saved and improved people's lives, for example by covering medical bills, school fees and funeral costs. In contexts where the state lacks resources or simply the will to provide for its citizens, community philanthropy can be the only social safety net available. However, while the value of these forms of giving is understood only too well by those who benefit from them, these deeply embedded, trust-based, support systems have tended to be overlooked or considered to be marginal and un-strategic by the formal development sector.²

In recent years, however, a new generation of community philanthropy institutions - including community foundations, women's funds, environmental funds and other types of multi-stakeholder foundations - has begun to emerge in a range of low- and middle-income countries across the global South. From Ecuador to Thailand and from Egypt to South Africa, these institutions - which often bear a family resemblance to community foundations in the global North, but are by no means mirror images - are seeking to model new types of philanthropic behaviour and practice by harnessing local resources and cultures of giving and blending them with new organisational systems and forms.

The emergence of these new types of institutions is happening at a time when issues around ownership, flows and governance of resources are being seen as more critical than ever. As the established architecture for international aid is changing, so is the landscape in which it has traditionally operated. These transformations are shaped by the retreat of the state, the renegotiation of social contracts within states, the impact of the global scramble for mineral wealth and other natural resources, and the emergence of a new class of mega-wealthy and a growing middle class in many parts of the world traditionally seen as poor.

Promoting local ownership and leadership

These new philanthropic institutions are quite diverse in nature and are quite responsive to their specific context and circumstance. Nevertheless, they are alike when it comes to their particular approach to development, which combines assets and community development with the promotion of local ownership and leadership. So the Waqfeyat Al Maadi Community Foundation in Egypt, for example, is working to promote community development in Cairo's suburbs through the revival and

modernisation of the Islamic philanthropic practice of *waqf* (or endowments). In another example, the LIN Center, in Vietnam, works to foster giving for small grants to social causes among young middle-class professionals as a strategy for strengthening social cohesion in Ho Chi Minh City.

A report published in 2012, *A Different Kind of Wealth*, provided an initial baseline study of the emerging community philanthropy field in Africa.³ The report identified a number of characteristics that distinguish this set of institutions from other parts of civil society. While the analysis was specific to Africa, these characteristics also tend to apply in other low- and middle-income countries where community philanthropy institutions are emerging.

First, these organisations 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. In this context, small grants to community groups and local organisations are also a distinguishing feature of these organisations, often combined with a long-term approach (which may include the creation of long-term assets such as endowment funds).

Second, they are seeking to build bridges at many levels, whether between external forms of development support and more local mobilisation of communities and their assets, or across different stakeholders within a community.

Third, although many of them are small in terms of money, they are rich in terms of social capital and trust-based relationships.

As discussed further below, what is so distinctive about this particular type of institution is this blending of grant-making with active civic engagement and asset mobilisation in the spirit of mutual responsibility across a range of different issues. But this approach, which is often about process and intangible outcomes, such as building trust or building confidence, also means these organisations can tend to be overlooked within the broader context of civil society, where a focus on specific issues, tight project timelines and programme delivery orientation are often the established conventions.

Understanding the context: global trends and local action

The experience of the Global Fund for Community Foundations (GFCF) of supporting the development of the global community philanthropy field through small grants, technical support and convening has highlighted the importance of individual leadership in the establishment of these organisations, which are almost all one-off hybrids in their communities, countries or even geographical regions. But there are larger factors at play, which can also explain the recent growth of the field.

Global forces such as economic recession, migration and climate change are making themselves felt at community and neighbourhood level. As social and economic inequalities increase and states continue to retreat from the provision of basic services in many parts of the world, local people are becoming increasingly active in addressing their concerns.⁴

The growth of community foundations and their peers can be seen in this larger context as forms of social solidarity movements and institutions that seek to promote citizen-led development.⁵ Hybrid organisations are emerging in a new social economy, which includes social enterprise and member-based organising in cooperative and co-op-like organisations, all of which are framed around ideas of mutual responsibility.⁶

In a similar vein, community foundations can also be seen to be filling new societal spaces opened by the overhaul of state, private sector and civil society relationships, which many low- and middle-income countries have undergone in recent years. In Russia, for example, there are now over 40 community foundations nationwide, all of which were established in the last 15 years – evidence, it would appear, of the need for new types of bridging or facilitating institutions in the post-communist

context. In many parts of Russia where independent civil society is still very weak, community foundations offer key spaces for voluntary action.

Similarly, in Turkey, efforts are currently underway to generate new interest in the community foundation concept among a range of different stakeholders. 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. And yet, much philanthropic giving is one-off, in-kind and un-strategic. When people give, most prefer to bypass organisations altogether and give directly, while local CSOs struggle to raise local money, with few tax incentives for giving. Underpinning all these developments, however, are larger concerns about current strains on the notion of community in Turkey. In both urban and rural areas, the country finds itself pulled increasingly in different directions along religious, ethnic, class and political lines.

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

Reductions in international aid flows to many countries are another important factor that is affecting the landscape for civil society funding more broadly. This suggests that local donors will increasingly be called upon to fill funding gaps and they will need effective and transparent mechanisms through which to give. These mechanisms may also be different from those traditionally required by large international donors. And as the global scramble for natural resources intensifies, extractive industries are increasingly required to make socially responsible investments, which can generate long-term benefits for communities. New models of community-owned and community-controlled endowment funds – such as the Newmont Ahafo Development Foundation in Ghana, a “corporate community foundation” established by the mining company for the long-term benefit of the community – are likely to become increasingly common and will require new systems of transparent and accountable governance.

These institutions are emerging not only in response to changing funding patterns. Either implicitly or explicitly, they are also often challenging many of the conventions of mainstream development with its issue-based silos, time-limited project horizons and upward accountability to external donors. Instead they are choosing to take more holistic, locally responsive, long-term and flexible approaches, which in turn enhances community resilience and social cohesion. It is perhaps worth noting how many of these institutions have been founded by individuals who have previously worked in large international development organisations and have deliberately stepped outside them in order to pursue alternative, more locally-rooted models and approaches.

When Tewa, the Nepal Women’s Fund, was established in 1996, for example, it was framed explicitly as an alternative to externally-formulated, top-down approaches. In this regard, local philanthropic contributions from the community have been an essential cornerstone of Tewa’s institutional make-up, increasing ownership and flattening traditional donor-beneficiary hierarchies. In a similar vein,

the Fund has consistently adhered to the principle that only local money is used in its grant-making. Similarly, the founders of the Kenya Community Development Foundation, one of Africa’s largest community foundations, were also keen to ensure that it would mark a shift away from short-term projects, which were in effect delivered to communities, and towards a more participatory, locally-driven approach.

Community philanthropy and mainstream development: Parallel universes?

The last two decades have seen considerable investment in the development of community foundations and their community philanthropy peers⁷





in different parts of the world by a handful of institutional funders (mostly private foundations, with the C.S. Mott Foundation playing a particularly important role). Although this investment has certainly helped to strengthen the sense of a shared identity within the field, there has been limited crossover into the world of mainstream development initiatives. The terms 'community philanthropy', 'local foundation' and 'community foundation' have limited mileage beyond specific platforms and funders, while the word 'endowment' is most commonly applied to private foundations and mortgages. 'Grant-making' too often carries undertones of a functional financial transaction rather than an empowering and often transformative development tool. A problem of language may need to be overcome, in the first instance, if there is to be a successful linking of development discourses.

Notions of measurement and size can also be problematic. In the context of growing preoccupation with observable results, metrics and measurement in development, where success is often defined by a project's scalability, much of the global community philanthropy field stands in danger of becoming invisible and its impact immeasurable when conventional frameworks are applied.

Most of the institutions that make up the global community philanthropy field as a whole are small, both in terms of money and people. In a survey of 50 organisations based in Latin America, Africa, Asia, the Middle East and Eastern Europe that was conducted in 2010, with exception of a handful of organisations that had annual budgets that exceeded US\$1million, most operated on less than US\$65,000 per year. When it came to grants made by these organisations, most were in the range of US\$350 to US\$2,500.⁸ By the standards of many conventional development budgets and programmes, these amounts may appear to be so small as to render these institutions statistically meaningless or insignificant.

And yet what if a different set of measures were applied to this picture? How can the potential multiplier effect be measured in terms of social capital and trust when a community foundation's entire budget has been raised locally? Further, how can the investment in time spent building relationships be measured, ensuring high standards of management and grant-making to retain that trust with the community, which may include multiple local donors? And while a US\$500 grant to a local organisation might seem high in transaction costs, how can the changes be measured that might be brought about by that grant? These changes may be in terms of strengthening the capacities and building the confidence of a group that is so small it is off the radar of other donors and programmes. In the context of the familiar refrain about Southern CSOs and their limited capacities to absorb aid money, is there not a role for local intermediary institutions, targeting appropriate levels of resources, which can foster local development rather than engulf it?

LOOKING DEEPER, LOOKING AHEAD

The early development of community foundations outside the global North 20 years ago focused strongly on developing practice, and sharing tools and skills on such areas as grant-making, local fundraising and governance. Early work built networks of peers in emerging and developing country contexts, such as Mexico, Russia, Slovakia, and South Africa, with more mature organisations in the Canada, United Kingdom and United States.

Recently, more attention has begun to be paid to why it is that these institutions have taken root in so many diverse contexts and how they relate to existing cultures and traditions. A report 2005, *The Poor Philanthropist*, shone a new light on the complex systems of giving and social solidarity that exist in Southern Africa. The report argued that such practices (described as 'horizontal' or 'philanthropy of community') had much to offer more formal community development efforts ('philanthropy for community') in terms of local values and practices and, in particular, of trust and social capital. TrustAfrica, an independent African foundation working across in



the continent, has also begun to play an important role in fostering ‘thought leadership’ around new ways for the cultivation of African resources for the continent’s developing, launching its *State of Philanthropy in Africa* series in 2008.

In 2011, the C.S. Mott Foundation and Aga Khan Foundation conducted a series of consultations in Africa and Asia aimed at exploring ways to stimulate and develop community philanthropy as a means of contributing to the sustainability of civil society and supporting the effectiveness of development aid. The final report, *The Value of Community Philanthropy*, argued that community philanthropy has much to offer in strengthening development outcomes through civil society, but that it is undeveloped and not well understood by the development world.⁹

The Global Fund for Community Foundations is building up the evidence base for this emerging field, publishing a series reports drawing on data collected through grant-making. These reports seek to understand the different ways in which community philanthropy institutions are building financial and social capital in their communities. The field is small and the data is still provisional, but the evidence demonstrates that community philanthropy is an important and yet often missing piece in the jigsaw of international development.

CSOs in many countries are witnessing restrictions in their space to undertake their work as independent development actors, resulting from constraining government policies, regulations and political harassment, and the impact of onerous conditions attached to official donor aid. In this context, new community philanthropy institutions may be seen as part of a fresh wave of community level organisations, which are contributing to a more enabling environment for local CSOs and community initiative. They are doing so through more helping to develop more inclusive and democratic decision-making processes, and greater harnessing of local assets and resources, rather than a reliance on ideas, money and initiative from outside.

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What do you feel can create a better environment for CSOs in 2013?

In 2013, I am looking forward to the first international forum “Emerging Societies – Emerging Philanthropies” which will bring together leading philanthropy practitioners from Brazil, China, India, Mexico, Russia, Turkey, Ukraine, and the South East Asian, African and Arab regions. I hope it will mark the beginning of an important conversation around the role of local philanthropic resources in supporting and sustaining healthy civil society and progressive social change in these countries.



1. Jenny Hodgson is the executive director of The Global Fund for Community Foundations. The GFCF is a grassroots grantmaking fund based in Johannesburg, South Africa, which provides grant, technical and peer learning support to community philanthropy institutions in Africa, Asia, Latin America and Eastern Europe. See the GFCF web site at <http://www.globalfundcommunityfoundations.org/>.
2. Fowler A., Mulenga C.F.N., and Wilkinson-Maposa S., 2005. *The Poor Philanthropist: How and Why the Poor Help Each Other*. The Southern Africa – United States Centre for Leadership and Public Values at the Graduate School of Business, University of Cape Town, South Africa, accessible at http://www.impactalliance.org/ev_en.php?ID=14913_201&ID2=DO_TOPIC.
3. Hodgson J. and Knight B. 2012. *A different kind of wealth: Mapping a baseline of African community foundations*, Global Fund for Community Foundations, Johannesburg, South Africa, accessible at <http://www.globalfundcommunityfoundations.org/information/a-different-kind-of-wealth-mapping-a-baseline-of-african-com.html>
4. Further information on these trends is available at <http://www.oecd.org/els/soc/dividedwestandwhyinequalitykeepsrising.htm> and <http://www.guardian.co.uk/global-development/2011/nov/21/oecd-report-emerging-economies-inequality>
5. Growth of the community foundation field has been consistent and stable across the last decade, with an average of 70 community foundations being added each year. See www.wings-community-foundation-report.com/gsr_2010/gsr_theme_facts/global-growth.cfm
6. See Hodgson J., Knight B. and Mathie A. 2012. *The New Generation of Community Foundations*. Global Fund for Community Foundations, Johannesburg, South Africa, accessible at <http://www.coady.stfx.ca/tinroom/assets/file/HodgsonKnightMathieNGCF.pdf>
7. The term “community foundation” describes one form – the most common and the most visible of these institutions. “Community philanthropy institutions” is a more inclusive term, which includes women’s funds, environmental funds and other community grant-makers without “claiming” them necessarily as community foundations.
8. Hodgson J., and Knight B., 2010. *More than the Poor Cousin? The emergence of community foundations as a new development paradigm*. Global Fund for Community Foundations, Johannesburg, South Africa, accessible at <http://www.alliancemagazine.org/members/pdfs/morethanthepoorcousin.pdf>
9. See Barry Knight, 2012. *The Value of Community Philanthropy: The results of a consultation*, Aga Khan Foundation USA and the Charles Stewart Mott Foundation, February 2012, accessible at <http://www.mott.org/files/pubs/thevalueofcommunityphilanthropy.pdf>