



Cooperation between community foundations and the public sector in Europe

Working together for public good

Jana Kunická
Community Philanthropy Initiative
European Foundation Centre
51, rue de la Concorde
1050 Brussels
tel.: +32.2.512.89.38
fax: +32.2.512.32.65
e-mail: cpi@efc.be
web: www.efc.be

List of Contents

About the Community Philanthropy Initiative	2
About the European Foundation Centre	2
Introduction	3
Community foundations and public sector: Environment	3
Coexistence, complementarity, collaboration	3
Enabling legal and fiscal environment	6
Public authorities involved in establishment of foundations	7
→ Independence ←	8
Engaging government	9
→ Community focus ←	9
→ Agent of development ←	9
Public Funding	10
Cooperating partners: joint schemes and projects	12
Collaborative decision making	14
→ Governance ←	14
→ Representation ←	14
Neutral, political, partisan	15
Working together for public good	16
Acknowledgements	17
Resources	17

About the Community Philanthropy Initiative

The Community Philanthropy Initiative (CPI) is a project led by members of the European Foundation Centre (EFC). CPI aims to strengthen organised philanthropy at the local level, in Europe and internationally by building the capacity of community philanthropy organisations (CPOs) through promotion, knowledge and advocacy services, networking activities, and technical assistance. For more information on CPI, visit the EFC website at www.efc.be/projects/philanthropy/

CPI aims to:

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

About the European Foundation Centre

The European Foundation Centre (EFC) is an independent international association that promotes and underpins the work of foundations and corporate funders active in and with Europe. Established in 1989 by seven of Europe's leading foundations, the EFC today serves a core membership of more than 200 members, associates and subscribers; 350 community philanthropy initiatives; as well as a further 50,000 organisations linked through a network of 58 information and support centres worldwide. The EFC hosts WINGS (Worldwide Initiatives for Grantmaker Support), a global network of some 100 grantmaker associations and support organisations.

Vision – A community of informed, inspired, committed, independent funders engaged in seeking solutions to challenges facing humanity in Europe and Internationally.

Mission – The EFC is a knowledge-based membership association dedicated to strengthening organised philanthropy, which is embedded in and supports civil society, in Europe and Internationally. The EFC helps nurture efforts aimed at supporting independent, accountable and sustainable funders throughout the New Europe, particularly when this fundamental human right to associate private capital for public benefit needs fostering.

Introduction

The aim of this paper is to discuss European community foundations' cooperation with public authorities, thus filling in the gap in resources available on this subject. It is a modest contribution towards enhancing the discussion concerning how resources from the public sector (at different levels: local, national, regional, European and international) can add to the resources of independent donors, in particular community foundations. This document intends to encourage the debate about public-private partnerships and highlight ways how to maximise their effectiveness and impact. It also addresses advantages and disadvantages of such partnerships.

This discussion paper is a compilation, which consists of data available in the field (networks, studies, projects) and examples provided from the community, regional, national, international and European perspectives, and selected documentary resources. It highlights different types of institutional and working collaborations and partnerships.

For the purpose of this paper we define community foundations as independent philanthropic organisations, whose main mission is to improve the quality of life of the communities that they cover geographically. Community foundations do this by involving local citizens and by generating new permanent resources (collection of endowed funds contributed by many donors). Various resources allow community foundations to make grants, create projects and programmes and launch initiatives, partnerships and collaborations to address the long-term needs of the local community.

Community foundations and public sector: Environment

Coexistence, complementarity, collaboration

Community foundations are part of the community of independent funders and their existence, operations and success depend on the environment in which they work. For forming public-private partnerships, community foundations have many advantages that make them an interesting and important partner to public authorities, yet there are also many traits shared with other types of independent funders that are of benefit in such partnerships. Therefore when discussing the collaboration between community foundations and public authorities, we begin by introducing the broader environment for all independent funders and highlight particular implications of it for community foundations.

In Europe as anywhere else, there is a question about how and to what extent independent funders (including community foundations) complement the role of the State. Throughout Europe, governments are the main providers of funding in the areas of health, education and social services. However, a shift in policy in most European countries in the past decade (both in the West and in the East) is leading to a repositioning of

governments when it comes to the provision of services and improvement of living conditions for their citizens. Welfare budgets are tighter and there is greater recognition of the important role played by civil society in terms of citizens' engagement.

Generally speaking, all foundations and corporate funders are receiving increased attention from policymakers and are taking up a central role in discussions on the future of economic, social and other policies. In recent years, public authorities have strengthened their links with the foundation sector and search for cooperation in many different ways. At a time, when governments are reviewing cooperation with the non-profit sector, as well as their spending on new socio-economic programmes, research and sustainable development, one may look at how public needs can be addressed through initiatives launched and funded with and within the sector.

Excellent examples can be found in the United Kingdom. To improve the relationship for mutual advantage between the voluntary and community sector and the government, an agreement was signed in the form of the National Compact. Local Compacts aim to create partnerships locally between the sector, councils and other local public bodies. In 2005, already some 70% of local authority areas have Local Compacts in place, with more under discussion. The Compact has also produced special Codes of Practice relating to:

- *Black & Minority Ethnic Groups*
- *Community Groups*
- *Consultation & Policy Appraisal*
- *Funding & Procurement*
- *Volunteering*
- *Code Champions*
- *Local Codes of Good Practice*

Local areas are now producing their own Codes of Practice as part of Local Compact development work to better reflect local priorities.

The history of the Compact goes back to 1996, when the Deakin Commission on the Future of the Voluntary Sector was produced. The report called for a Government-Voluntary Sector formal agreement to improve their relationship. This was followed in 1997 by the Labour Party publishing a report on the Voluntary Sector "Building the Future Together". In the same year a Conference of leading Sector Umbrella Bodies backed NCVO's proposal for a Compact (NCVO is the largest general membership body for charities and voluntary organisations in England). A Working Group on Government Relations was subsequently set up which now exists as the Compact Working Group. In October 1997 a consultation process on a draft Compact agreement was started. The final Compact document was published and launched in 1998 with a foreword by the Prime Minister Tony Blair.

As the former Charities Minister Fiona Mactaggart put it: "A Compact way of working should be the normal way of doing business. The Compact means more than just a written agreement laying down what we expect each other to do. It is about building relations that change how partners behave, engage and work together. Programmes that are jointly designed or partnership boards that demonstrate that all are treated equally show a commitment to getting it right together for mutual advantage. That is a Compact way of working."

The NCVO also established the Compact Advocacy Programme, which aims to educate and inform local government; effecting policy change that facilitates better relationships with the sector and local authority. Local Compact Advocacy deals with breaches in individual local and regional Compacts. In a case where a local Compact fails to address the main issues of the National Compact and its codes, it may be used to strengthen the case against the local authority.

The Compact is about “mutual advantage” but it is also a powerful tool for voluntary organisations when they work with Government. The Compact Advocacy programme is about helping organisations use that tool. The Compact deals with rights of voluntary and community organisations. These rights are balanced by responsibilities. In the Compact, Government promises to respect and support the independence of voluntary and community organisations. It effectively gives organisations rights that include:

- *The right to be consulted on new policies that affect them;*
- *The right for the impact on the voluntary sector to be assessed when developing new policies (especially Regulatory Impact Assessments);*
- *The right to fair access to funding, including adequate notice of new funding opportunities or changes in funding;*
- *The right to campaign and comment on Government policy even if organisations receive funding from Government*
- *The right to be properly funded for the work organisations do for Government.*

These rights would not exist without the Compact. By building better relationships the Compact helps government and the voluntary and community sector work better together for the communities they serve.

For governments and other public institutions, independent funders are an attractive partner and collaborator for these principal reasons:

- **They help build partnerships across sectors.**

By bringing together different actors of our society, from multi-national agencies to central governments and local authorities, foundations jointly address and devise effective responses to social, environmental, educational, cultural, scientific and economic challenges. Their financial independence and flexibility allow foundations to play a catalyst role and pool resources, expertise, and know-how to tackle critical needs. Partnership is at the core of the work of many foundations, including those foundations working at a local level.

- **They give government a “human dimension”.**

Most foundations place the individual at the centre of their work and concerns. Their work revolves around increasing citizen engagement and strengthening civil society. They focus on the rule of law, sustainable development, environmental protection, social justice, and respect for minorities, freedom, tolerance and pluralism and reach parts of society that government cannot reach.

- **They can enter into funding partnerships with governments where every euro of public money goes to the recipient.**

While the costs of governmental operations and support for the bureaucracy can devour large portions of budget targeted for development, foundations' effective, reasonable and accountable management can minimise costs associated with fund distribution.

- **They complement governments or help to leverage public funding.**

They can add resources where public authorities are unable to operate due to legal or other restrictions and are able to match public donations by private resources from different donors.

- **They are free of short-term considerations faced by elected bodies.**

Though foundations certainly face their own elected governance structures and short-term considerations arising from them, unlike elected governments, most foundations are built to exist in perpetuity and have a long-term strategic vision in mind. From this perspective the impact of their work may not be visible immediately and foundations are more likely to experiment and take risks.

All of the above easily applies to community foundations as well. However, the role of community foundations is not to replace State intervention but in many ways to complement it by developing a range of practices dedicated to increasing the strength and effectiveness of community life, improving local conditions, especially for people in disadvantaged situations, and enabling citizens to participate in public decision-making and debate. Community activity nurtures human bonds and forms of social capital (e.g. relations of trust between individuals) which neither the State nor the market alone can provide.

Enabling legal and fiscal environment

All foundations (including community foundations) depend on enabling legislation and fiscal policies from their respective governments. Moreover, foundations strive to get appropriate tax legislation enacted that enables donors to create endowments. In this respect, government policies can range from outright disregard to regulations ensuring that foundation rights and responsibilities are not abused.

Enabling legislation and fiscal policies play an important role in community foundations' environment. Based on available surveys (Community Philanthropy Initiative: Community Philanthropy Watch 2004), European community foundations reported that it is neither the presence nor absence of fiscal incentives to motivate donors in general, but rather a legal environment securing operations of foundations (establishment, commercial activities and investment laws) that limits or slows down the development of community foundations in some countries.

Recently, there are many encouraging developments when it comes to the legal and fiscal environment in European countries. There are examples of community foundations, along with other foundations, entering into debate with public authorities and taking part in advocacy activities that have resulted in more appropriate legislation for foundations.

In the Slovak Republic, one of five countries in Central and Eastern Europe, which have adopted percentage laws, community foundations seeing the direct benefit of such legislation participated in the process of their creation and adoption. Percentage laws, "percentage philanthropy" refer to legal mechanisms that allow taxpayers to allocate a certain percentage of their previous year's paid income tax to beneficiaries entitled to receive such funds. The number and types of beneficiaries also vary but largely include NGOs carrying out public benefit activities.

The following example from the Slovak Republic serves to illustrate these statements. If all taxpayers made use of the 1% system, the potential income generated for the sector in 2002 could be in the range of 300 million SKK (about 7 million euros). The actual transfer in the first year of operation

(2002) totalled 101,882,272 SKK (about 2.5 million euros). A majority – 63% of those who assigned 1% in 2002 – supported NGOs in the region where they live. The second most supported organisations (with some 20%) were NGOs that are active nationally. People assigning their 1% mainly supported organisations active in their communities that they knew and trusted. Out of the total amount obtained by this legal provision, almost 500.000 SKK was assigned to Slovak community foundations.

For a community foundation, such a law, which stimulates local giving, can have an enormous impact on increasing its financial resources. It is a new and helpful tool for encouraging citizens to contribute and making them more involved even if they previously did not consider giving to non-profit organisations. It offers people with low incomes a means of giving to charitable causes at no extra cost to themselves. This fiscal tool also promotes accountability and transparency among NGOs and encourages cooperation among the non-profit and public sectors. Finally, on a more individual level, it also allows organisations to get some feedback on their activities and the effectiveness of their work.

In Latvia, the legislation concerning non-profits has had an impact on the governance structure of community foundations. The original Latvian law for non-governmental organisations prior to 2004 did not foresee a legal structure for foundations; hence community foundations were founded as associations. This environment and interest in involving local community members in community foundations' decision-making processes resulted in the formation of a large membership base for community foundations and different governance structures. Decisions concerning grants are made by the whole membership assembly. In 2005, associations have to re-register as foundations; in the case of community foundations, association members become members of the foundation's council. For example, the council of the regional Talsi Community Foundation has 62 members who vote twice a year on general grant competitions.

Public authorities involved in establishment of foundations

Public authorities can act as (co-) founders, be co-funders or administrators of foundations. Governmentally linked foundations can be found in most EU countries ranging from under 4% in Italy and Germany and 6% in France to 16–19% in Sweden and Belgium in 2001.

Public authorities set up foundations which are governed by public law or private law. These foundations of public origin are often run independently once the foundation is set up.

However, in some cases, the public authority retains influence either through funding schemes or as part of the foundation's governance structure. Local, regional, national or supranational governmental bodies provide the initial capital or make grants to the foundation on a periodic, usually annual, basis. Once created, these foundations may obtain additional funds from non-governmental sources; however, others will rely primarily on public funds. A national example is the Friedrich Naumann Foundation, a German political foundation.

Another example of government involvement in establishing a grant-making body to support NGOs concerns the National Lottery in Britain, which was established in 1994. 28% of the sales revenue from the Lottery goes to "good causes" including charities. There are 15 Lottery distributors. Two of these, the Community Fund and the New Opportunities Fund, were asked by the British Government to merge in 2003/04, creating the Big Lottery Fund. This now allocates half the good causes money from the National Lottery (between £600 and £700 million a year until 2009).

At the local level, throughout the European Union, a number of community foundations have been set up with the support of public authorities either as co-founders or co-funders. The Community Foundation for Ireland was set up with an initial government grant of 300.000 Irish Pounds. In 1994 the Healthy City Foundation of Banská Bystrica in Slovakia received an initial donation of 30.000 USD from the City Council of Banská Bystrica.

→ Independence ←

The goal of community foundations is to be independent from control or influence by other organisations, government or donors. To achieve that, a community foundation creates its own legally-recognised structure and makes its decisions autonomously via a board of citizens broadly reflective of the community it serves. The issue of independence is an important one for community foundations in Europe. Local authorities play a very important role in most of our countries in terms of community development policies, and community foundations do sometimes report on the difficulty of keeping a balanced and independent relationship with these authorities. Indeed, many community foundations need the support of local authorities to be established and to implement their action plans. On the other hand, they are also aware that many local authorities may wish to use their grantmaking capacity for political purposes and in this way put at risk the accountability, transparency and independence of foundations (e.g. when local authorities are represented on the boards of community foundations, as is the case in some European countries).

For example, in Germany, local authorities understand that community foundations can serve as catalysts for philanthropy and civic engagement within their communities, and the public sector in Germany is showing increasing interest in this model. It is commonly agreed among German community foundations that one essential attribute of a community foundation is its independence. Therefore, most community foundations make it explicit that with their activities and resources they do not want to substitute or fund services of the public authorities. There are, however, some examples of so-called "municipal community foundations", which are closely linked with local authorities with regard to financial resources and staffing. In this case the local authorities initiate the foundation as a tool to employ in their development strategies, donate some money and are often members of the board. The problem is that these organisations are usually not independent but are subject to the political influence of the local authorities. Often members of the city council or local administration even dominate the board. Such organisations usually have little or no support from the community, nor from other donors and volunteers.

Such a "municipal community foundation" in Ulm is an example of an organisation which was founded and is dominated by the local authority. The members of the board consist of the mayor of Ulm, one representative of each of the parties on the City Council, and only up to two other donors. Administration and legal representation of the organisation are in the hands of the local authority. Another example of a "municipal community foundation" is in Neckarwestheim or Emmendinger.

Engaging government

Cooperation between community foundations and public authorities takes various forms ranging from institutional links to policy work. There are many opportunities for community foundations to engage the public sector; there are also different levels at which this can be done: neighbourhood, community, regional, national, European, international. Finally, there are different mechanisms community foundations use to engage the public sector.

→ Community focus ←

The community focus of community foundations means that they aim to serve the whole community with its different constituencies (rich and poor, young and old, men and women, different interest groups and social/demographic minorities, etc.) and different service areas. It is this horizontal approach to community and constituency, which cuts across different interests, that allows community foundations to contribute significantly to partnerships with public institutions, which are organised vertically. It is also their commitment to long-term strategic development of communities that enables them to take bigger risks and fail when trying something new.

→ Agent of development ←

Community foundations aim to become a facilitator/mediator in their communities. They can bring together people from different backgrounds and help establish partnerships between the public and private sectors, promoting a dialogue and obtaining increased synergy. Based on their work across communities, community foundations tend to know the communities they serve well, thus they can stimulate new projects and open up new horizons for the institutional and individual agents of local development. This allows them to become real catalysts for development, accelerating reactions at community level.

An excellent example of such involvement is the Community Foundation for Northern Ireland and its director Avila Kilmurray, who won the first annual Raymond Georis Prize for Innovative Philanthropy in Europe in 2004. The prize recognised the Community Foundation for Northern Ireland's YouthBank project in the Balkans and its contribution to European peace and security. By giving small, well-targeted grants in risky territory as well as providing policy and development support, the foundation has proven the essential role of philanthropy.

The European Union has also used the Foundation as an intermediary funder for its Peace Building Programme. The foundation offers a model for efforts in other divided communities with its considerable record of achievement in building peace in Northern Ireland and has exported the project to other regions ravaged by conflict. The project is an example of the important role that can be played by foundations in Europe on a pan-European level.

Community foundations are important partners for joint activities in their communities and are well-positioned to engage government. There are different mechanisms through which they do that:

- **Bridging:** community foundations can play an intermediary role between macro-policy decisions and micro-level needs, they can translate public authorities' decisions into community practice. They can play the role of mediator between different sectors with respect to important local issues.
- **Promoting standards:** community foundations and their support organisations can identify and encourage the adoption of standards, e.g. codes of practice and social justice, for government.
- **Improving public policy:** participating in lobbying and political decision-making, building public support or opposition, informing the public, shaping views and opinions, creating civic space for discussion about public issues.
- **Pioneering:** community foundations can call attention to an emerging issue in their community, attract public attention to new problems, initiate dialogue and involve stakeholders in solving new problems, and can use funds and other resources to develop activities in areas abandoned by other donors.
- **Building constituencies, alliances, partnerships:** by convening and engaging people, partners from other sectors, and stakeholders.

When engaging government in collaboration, community foundations can employ whole a range of mechanisms. These include:

- **Financial:** grantmaking (institutional funding, capacity building) and projects.
- **Non-financial:** there is a range of resources community foundations have that go far beyond money: it is their knowledge, expertise, and leadership position that contributes to their roles as conveners, organisers, relationships brokers, policy promoters, advocates, etc.
- **Other support:** community foundations can lay the groundwork for institution building, leadership development, convening, networking, etc.

Public Funding

Public authorities can be among the many donors to foundations. Some foundations can act as an intermediary to manage public schemes and services and redistribute public funds reaching out to the grassroots. The same applies to community foundations.

Many community foundations throughout England are making grants to assist children and young people through the Local Network Fund, part of the government's strategy to eradicate child poverty.

In the UK, community foundations also piloted a programme of very small grants for new and emerging grass roots groups, in particularly disadvantaged areas, for the Home Office Active Community Unit. The

programme (Community Resource Fund) which was considered a great success has helped inform the government's new Small Grants Action Plan. Some community foundations have also managed government funds such as Neighbourhood Renewal Unit community chests, or funds from the European Social Fund.

Due to successful cooperation with the European Social Fund, which is a major tool of the European Union for pursuing its employment policies and aims, the Wiltshire & Swindon Community Foundation gave more than 550.000 euros to 57 different local groups and projects within a two-year period (2002 - 2004). This initiative supported projects helping people experiencing severe difficulties to take their first steps towards work. Its beneficiaries included people with disabilities, caregivers, people recovering from serious illnesses, and young people in danger of being excluded from school. The success of the initiative has led the Wiltshire & Swindon Community Foundation to be granted a second phase of funding to continue the project for three more years from 2004 onwards.

The community foundation model contributes to sustainable development, poverty eradication, reconciliation and the creation of resilient communities, and can provide an important tool in minimising the damage to poorer regions in crisis situations. The ability of community foundations to respond to community crises was brought into sharp focus by the tsunami disaster in December 2004. As part of the response to the Indian Ocean disaster, "tsunami-energised" donors have identified sustainable development of communities and community foundations as a priority to strengthen the affected areas. But even before, the UK's public authorities realised the potential of community foundations in crisis situations and used some of them to channel resources to areas affected by the foot-and-mouth epidemic.

In 2001, some UK community foundations were working to help rural groups to counter the effects of the foot-and-mouth epidemic. At least three local foundations in some of the worst-hit parts of the country set up special funds, or earmarked money for grantmaking. People were invited to contribute to the funds and all contributions received matching funds from the government.

As the Community Foundation Network concludes: member organisations are ideally placed to act speedily and effectively in times of crisis. "What sets community foundations apart from other charities is the fact that they support a range of good causes. And because they have their ear to the ground, they know what's going on and can respond more quickly than other organisations."

A very interesting concept has been introduced in Estonia. In Viljandimaa Community Foundation, every municipality in Viljandimaa County, where this community foundation operates, contributes 1 Estonian croon per capita to the endowment of the community foundation. The Peipsi Community Foundation, which is supporting local development in towns and villages in the Lake Peipsi area, is currently working to introduce this idea to local municipalities in its region.

At the same time, Viljandimaa Community Foundation is hosted by the Viljandimaa County Government, and Peipsi Community Foundation is based in Kallaste City Municipality. The third Estonian community foundation (Järvamaa) operates from the Järvamaa County Government.

In Bulgaria, most of the community foundations, supported by the Counterpart International program, receive support from local authorities. These range from financial and in-kind to technical. Some community foundations use offices in municipal property buildings, which are provided to them for rent-free use or for a small monthly rental fee, much lower than

the market price. In Community Foundation of Chepelare, their local government subsidizes the salary of the office manager. At the same time, the majority of community foundations have received matching funding from local government for specific projects. Community Foundation of Gabrovo received BGN 50,000 from the City Council for a project that improved conditions at the regional hospital; Community Foundation of Stara Zagora received matching funds of BGN 30,000 for a project that provided 13 local schools with computers.

There is a very different and innovative example from Germany, which does not concern public funding per se, but is based on good cooperation and understanding with local government representatives and takes it to a more personal level. The Community Foundation of Nürnberg developed a new fundraising concept called "RestCent" in cooperation with the local city council. RestCent is one of the first payroll giving programs in Germany. All employees of the city council can donate a certain amount of their salaries to the community foundation from their monthly pay cheque and receive tax deductions. Compared to the US and UK, Germany lags far behind on innovative methods of giving and in this case the partnership between community foundation and the local authority helped to develop an innovative fundraising method.

Special attention needs to be devoted to public funding as a source of income for community foundations. Public funding, although a possibility and a reality in many European countries, should be looked at cautiously. We have stated before how important it is that community foundations exert their autonomy; they are institutions whose neutrality in the community derives partly from their financial independence. The financial independence lies in the principle of diversification of donors and multitude of different types of donors to a community foundation. Balance in types of income and donors is crucial. Reliance on public funding can put community foundations under "political stress" and affect their facilitating role at local level, e.g. if they are perceived as too close to public authorities. Furthermore, managing public funds may be burdensome as there are "bureaucratic expectations" from governmental agencies that must be taken on board by community foundations, e.g. complex reporting procedures, responding to policies set up by governmental agencies and not by the community, etc. But more importantly, it is crucial to maintain a balance between redistributing public funds and pooling in private community resources. Community foundations should never become an agent for government and another anonymous part of the welfare system. Community foundations need to initiate and develop local giving and philanthropy and must rely on citizens in building their assets.

Cooperating partners: joint schemes and projects

Community foundations have an essential role to play as partners of public authorities. Though community foundations play an important role as financial retailers for civil society, above all they aim to become bodies of knowledge and expertise in their communities. Private–public partnerships are sought to create financial and operational synergies for a common purpose. Cooperation between governments and community foundations has to be seen as a possible way to advance local and national public policies that meet citizens' needs and strengthen civil society by sharing resources and directing their different but complementary roles towards a common objective.

Community foundations can play a role of facilitator/mediator in their communities. They can bring together people from different backgrounds and help establish partnerships between the public and private sectors, promoting a true dialogue and obtaining increased synergy. Because community foundations know the communities that they serve well, they can stimulate new projects and open up new horizons for the institutional and individual agents of local development. This allows them to become real catalysts for development, accelerating responses at community level.

In Germany, many local authorities cooperate with community foundations to address core social and health issues and problems their communities face. The Community Foundation of Bielefeld runs several projects focused on information and prevention of childhood obesity in cooperation with the municipal health conference as well as health insurance companies. The Community Foundation of Osnabrück implemented a school project against racism in cooperation with the local authorities, the district government and a private foundation.

Italian community foundations engage both public and private resources to address crucial social problems in their communities. The Community Foundation of Como brought together its own resources, private funders and a local municipality to deal with child foster care projects. In return, organisations that received a grant from the CF Como to address the foster care in their community, fundraised some 25% of the amount of the grant and donated it back to the CF Como to support the establishment of a field of interest fund for future foster care projects.

By engaging different partners and requiring reciprocity from grantees, the CF Como achieves several goals: it ensures that awarded projects have real support of the whole community; the fundraising campaign helps to increase the visibility of an organisation and the social issue; this process enlarges the database of donors; and the return from investment serves to build permanent resources which will be available to address specific social issues in the future.

In Bulgaria, community foundations partner with local government when applying for European Union funding related to local development; for example the Community Foundation of Chepelare is a partner of local government in an eco-tourism project.

Also in Bulgaria, in some communities the local government takes part in public forums and focus group discussions organized by community foundations and commit to supporting programs which the citizens identify as important. In this way, local government partners with community foundations to get a better understanding of community needs. In Pazardjik, with the help of their community foundation, the local government founded a public council that meets regularly to discuss NGO needs. In Stara Zagora and Gabrovo, their community foundations assisted local government with the launch of social contracting procedures whereby local government contracts local NGOs for social service provision.

Many community foundations in England are involved in distributing Neighbourhood Renewal funding through Community Chests and Community Learning Chests, which support local grassroots community projects. The Neighbourhood Renewal Fund is a government fund targeted at the most deprived neighbourhoods in England.

On the supranational level, the Community Foundation Initiative of the World Bank serves as an example of a public institution tapping into community foundations' resources. The Community Foundation Initiative (CFI) was jointly launched in March 2003 by the World Bank and foundations. CFI explores how community foundations could contribute to long-term sustainability of community projects. Two basic goals of the CFI are to educate World Bank staff about the concept and potential contribution of CFs to development, and to identify and develop several World Bank pilot projects in various regions of the world that would demonstrate modalities of integrating CFs into relevant World Bank operations.

Collaborative decision making

→ Governance ←

Board members can play a critical role in facilitating the building of partnerships with the public sector (and other sectors as well). Community foundations that have representatives of different sectors on their boards have an advantage when building collaboration and partnerships between sectors. Thus they can draw on a wide spectrum of networks to open up opportunities and build trust and confidence.

In Russia, in order to achieve balanced representation of all sectors on community foundations' boards, the Charities Aid Foundation, a major supporter of community foundations development, suggested to community foundations that they adopt the so-called "one-third" principle when forming boards and various committees. This means that one-third of a board should consist of representatives of local businesses (who are a major donor to community foundations in Russia and CEE) another third of representatives of local government and last third should be composed of community representatives who are well-known and respected by ordinary people, e.g. a respected teacher or a professor from local university.

This experience in Russia has proved successful and prevented Russian community foundations' boards and committees from being usurped by one of the three sectors. At the same time, it has given representation to every influential group in the community.

In the United Kingdom, some community foundations benefit not only from the expertise and collaboration that government representatives bring to a board, but also from the added value brought on by their celebrities. Several MPs, including some well-known and well-established senior politicians, are involved in their local community foundations in their personal capacity. For example, Tony Blair is the honorary Vice-President of County Durham Foundation.

→ Representation ←

It is not only community foundations who need to look at their boards and committees and consider the balance of power and expertise represented there. More recently, various public authority structures have made foundations and community foundations representatives part of their boards and committees. At the local, national and European level this is done to promote and ensure transparent and accountable decision-making processes in the government.

In the Slovak Republic, community foundations, among other foundations, are represented on the Governmental Council for NGOs. The Healthy City Community Foundation, representing local NGOs, is a member of the Human Resources Committee for European Union Structural Funds and has contributed to the process of creating an Operational Plan for the development of their region.

Neutral, political, partisan

Because community foundations strive to occupy a neutral position in their communities, they can have more legitimacy to bring together opposing groups than governmental organisations, thus contributing to building peace and security. This does not mean that community foundations are not politically engaged; promoting local development is to a certain extent a political act. However, community foundations are there to respond to all the needs and interests in the community, and therefore not to represent any one interest group to the detriment of others. Of course, real-life situations are not always this clear-cut, and many community foundations may decide to follow their own policies in a particular area. This will place them on one side of the political and social divide (e.g. policies that bar making grants to racist groups or organisations that discriminate against women).

A great example of such involvement is the Community Foundation for Northern Ireland. The Community Foundation for Northern Ireland works to support people, strengthen communities and build peace in the divided communities of Northern Ireland. Thirty years of continuous conflict have left the people of Northern Ireland with special and urgent needs. Problems of community deprivation have been aggravated by high levels of stress, poor health and the fear of violence. People living in areas that are most disadvantaged have also borne the brunt of the impact of the Troubles, in terms of death, bereavement, injury and trauma. The Community Foundation for Northern Ireland is non-partisan, non-sectarian and has no political affiliations. It is therefore in the unique position of being able to work across all the divisions within society in Northern Ireland.

In Europe, the fact that some community foundations are mainly operating foundations (i.e. they run their own projects and programmes) may sometimes put into question their neutral role in the community, as they are seen as having a very specific vision of what local development should be like. Although this risk is a fact, an operating community foundation can be as participatory and neutral in its reasoning as a grantmaking one. Projects and programmes initiated by the foundation may be the result of in-depth consultation with other relevant community agents and may also be developed in partnership with other people and institutions. This allows for the integration of different opinions and perspectives in the overall activities of the foundation, enriching its vision of local development with multiple inputs. An operating community foundation can thus play a catalytic role in the community by, for instance, taking the initiative to bring certain organisations together to discuss a project that is particularly dear to the foundation and stimulating the same organisations to work together on its implementation.

Working together for public good

Community foundations have a key role to play in bringing together civil society and governments. Their collaboration brings multiple benefits. Community foundations bring innovative ideas and skills to public authorities in both the design of policies and the delivery of services to the public. Their collaboration also enables community foundations to access information and resources that increase their effectiveness. It also ensures that both public and private institutions are working together in a shared community towards common goals, avoiding duplication of effort and ensuring maximum impact.

Finally, the relationship between community foundations and the State must not only be seen in terms of a working relationship. We borrow from Lewis Feldstein who says “community foundations can also be a basis from which to challenge the State, to advocate for services that the State fails to deliver, to create a base from which alternatives to publicly supported programmes can be mounted”. This applies to most European countries, which have witnessed in recent years a considerable reduction in their welfare budgets leaving many people in the community unprotected. Community foundations are there to provide additional help, to promote creativity and a sense of empowerment in the community.

To conclude, and this is very much related to all the points above, the fact is that foundations can take risks that elected bodies cannot afford to take for fear of losing votes. Community foundations can thus be innovative and take the lead in a number of issues and approaches, testing their feasibility and impact without the fear of failing. Having a permanent, unrestricted endowment helps community foundations in this approach because it makes them free of third-party financial restrictions.

Acknowledgements

This discussion paper would not have been possible without essential help and advice from many colleagues from European community foundations and their support organisations, other organisations in the field (e.g. WINGS, TCFN, TCFE, World Bank's Community Foundation Initiative), excellent support from EFC colleagues and the Community Philanthropy Initiative's Steering Committee members and last, but not least, available materials on the issue from many well-established community foundation experts.

Resources

- EFC EU Committee: Working With Foundations in Europe: Why and How? <http://www.efc.be/projects/eu/whyandhow.htm>
- EFC Research Task Force Survey the Dimensions of the Foundations Sector in the EU", 2003/2004 <http://www.efc.be/projects/eu/research/eumap.htm>
- EFC Research Task Force Working Document: Research Priorities, Research Agenda, Part II: Do European foundations and public authorities cooperate? How/why do they collaborate? (Internal document)
- Emmett Carson: The Challenge for Community Foundations Worldwide: Is Everyone included in Civil Society? http://www.tcfn.efc.be/01_actors/texts/EmmettCarson.pdf
- Lew Feldstein: In building civil society, community foundations should engage all of their resources and not restrict themselves to their grant-making function http://www.tcfn.efc.be/01_actors/texts/LewFeldstein.pdf
- Olga Alexeeva: The balance between bonding and bridging across sectors, disciplines and race <http://www.tcfn.efc.be/goto.php?goto=21>
- Jana Kunická: What are community foundations? Document in progress, Community Philanthropy Initiative resources
- John Heller: Foundations and Social Justice <http://www.synergos.org/globalphilanthropy/03/foundationsandsocialjustice.htm>
- Synergos: Building Bridges Across Sectors <http://www.synergos.org/globalphilanthropy/00/fbsprogram8.htm>
- Report of the Public Policy Task Force for the Council on Foundations http://www.cof.org/files/Documents/Public_Policy/pubpol.pdf
- G. Thomas Kingsley, James O. Gibson: Civil Society, the Public Sector, and Poor Communities <http://www.urban.org/url.cfm?ID=307053>

Websites:

- Transatlantic Community Foundation Network <http://www.tcfn.efc.be>
- Community Philanthropy Initiative of the European Foundation Centre <http://www.efc.be/projects/philanthropy/>
- European Foundation Centre: EU Affairs: Researching Foundations <http://www.efc.be/projects/eu/research/default.htm>
- Centre for Lobbying in the Public Interest <http://www.synergos.org/globalphilanthropy/00/fbsprogram8.htm>
- The Community Foundation for Northern Ireland www.communityfoundationni.org/

- The Community Foundation Network <http://www.communityfoundations.org.uk/>
- The Compact: Working together, better together <http://www.thecompact.org.uk/>
- The National Council for Voluntary Organisations <http://www.ncvo-vol.org.uk/>

Copyright © European Foundation Centre (EFC) 2005. All rights reserved. Reproduction by any means mechanical or electronic is prohibited without express written consent of the publisher. Quotation from this publication is authorised subject to full identification of source. The EFC shall not be held liable for errors and/or omissions, nor shall any statement in this publication be construed as a recommendation to third parties. For additional copies of this publication and further information on the EFC and its activities, please contact:

EFC, 51, rue de la Concorde, 1050 Brussels, Belgium.
tel.: +32.2.512.8938 • fax: +32.2.512.3265 • e-mail: efc@efc.be
web: www.efc.be, www.fundersonline.org, www.europeintheworld.info