



# **COMMUNITY FOUNDATIONS**

***Exercising Citizenship***

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EXERCISING CITIZENSHIP**

*Mexico City, July 2003*

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We would like to express our gratitude to the Bajío Community Foundation, Dishani Community Foundation, Regional Community Foundation and León Foundation, all in the Mexican state of Guanajuato, for allowing us to accompany them in their institutional strengthening processes which were the source of inspiration for this handbook.

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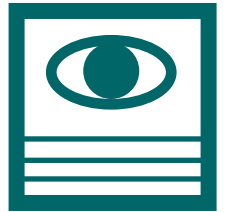
And we thank Lourdes Herrasti and Martha Sánchez Bedolla for their dedication and efforts in reviewing this handbook and for their helpful comments.

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# INTRODUCTION





## INTRODUCTION

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**T**he writing of this handbook was inspired by the process of institutional strengthening carried out with Community Foundations (CFs) in the Mexican state of Guanajuato from October 2000 to March 2003, thanks to the synergy that evolved between *Vivian Blair y Asociados, Espiral Consultora, S.C.* and the Charles Stewart Mott Foundation (US).

In this institutional strengthening process, we used the theoretical and methodological approach developed by *Espiral* and known as POR (strategic Purpose; Organization and operation; and Resources). To carry out this process, we presented a series of workshops, conducted at the sites of the four CFs in Guanajuato on a rotating basis, and we also provided individualized capacity building through site visits to each of the foundations.

The idea for this handbook emerged at the beginning of the process, since from the start it was apparent that education and training must be expanded to meet the growing demand in community foundations in Mexico. Through efforts by civil society organizations, significant contributions in this regard have already been made, in the form of diverse conceptions, documents, materials and tools focused on the activities, organization and operation, and fundraising carried out for foundations. However, while all of these are necessary and useful elements, we believe something else is needed in order to be successful in strengthening CFs.

The focus on strengthening that we are proposing here emphasizes what community foundations “ARE,” or in other words, a definition of their identity. Without de-emphasizing the work they carry out,



this focus prioritizes attention to identifying and clarifying what we call their strategic purpose: what they are and are not; their reason for being; what makes them unique and different from other efforts; their principles and values; with whom, in what and where they intervene; and the overall objectives and results they plan to achieve.

By writing and making this handbook available, our intention is to share the experiences and knowledge accumulated so far, for the purpose of contributing to the creation and strengthening of CFs in Mexico. We want to assist CFs in becoming more consolidated, and expanding their results, effects and impacts in all their endeavors. We also want to help CFs increase their visibility, and position themselves as a response to the needs of communities.

We are convinced that CFs can promote active citizenship, and for this reason we have produced this conceptual, practical handbook of experience-based knowledge that we hope will be useful for the many CFs in the process of evolving.

This effort is directed, first of all, to all the CFs in Mexico that have been formally established, and those which are about to be. We want to especially mention the four CFs in the state of Guanajuato with whom we shared months of exchanging ideas, scheming together and facing challenges, as well as successes and failures, advances, steps backward and small steps forward —with the determination to participate in the great challenge of working toward the enhancement of these CFs. We are also directing this effort at advisors and consultants working with civil society organizations who are interested in exploring and learning more about this topic. And finally, we believe this handbook can be useful for foundations and development agencies wishing to invest economic resources through programs or projects, and we also believe it will be useful for governmental entities at the federal, state and municipal levels, as well as for students and communication media seeking more information regarding this area.

What is unique about this handbook is that it is based on experiences developed in Mexico not only by CFs in general, and on the process generated in Guanajuato, but also on many years of experience in institutional strengthening processes carried out by professionals from different areas of expertise within the area of social development.

This handbook presents conceptual aspects and their application in CFs, and it invites readers to reflect on some useful, action-based questions. It also offers a strategic vision with emphasis on defining, focusing and prioritizing the identity and strategic purpose of CFs, and also on an operational vision that emphasizes organizational and material aspects of operation.

This handbook offers an approach —the POR approach— designed to strengthen CFs, from a perspective that seeks consistency and an interconnection between the three dimensions of these foundations: the ideological-conceptual dimension corresponding to the strategic Purpose, the Organizational dimension that corresponds to organization and operation, and lastly, the material dimension of Resources, including human, as well as material and economic resources. This approach also incorporates a political component, since it suggests that —in addition to working toward achieving



results, effects and impact— CFs should position themselves as actors involved in public and private sectors.

Finally, this handbook is meant to be provocative, to urge those involved in what CFs “are” and what they “do” to understand the need to engage in a process that combines knowledge, methods and passion, and that requires individuals who are committed to change —not only in the society, but also within themselves.

The strengthening process that is proposed here is clearly not something that is achieved at a certain point in time, through specific workshops or training initiatives, to then last forever. Rather, it is an ongoing process of successive approximations, which should be incorporated into the institutional culture of community foundations ■



# **BASIC PRINCIPLES AND CHARACTERISTICS OF CFs**





## **BASIC PRINCIPLES AND CHARACTERISTICS OF CFs**

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If we ask ourselves why community foundations have emerged in Mexico, why they are important or relevant, how they contribute to creating change, and how they are unique in relation to other organizational models in civil society, we will not find a single answer, but instead various reasons that explain these phenomena.

First of all, we find that their rapid emergence and growth in the country can be explained by both exogenous and endogenous reasons. What this means is that they have been vigorously promoted and encouraged from beyond national borders, primarily by US donor agencies, but they have also flourished because they respond to national interests and needs, and because they fill a niche not satisfied by other forms of organization in civil society or government, or by corporate foundations. We believe community foundations respond to the search for new alternatives for society to address the growing needs of communities. There is hope that CFs will be able to contribute toward closing the gap created by inequality, exclusion and injustice.

One reason efforts are underway to establish CFs in Mexico is because it is recognized, with clarity and conviction, that social development is possible when local processes are promoted, involving a diversity of actors and sectors. This concept has gained broad acceptance, as it has demonstrated its capacity to adapt to specific local conditions.

Some of the characteristics of CFs have contributed to the way they are flourishing. One of them is the way they are organized, which contributes to a collective process of listening and learning.



CFs serve as forums for dialogue, interaction and networking among different actors, both at local and regional levels. Everyone's strengths and weaknesses are recognized, and highly diverse issues of interest to the community are discussed. CFs promote two-way exchange, between those who have resources and those who are marginalized and living in poverty, and CFs provide opportunities for training and educating citizens.

In addition, the governing bodies of CFs, such as their boards of directors, are composed of individuals from the community who reflect the social fabric of the community. Because of this plurality, all members of society can feel represented in an entity that is private, autonomous and independent, and in which they can place their complete trust.

CFs do not represent competition for other civil society organizations. They have a different focus, since they do not only support or carry out projects, but rather seek to facilitate, strengthen, enhance and serve as a catalyst for community development projects. Their intention is to establish alliances and mobilize different sectors of the society to undertake development-promoting tasks. And they are able to accomplish all of this because communities are motivated to help themselves. CFs seek to grow and develop in order to respond to their communities—in short, they are a means, not an end.

This kind of activity is possible since community foundations evolve in a specific geographical area, where alliances are established with different sectors of society. The aim is for everyone to participate in the development of the region—since the people living there are the ones who know the region, its strengths, weaknesses and opportunities.

In terms of economic resources, CFs promote the creation of community endowment funds that permit a long-lasting social investment, because they have a long-term vision of permanence. The primary “clients” of CFs are social investors (1) who are offered a range of opportunities for investment, based on knowledge of the specific location. Investors are provided with transparent accounting records, and the application of invested funds is overseen to ensure their appropriate and efficient use.

The purpose of all of this is for communities to be healthier, to be more independent, and for local development to be promoted on the basis of economic resources mobilized and alliances established.

CFs contribute to change, not only because they encourage participation and networking, operate in a professional way, support autonomous forms of organization, and incorporate new actors in the tasks of development and obtaining local resources, but also because of their contribution in terms of values and principles such as generosity, transparency and honesty.

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<sup>1</sup> In the institutional strengthening process carried out with community foundations in Guanajuato, thought was given to the pertinence of using the concept of “social investors” instead of “donors,” with the aim of overcoming paternalistic practices—through the use of new concepts—by emphasizing community assets and the idea of socially “investing” for the benefit of everyone.



In this way CFs contribute toward achieving cultural change that breaks with the paradigm that the government should resolve everything, and with the custom that solutions come from the outside. Instead, CFs promote the principle of co-responsibility among political, economic and social actors in a given community, and encourage those who have resources to make the decision to share, and to learn together with others in a creative way that demonstrates their solidarity in resolving society's problems. The presence of CFs creates awareness in the groups who are in power, so they will facilitate better living conditions for everyone.

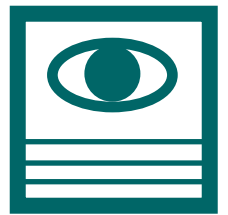
In summary, those of us who are committed to the community foundation model believe that within each community there are individuals, groups and organizations with technical abilities, resources and the determination to respond in a creative, efficient way to local problems and challenges. With this way of viewing communities, we can perceive even the most devastated among them not as a place that only demands services and resources, but rather as a place with aptitudes, talents and resources that can be enhanced and mobilized in order to respond to community challenges.

It is important to clarify that we refer to this set of aptitudes, talents and resources as “assets,” since this concept is vital to understanding the way CFs view their work. While the term may initially make us think of financial assets, such as savings, stocks and properties, it is essential to consider assets within a more comprehensive vision, as a set of resources that allow individuals and communities to exercise control over their lives and participate in resolving their problems in a more significant, effective way. CFs seek to base their work on the strengths and capacities that can be found in communities, and not on their weaknesses or needs.

Each community has a unique combination of assets upon which to build its future. In this sense, the concept of assets is expanded to include individuals who have time, talents and capacities, as well as their resources and their civil and social associations ■



# A CONCEPTION OF INSTITUTIONAL STRENGTHENING





# A CONCEPTION OF INSTITUTIONAL STRENGTHENING

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## **STRENGTHENING AS A PROCESS**

Institutional strengthening of community foundations is a process that, as we said earlier, is based on the idea of successive approximations. The objective is to explore the dynamics of a foundation, and its contradictions as well, with the aim of working toward internal coherence and enhancing its positioning. From this conception, strengthening is oriented toward assisting foundations in becoming more empowered and projecting their identity as institutions.

In this strengthening process, we view institutions as being engaged in permanent transformation, immersed in the dynamics of contrasts and contradictions. These dynamics translate into an ongoing search for new forms of institutionalization, capable of resolving imbalances originating both internally and externally. When we conceive of institutions in this way, their formation is never considered to be completely finished.

Just as the tasks of community foundations are aimed at transforming the current state of affairs in society, the logic of the strengthening process is not only focused on identity, principles, organizational forms, and the origin of resources, but it also considers the changes taking place in society, since those changes are also experienced by foundations and they compel foundations to incorporate certain modalities for action and interaction.

It is important to take into account that each CF has an ideological-political dimension, an organizational dimension and a material dimension that correspond, respectively, to its strategic purpose, organization and resources.



The strategic purpose refers to the foundation’s way of viewing the world, and its social and political stance. It is a kind of utopia capable of bringing together a group of people to organize themselves around goals and convictions they identify with. This dimension constitutes the ideological, political, conceptual and ethical basis for community foundations.

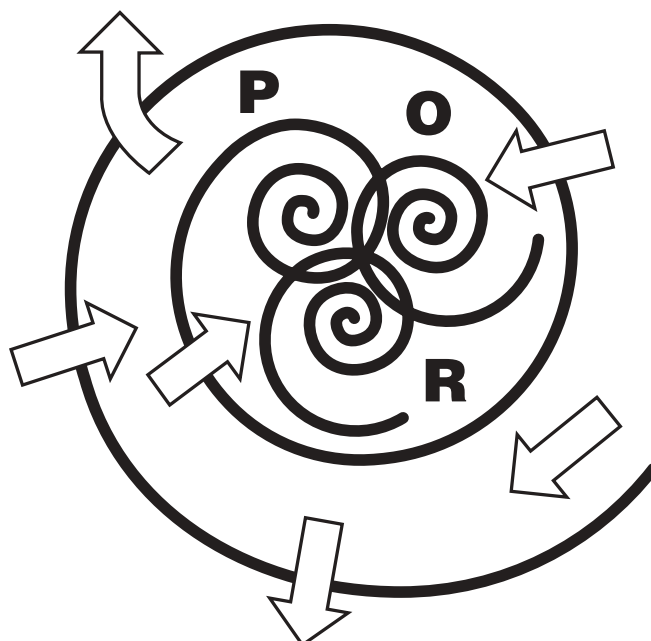
Organization refers to a set of social relations that determine whether CFs make progress or not in fulfilling their strategic purpose. First, we have the group’s internal relations, for organizing and operating within a specific structure, with a division of labor, mechanisms for decision-making, and including the exercising of power within the foundation. Also included are relations established in the foundation’s external context, with other organizations and actors in society that collaborate with the foundation. This dimension constitutes the organizational-operational basis for community foundations.

Resources refer to human resources, as well as material and economic resources that determine whether or not it will be possible to fulfill the organization’s purpose and maintain its operations. This dimension constitutes the material basis for community foundations.

**P-O-R APPROACH**

To carry out this institutional strengthening process, *Espiral* developed the POR approach, for working with institutions on the basis of their three dimensions: Purpose, Organization and Resources.

With this approach, the three dimensions of a foundation are linked together and they participate in a dynamic process of contrasts and contradictions which is constantly altered by internal changes and transformations taking place within the foundation, as well as by the changes occurring in the context in which the foundation intervenes and participates.





New ideas and new objectives, as well as internal and external changes, lead to modifications in these dimensions, and generate points of tension that cause members of a foundation to rethink the form given to their organization. And so, the three dimensions we refer to here are constant, but unfinished, susceptible realities in permanent transformation, and this is exactly what gives foundations their dynamism. Coherence between the three dimensions is one of the indicators of progress in the strengthening process.

### **STRENGTHENING A CF**

In order to carry out an institutional strengthening process, it is indispensable to remember that foundations are themselves a process of successive approximations. We need to accept that they are a product of a given moment, and of unfinished processes that pass through different cycles and dynamics. This helps foundation members become aware of their own capacity for creation and change.

Independently of the internal life of foundations and the coherence achieved between their three dimensions (which as we just stated, is an indicator of a strengthened foundation), it is important to remember that the strengthening process transcends this sphere. It is part of a broad system of relations in which foundations work toward the construction of more equitable, fair and democratic forms of interrelating. Consequently, a second component of strengthening is positioning the foundation in society.

This positioning is expressed in aspects that take shape through the institutional process, and include identity, autonomy, and influence or impact. In the perspective we are proposing here, these aspects are the great challenges for foundations. All of them transcend the internal sphere and are focused on the foundations' political position with respect to other civil organizations and other actors in society.

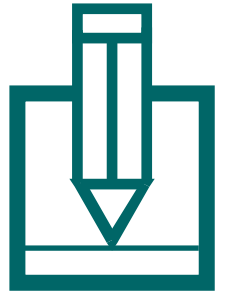
If, as we have said here, an institution is an unfinished entity, then the strengthening process of a CF should be identified as an ongoing process that allows for reviewing and updating, in order to be capable of responding to the challenges and needs in its community, based on a long-term perspective.

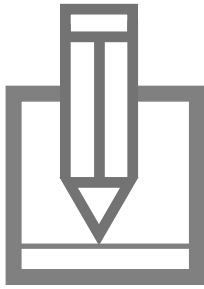
To initiate an institutional strengthening process, it is important to begin with a diagnostic assessment that helps identify the status of a foundation at a given moment. There are various instruments for carrying out such an institutional assessment, including the FODA (the acronym for its name in Spanish which translates to SWOT, or Strengths, Weaknesses, Opportunities and Threats), a historical review or a life cycle process.

FODA is a methodological tool that assists in identifying the internal strengths and weaknesses of a CF, as well as the opportunities and threats determined by the context in which it intervenes. A historical review is designed to reconstruct the foundation's institutional history in order to identify the various events in the past that explain its present, and make it possible to plan for its future. Lastly, the life cycle instrument is oriented toward identifying the five phases that a foundation passes through: conception, initiation, growth, strengthening, and decline or completion.



# **DIMENSIONS OF A COMMUNITY FOUNDATION**





## **DIMENSIONS OF A COMMUNITY FOUNDATION**

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### **DIMENSION “P”: STRATEGIC PURPOSE**

Dimension “P” refers to a community foundation’s strategic Purpose. In this dimension the essential characteristics and components of a foundation are defined, in reference to a particular way of thinking and seeing things, a political stance and a vision of a better society that brings together a group of people with a sense of belonging to a given community, to organize themselves around goals which they identify with and are committed to.

This dimension constitutes the ideological, political, conceptual and ethical basis for the foundation: ideological, because it contains the values and ideals that constitute its reason for being; political, because it contains its intentionality and positioning in the framework of social relations in which it intervenes; conceptual, because the concepts, issues and areas within its field of action are defined here; and ethical, because it contains principles and values that guide the foundation’s activities.

The components of a CF’s strategic purpose are: its vision, mission, values, objectives and strategies, and its field of intervention. In addition, since CFs are defined according to the context and community where they have evolved, each foundation may have other characteristics that facilitate developing its strategic proposal in line with its particularities. Furthermore, depending on the moment in time, and on the particular phase of institutional development, some foundations may express certain characteristics from the beginning, while for other foundations, these same characteristics may be the end result.



## **VISION**

*This is a look toward the future. It is an expression of what a foundation intends to become. When a CF’s vision is being formulated, it is necessary to conduct a profound analysis of the context in which it will intervene, in order to identify tendencies, opportunities and risks. A foundation’s vision should bring together and synthesize its knowledge, analysis and posture with regard to its context, to the social actors interacting in the community, to the referential conceptual framework and to the values guiding its work.*

It is important that CFs visualize themselves as institutionalized organizations, directed by committed volunteers who aspire to strengthen their communities, exercising leadership in areas of broad interest to communities, mobilizing resources and developing an endowment fund to support community initiatives.

**For example:**

Some foundations visualize themselves in the future as consolidated, independent and autonomous institutions characterized by active, committed, responsible participation by communities. They see themselves as ever-changing forums that are representative of their regions, with active organization and driven by the spirit of citizens, and with endowment funds that enable CFs to support their projects. They see themselves as promoters of new organizations and new initiatives from the society, and as having supported many social and environmental causes.

In this vision of the future, they see themselves as having achieved cultural changes in the attitudes and behaviors of individuals, and having contributed to the creation of a more fair society, satisfying the needs and interests of its inhabitants.



**SOME QUESTIONS TO REFLECT ON:**

Where are we headed in our foundation?

In our CF, how do we read/analyze the context in which we intervene?

Are we familiar with the other social actors that intervene in the community?

In what way do we communicate the foundation’s vision to the public in general?



## MISSION

*This is a declaration that explicitly states where the CF is going in the long term. In general, it expresses an ideal situation or utopia. In its mission, a foundation captures its reason for being, what it hopes to accomplish, its ethical responsibility, its fundamental principles, philosophy and values. It expresses the ultimate reason for which the foundation was created. The mission is ongoing and reflects the shared perspective and unity of the efforts of all those belonging to the foundation. Formulating a CF's mission is highly important because it constitutes an agreement reached as a group.*

A community foundation's reason for being is centered on developing and building the community's capacity to respond. When the potential of citizens, organizations and projects is enhanced, the community can respond to the challenges and opportunities that present themselves, and work toward self-determination and self-management. CFs promote the exercise of citizenship by incorporating citizens as volunteers and donors or social investors, and by mobilizing resources (2) for the development of an endowment fund.



### SOME QUESTIONS TO REFLECT ON:

Who are we? Who do we want to be?

Why and for what purpose are we doing what we're doing?

Are we achieving what we aspire to?

Does our mission capture the principles and convictions around which the group is united?

To what degree do all of us participating in the foundation share, understand and take ownership in our long-term mission?

In what way does our foundation involve those individuals who are part of its reason for being?

What obstacles or barriers are we confronting?

Is our mission pertinent today? If not, what modifications are needed?

<sup>2</sup> Understood broadly as a set of human resources with their technological, material and financial capacities and abilities.



## VALUES

*Values express the way a CF positions itself. They are subjective, and reflect in some way the beliefs present in the cultural environment where the foundation is intervening.*

*Throughout a CF's life, it develops its system of values based on cultural, personal, family and community influences. This system of values is the mirror through which the foundation views the world. Values, together with ethics, form part of the institutional philosophy.*

*Values are at the core of each CF's uniqueness and its particular way of intervening and taking action in the society. Values guide the activities and institutional practices in the foundation's internal as well as external life; values guide day-to-day behavior and serve as the inspiration that makes individual and collective tasks more satisfying. The values prioritized by a CF should be coherently linked to its mission and objectives.*

A community foundation should be governed not only by policies but also by individuals with values that are reflected in the excellence of the foundation's objectives, strategies and actions.

### For example:

<i>Respect</i>	for differences in ideology, gender, race and class
<i>Attitude</i>	of service to others, to the community and the country
<i>Diversity</i>	in the composition of a CF in order to have a comprehensive vision
<i>Inclusion</i>	of new ideas, visions, persons and projects
<i>Co-responsibility</i>	with other actors and sectors
<i>Transparency</i>	in decision-making, grantmaking, and implementation of programs and budget



### SOME QUESTIONS TO REFLECT ON:

What do we value in our CF?

What are the values we transmit to the outside?

To what degree are our values reflected in our activities?

How do we transmit our values to different groups?



## INSTITUTIONAL OBJECTIVES AND STRATEGIES

*Objectives are the major results that a CF aspires to achieve through certain actions and intervention modalities. They indicate the overall guidelines selected by the foundation to fulfill its mission. (3)*

*Formulating objectives requires collective analysis carried out with the CF's vision and mission in mind, in order for institutional tasks to be comprehensive and for the group to take ownership.*

*Strategies, for their part, constitute the framework for taking action, the paths or routes to follow, the means for reaching one or more of the CF's objectives.*

*It is important to point out that an objective can become a strategy and vice versa, depending on how each foundation wants to identify what has been proposed. Specifically, something considered to be an end is an objective, and something considered to be a means is a strategy. Also, a single strategy may be useful for one or various objectives.*

### For example:

**Objective 1:** Contribute to community well-being

**Strategies:** Raising and channeling resources  
Developing innovative programs  
Governing with a board of directors that reflects the diversity of the community's social fabric

**Objective 2:** Promote a culture of volunteer, philanthropic citizenship

**Strategy:** Promoting dialogue and alliances

**Objective 3:** Contribute to the community's empowerment

**Strategies:** Developing innovative programs  
Promoting dialogue and alliances

**Objective 4:** Contribute to making the community aware of the importance of collective actions

**Strategies:** Promoting dialogue and alliances  
Developing innovative programs

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<sup>3</sup> In this approach, objectives can be equivalent to the roles carried out within a CF.



**Objective 5:** Consolidate endowment funds  
**Strategy:** Raising and channeling resources

**Objective 6:** Strengthen institutional capacity  
**Strategy:** Instituting permanent opportunities for institutional strengthening



**SOME QUESTIONS TO REFLECT ON:**

Who or what will change as a result of what we believe in and do in our foundation?

How will we know these changes have taken place?

What has to change in order for our foundation to be more effective and to achieve the results we have defined?

Are our paths of action taking us toward the expected results?

To what degree are our objectives shared, understood and owned by all of us collaborating in the foundation?

**FIELD OF INTERVENTION**

*This is the definition of the space and time in which a foundation is working, and also the topics or issues addressed, as well as the social subjects with whom work is carried out or to whom actions are directed. In line with its mission, vision and objectives, a foundation chooses to work with specific social subjects to respond to specific issues, in a defined space and time.*

*The field of intervention reflects the way in which the foundation's work is conceived of, and it contributes elements for defining the organizational structure with more certainty. The field of intervention is focused on four basic elements:*

*Geographic territory: where*

*Topics, contents or areas of work: what*

*Social subjects: with whom*

*Time and duration of intervention: when and for how long*



CFs work in a geographically defined area, which may consist of a state, a group of neighboring municipalities or a single municipality, or in a region defined in terms of cultural, socio-demographic or economic identity.

The primary area of work is the mobilization and channeling of resources, defined broadly to include: human, material, financial and technological resources.

CFs work with individuals from a community and work for the community. The same is true for organizations addressing the social needs in a community. CFs also work with social investors, which may be individuals/families, institutions, companies and development and donor agencies.

Community foundations are institutions at the service of the social needs in communities. In this sense they have a long-term, ongoing vision, since there will always be social and environmental needs to address.



### **SOME QUESTIONS TO REFLECT ON:**

Is our area of work clear?

Are the groups we are working with and which are our reason for existing satisfied with what we are doing?

Have we designed strategies for networking or creating alliances with other organizations and actors working in the same geographic area?

Have we proposed the need to define the period of time for which the foundation will work in the community or with specific groups?



## DIMENSION "O": ORGANIZATION AND OPERATION

The organization and operation of a community foundation refers to a set of social relations and the way they are organized, as well as general criteria and collective agreements orienting the foundation's dynamics and activities.

Organization constitutes the foundation's social base because it reflects the set of relations among all the participating individuals. It involves defining standards, since it establishes responsibilities of group members, within the overall framework of institutional activities.

The organization and operation of a CF cannot be disconnected from other important elements, and should not be designed on the basis of members or relations that may exist among members. Rather, it is necessary to define them in the framework of the mission, the collective stance, the objectives and expected results. Also, they should be coherent with the CF's strategic purpose, and should encompass aspects of group composition, organizational structure and institutional policies.

### GROUP COMPOSITION

*This is a description and analysis (in line with the strategic purpose) of the characteristics of the individuals who make up the foundation.*

*Awareness of group composition helps to precisely identify the way in which the group is composed, its relationship with the strategic purpose, and the institutional capacity for carrying out that project. It facilitates a process of acknowledging and valuing the capacities of each member, and it helps to describe the community foundation's identity.*

A description of a CF's group composition facilitates identifying the characteristics of the individuals participating, such as: the position filled in the institution, whether board member, member of a committee, or the executive director. The group composition also offers information regarding capacities and abilities, both professional and technical, of the group and of each member, and this helps in making decisions regarding forms of distribution and exercise of power within the CF. Finally, it contributes other information regarding gender and age distribution, and the year in which each member became involved in the organization.

A CF should place particular attention on whether the diverse composition of the board of directors and the composition of the rest of participants is congruent with the strategic purpose, and also, it should determine its real possibilities for fulfilling its objectives.



To facilitate this analysis, it is recommended that the information on the characteristics of all the members be concentrated in a single matrix. For example:

NAME	PROFESSION TALENTS EXPERIENCE KNOWLEDGE	AGE	POSITION	AREA OF WORK	INSTITUTIONAL RELATION	YEAR BECAME INVOLVED IN CF
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**SOME QUESTIONS TO REFLECT ON:**

What abilities, knowledge and experience are required in our board of directors?

To what degree does the board reflect the social fabric of our community?

Are all the groups served by the foundation included?

How do we value our board?

What kinds of relationships exist between the board of directors, the director and the operations team?

Is there something that needs to be changed to improve our ability to work as a team?

Is every person who contributes to the foundation clear about his/her specific role?

**ORGANIZATIONAL STRUCTURE**

*This refers to the way a CF defines the division of labor and establishes roles, responsibilities and hierarchies, as well as policies and decision-making mechanisms—all in relation to the work it carries out. The organizational structure expresses all the different positions and lines of authority within the community foundation, and it is reflected in its organizational chart.*



*Addressing the topic of organizational structure implies reflecting upon: division of labor, levels of responsibility, decision-making and an organizational chart.*

### **DIVISION OF LABOR**

In a community foundation, it is important to analyze the DIVISION OF LABOR from two perspectives: a technical division and a social division.

The TECHNICAL DIVISION OF LABOR involves a specific distribution of roles and responsibilities according to the technical and professional profiles of foundation board members, or in other words, their area of specialization or “know-how.” This division involves areas of activities, according to the area of need in which the foundation is intervening, within its broad field of intervention. A good technical division facilitates the fulfillment of specific work requirements, and guarantees the foundation’s operation. This division should be directly linked to the foundation’s strategic purpose, and specifies the work to be carried out.

The SOCIAL DIVISION OF LABOR, then, refers to lines of authority and power established within a foundation, and at each level or area of work. It has an influence on the technical division of labor, since it defines the positions of the individuals participating in the foundation, in terms of their responsibilities and roles in decision-making.

### **LEVELS OF RESPONSIBILITY**

Three levels are specified: governing, executive and operational.

The GOVERNING LEVEL has the central responsibility for guiding the community foundation, and fulfills such tasks as defining the strategic purpose, the foundation’s long-term intentionality, institutional policies, and financing strategies, and supervising the efficient administration of resources. In community foundations, the governing level of responsibility lies with the general members’ assembly and is delegated to the board of directors.

The EXECUTIVE LEVEL is responsible for organizing and coordinating policies and strategies defined at the governing level, and seeing that they are carried out according to what is established in strategic plans. Its primary task is to guarantee that objectives are fulfilled. This level is expressed as the general or executive director, general or executive coordinator, executive secretariat or manager.

The OPERATIONAL LEVEL is responsible for carrying out the organization’s work plans. Programs, actions and activities are implemented and carried out at this level. This level tends to be expressed in the organizational chart as areas, courses of action, departments, programs, projects or regions, depending on the way each foundation organizes this aspect.



## BOARD OF DIRECTORS

One of the most valuable assets of a community foundation is its board of directors. A community foundation, by nature, must have a members' assembly and a board of directors. These are legal requirements since a community foundation must be incorporated as a nonprofit organization, with legal status as a civil association. The board of directors is the entity responsible for the governance of a community foundation.

Board members have personal responsibilities such as taking ownership in, sharing and fulfilling the CF's strategic purpose, as well as responsibly performing their corresponding roles, holding leadership positions, preparing for meetings, understanding fiduciary responsibilities and taking a pro-active stance in generating resources.

A CF's board of directors is made up of individuals interested in participating on a volunteer basis, thus exercising their roles as citizens. It is important for board members to bring a diversity of experiences, abilities and perspectives, and to have, for example, experience in fund-raising as well as in administration, in working with volunteers, with legal and financial aspects, and with citizen issues. Only in this way can a board fulfill the role it is responsible for. The board should reflect the social fabric of the community and not particular interests.

The interests of the community as a whole constitute the point where all efforts begin and end in a community foundation. In order to identify ideal candidates for becoming board members, we recommend thinking of individuals who:

- Have displayed an active interest in the community
- Are known and respected in the community
- Have the interest and time for becoming involved in CF activities
- Contribute to the board's diversity through their profiles, relations and contacts
- Contribute with their experience and resources

There is no ideal number of board members, however it is common for between ten and twelve individuals to participate. Some boards may have more than 20 members, however, and while these boards may have more potential for developing funds and may better represent the diversity in the community, greater effort is required in communicating and reaching consensus.

It is important to clearly define the roles and responsibilities of each member according to the standards established by law and in line with the needs of each foundation. The board of directors should have a president, vice-president, treasurer, secretary and general members.



The board president is the CF's legal representative and presides over board meetings. The vice-president fulfills the president's functions if necessary or upon specific request. The treasurer safeguards the foundation's endowment funds and resources, and the secretary maintains records of minutes and is responsible for systematically recording board sessions and agreements reached, and when needed, inform those responsible for carrying out such agreements. General members collaborate with the board by carrying out the tasks entrusted to them. And lastly, board committees are formed to assist in fulfilling all the board's responsibilities, and at more advanced stages, the board is supported by an operations team.

### BOARD COMMITTEES

These committees are each composed of one or two board members who have the responsibility of taking leadership and involving other individuals from the community who have talent, experience and leadership abilities in specific tasks. When an operations team exists, representatives from that team should participate in these committees. Frequently, board committees include representatives from other civil or social organizations who contribute specific knowledge from their experience in how community organizations operate, and from their understanding of local needs and priorities.

These committees should function in an agile and flexible way, in accordance with foundation policies, and they should meet often enough to fulfill their objectives.

Committees are established according to the roles and tasks of each CF. The following committees are those often created:

- Resources Committee. This committee takes the lead in the process of developing and implementing a viable plan for generating and mobilizing economic resources. Included is the task of raising operational funds. This is usually the first committee formed by a board.
- Grantmaking Committee. This committee makes decisions regarding how resources obtained and profits from the endowment fund will be channeled. This grantmaking process can be enriched by involving individuals with diverse experiences and knowledge from the community on this committee. When the community foundation is large, we recommend forming subcommittees to effectively respond to the diversity of funding requests.
- Communication and Information Committee. This committee creates the CF's image, and is responsible for positioning the foundation in the various spheres of society. This committee is also responsible for informing the community, social investors and the public in general regarding what the foundation is and what it does, especially emphasizing transparency in the administration and use of resources. This committee also designs a communication system for providing information needed by the board of directors and all those involved in the CF.



- Investment Committee. This committee invests endowment funds according to established guidelines. Also, members discuss and make careful decisions regarding the parameters of investments made by the CF.
- Administrative Committee. This committee plans, organizes, directs, controls and implements foundation operations. To accomplish this, it develops an action plan for designing and establishing the systems required for carrying out the CF's administrative and financial roles.

### EXECUTIVE DIRECTOR

The executive director is responsible for administrative tasks and for implementing the necessary activities for achieving goals and carrying out the CF's plans. His/her primary functions consist of providing follow-up to established policies, developing procedures and systems for management and administration, addressing the priorities established in the strategic plan designed by the board of directors, and hiring and supervising the operations team.

### OPERATIONS TEAM AND MANAGEMENT SYSTEMS

When a CF does not have an operations team or when that team is very small, members of the board assume executive and operational functions. It is common to find that various responsibilities are assumed by a single individual or by only a few individuals, since many foundations operate with small teams, due to limited resources or an institutional decision. In this case, it is important to differentiate the specificity and importance of each level, and explicitly define roles and responsibilities so each person involved is clear about the role he/she is fulfilling.

When operations begin, it may be convenient and economically advantageous to have an administrative assistant who actively assists the board. However, we recommend establishing administrative systems from the very beginning, to include policies, mechanisms and procedures for regulating the a CF's life in projects, programs or departments, such as:

- Financial administration
- Monitoring of grants
- Investment
- Generation and mobilization of resources
- Records and files

Systems can be simple or sophisticated, but they should be developed to support the CF's tasks and responsibilities. It is important to establish adequate organizational mechanisms that facilitate creating a solid basis for good functioning.



**SOME QUESTIONS TO REFLECT ON:**

Are we clear about the foundation’s different areas of work?

Do we have clear definitions for the roles and responsibilities arising from the foundation’s technical work or areas of work?

Is there clarity with regard to lines of authority and power established in the foundation?

Does the organizational structure reflected in the organizational chart precisely indicate the governing, executive and operational levels and the relationships between those levels?

**DECISION-MAKING**

There are two aspects of decision-making: one is the decision itself and the other is the process leading to that decision. Making a decision signifies resolving a set of options or courses of action, while the process refers to various situations and conditions that lead to a making a selection, and the implementation of the option selected.

Thus, it is important to distinguish the following points in time during the decision-making process: **BEFORE**, involving the information and conditions necessary for making a decision in the most pertinent way; **DURING**, or the actual moment when the decision is made; and **AFTER**, referring to the effects of the decision reached.

Decisions can be **STRATEGIC** or **OPERATIONAL**. Strategic decisions involve the policies of a CF and the path it is taking, or in other words, aspects affecting the whole. Operational decisions, on the other hand, refer to all that must be defined for the foundation’s functioning and daily activities.

Making decisions in a group signifies a learning process in which the greatest challenge is to maintain congruence with the foundation’s values, and ensure that the process contributes to the CF’s effectiveness and potential for functioning well.

In a CF, decision-making of a strategic nature corresponds to both the members’ assembly and the board of directors, while operational decisions are made by the general or executive director, and sometimes, by coordinators of areas or programs.



## ORGANIZATIONAL CHART

An organizational chart is a graphic expression of a CF's organizational structure. It reflects the different levels and entities making up the foundation. It graphically shows the technical and social divisions of labor, as well as the interrelation and communication between the various entities.

After the technical and social divisions of labor (a CF's activities and decision-making) have been defined, an organizational chart is developed. The governing, executive and operational levels should be identified in the chart. Located at the governing level are the general members' assembly, the board of directors and the various committees. At the executive level, we find the executive director, and finally, at the operational level, we find the various areas corresponding to the functions established by the foundation.



### SOME QUESTIONS TO REFLECT ON:

Who in the foundation is authorized to make decisions regarding strategic issues that affect the entire organization?

Who in the foundation is authorized to make decisions regarding operational matters and everyday activities?

What are the foundation's policies, procedures and mechanisms for decision-making?

What is the difference between democracy and democratism in decision-making?

Does our foundation have an organizational chart that clearly reflects its organizational structure?

## INSTITUTIONAL POLICIES

*Institutional policies consist of specific guidelines for orienting decision-making for the effective functioning of a community foundation. They clarify:*

- *specific criteria and guidelines for addressing problems and situations that constantly repeat themselves in a given foundation*
- *mechanisms, procedures, persons responsible, and actions to follow.*



*Policies must be consistent with a foundation's strategic purpose, and especially with its values and principles. In order for policies to fulfill their function, they must be:*

- legitimized, that is, understood and assumed by all*
- established in writing in a clear, precise manner*
- periodically reviewed.*

In a community foundation, it is the board of directors, through its various committees, that is responsible for defining institutional policies that will govern decision-making regarding the foundation's path and activities. At the executive level, policies regulating the foundation's operations and daily life are defined.

It is important to formulate policies for aspects related to investments, donations, grantmaking, accountability and communication, as well as labor, administrative and financial matters. Also, it is necessary to think about the procedures necessary to formulate these policies, specifically who, when and how policies should be defined, and also how to define a way to ensure that all individuals involved in a CF are informed regarding policies and take ownership in them.

Policies are important because they:

- offer criteria for the participation of personnel in the foundation's functioning
- facilitate delegating authority
- reduce uncertainty and arbitrariness in decision-making
- avoid loss of time at the governing level because they minimize unnecessary consultation
- facilitate the incorporation of new members, whether volunteers or personnel

Some institutional policies for orienting CF activities in relation to decision-making and grantmaking are, for example:

- The members' assembly is the highest authority in a community foundation, and that is where decision-making affecting its strategic path is made.
- The governing committee will establish mechanisms and procedures for decision-making.
- A community foundation will exclusively support social initiatives and causes that benefit the community.
- The final decision regarding grantmaking lies with the board of directors, after the committee established for this purpose has made its recommendation.



- The board of directors will establish a program for grantmaking that responds to community priorities as well as the interests of social investors.
- The board of directors will establish the amount and characteristics of grants made every year and in relation to priorities and resources mobilized.

With regard to policies at the executive level, such as labor policies, we would offer these examples:

Different forms of relations may be established with those individuals collaborating in a community foundation, according to the following situations:

- a labor contract, in accordance with the framework established by the Federal Labor Law.
- volunteer services, through agreements established by mutual consent, and in which the contributions and responsibilities of both parties are clearly specified.
- specific contracts for outside professional services.



**SOME QUESTIONS TO REFLECT ON:**

Does our CF have policies, procedures and mechanisms that regulate its institutional life?

Are the foundation's policies clear and understood, and do all members feel ownership toward them?

How are these policies communicated among those of us who collaborate in the foundation?

Are administrative, legal-fiscal, labor, financial, grantmaking, investment, communication and institutional relations aspects regulated in the foundation?



## **DIMENSION “R”: RESOURCES**

The resources of a community foundation refer to the assets and materials available for making its strategic project viable. This dimension is composed of human, material and economic elements which are coordinated through efficient administrative processes.

The development of community foundation resources should be consistent with the CF’s strategic purpose, and with its organization and operation. Any change or modification in any of the dimensions has repercussions, and signifies a change in the other dimensions.

The resources dimension is composed of:

- Human resources, including all individuals, whether or not volunteers, who participate in the CF’s activities and programs, and who, by contributing their knowledge, experiences, abilities and willingness, constitute the central element in fulfilling the CF’s social objective.
- Material resources, including infrastructure, furniture, equipment and technological resources that facilitate the CF’s functioning.
- Economic resources, including all the funds and investments designated for projects that assist the community, as well as those necessary to cover operational expenses.

Since the primary area of work for community foundations is to mobilize resources and to help the community to invest in itself in order to contribute to everyone’s well-being, it is of vital importance to develop and analyze this dimension.

Resources are not only the basis for achieving objectives, but they also determine to a large degree whether a CF will continue to exist and have a long-lasting life. Achieving permanence implies sustainability, and this is primarily achieved by the support obtained from the community. This support is given when the strategic project is judged to be pertinent, and when it contributes toward collective well-being and local development. In this way, the community not only gives its support to a CF, but it takes ownership in its social project.

### **HUMAN RESOURCES**

*The individuals who form part of a CF are referred to as HUMAN RESOURCES, and as such, constitute the substantial element and serve as the engine for building, developing and institutionalizing the foundation. Human resources are responsible for taking the necessary actions for fulfilling objectives.*

*Making progress in fulfilling the strategic Purpose, and consequently advancing toward achieving the CF’s mission*



*depends significantly on the capacities, abilities and commitments made by those individuals collaborating in the foundation, whether on an honorary basis, as volunteers or as paid staff. (4) Thus, prioritizing and developing this facet is imperative for all CFs.*

*Addressing the topic of human resources involves reflecting upon: links between people and CFs, definitions of the positions filled by collaborators, and the process of selecting and incorporating new members, all the way to the point when they leave the foundation.*

### **LINKS BETWEEN PEOPLE AND CFS**

The links or relationships that individuals establish with a CF are determined by a series of motivations and aspirations. Some of these are subjective, and are rooted in ideological, philanthropic and/or ethical convictions that compel some individuals to make a commitment with a specific social project. Generally, these motivations are related to their life projects and their commitment to build a more just society.

For other individuals, their motivations are objective and arise from practical, immediate needs, such as the need for professional growth or economic advancement that will allow them to preserve or improve their living standards and those of their families.

It is important to recognize and clarify the motives explaining why people develop a relationship with a CF. In this way, we can identify what each person contributes and receives, and what can be expected from their participation. And this helps to establish commitments and responsibilities with honesty and clarity.

### **POSITIONS AND JOB DESCRIPTIONS**

In order for a CF to carry out its social project in a professional, efficient and effective way, it is necessary to develop job descriptions for the positions filled by individuals collaborating in the foundation's work.

According to human resources management theory, a position is a set of operations, qualities, responsibilities and conditions that make up a specific unit of work. A job description is a set of characteristics and aspects which, among other things, defines the position and role to be filled in the institution, and describes the corresponding objectives, functions and responsibilities, as well as the characteristics of the person to fill the specified position.

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<sup>4</sup> An analysis of human resources is useful for considering the different types of collaborators in a foundation: board members, director, operations team, volunteers and paid staff, both part time and full time.



To develop a job description, it is necessary to consider the following:

- name of position
- purpose of position
- entity and level where position is located
- general functions or tasks
- experience required
- aptitudes and attitudes recommended

We recommend conducting an analysis of all the foundation's human resources—including board members, executive director and operations team—independently of whether they are volunteers or paid staff, and comparing their capacities with the foundation's needs and requirements. This analysis will facilitate identifying the foundation's existing level of competency for fulfilling its mission. Developing this inventory is recommended for enriching the foundation's overall capacity, and for designing actions that will permit the expression of collaborators' capacities.

To conduct this analysis, we recommend the following:

- identify the foundation's current capacity, preparing an inventory of the human resources committed at the present time.
- identify the human resources required by each entity—board of directors, committees, operations team—in order to operate in accordance with the strategic plan
- identify possible solutions and define a critical route for resolving any gaps.

### **COLLABORATION IN A FOUNDATION: FROM START TO FINISH**

Every CF should have a process for involving people. This process begins with an invitation for individuals to become part of the foundation, is then formalized with their admission, and continues until they leave the foundation. While the level of systematization may vary, every CF should have clear criteria and mechanisms for each of the stages that members will pass through.

When a CF is in the stage of being designed and institutionalized, it is necessary to define the process for selecting and integrating individuals; hiring or formalizing the relationship; providing orientation and training; and finally, for ending the relationship.

This process should be designed so that all those participating in a CF are formally integrated, independently of the specific relationship established or the type of collaborator, whether a board member, employee, volunteer or staff member. A defined policy is necessary for this process, establishing the specific objectives, goals and results to be achieved in accordance with the strategic purpose. This will facilitate formalizing and clearly specifying the process.



The selection of human resources in a CF should be consistent with the objectives defined in its strategic purpose. This means that the volunteer and non-volunteer staff serving on the board of directors, committees and the operations team will possess the abilities, knowledge, capacities and links with others to guarantee the fulfillment of the foundation's objectives.

### VOLUNTEER WORK

A transition to democracy requires citizens to be involved in the activities of their communities. The board of directors is the most valuable asset for community foundations, and is composed of individuals who choose to exercise their citizenship through this type of volunteer service. Volunteer work has many advantages, it is flexible and creative, and requires a high degree of willingness and dedication. CFs should place special emphasis on defining and carefully reviewing all aspects concerning their volunteers, using the same criteria and with the same formality as for paid staff.

In order for volunteers' integration and contribution to be useful, ongoing and satisfactory, both for volunteers and for the CF, it is necessary that, just as for paid staff, volunteers strictly adhere to the standards and ideology that existed before they became involved in the foundation. The foundation should be prepared to welcome volunteers and offer them opportunities to develop, with the aim of making the best use of their willingness, knowledge and time.

In this sense it is necessary:

- to enhance the value placed on the concept of citizenship and the way volunteer work is regarded. It is imperative that volunteerism be redefined, disregarding the idea that volunteers are a group of people who have nothing else better to do. It is also indispensable to do away with the belief that, because no salary is received, volunteer work does not involve commitment or high-level positions, and even worse, that compliance cannot be required.
- to institutionalize and formalize volunteer work. And it is also necessary that CFs also comply with the agreements reached. This requires favorable conditions to ensure that the solidarity expressed by citizen volunteers be transformed into commitment.

The process for incorporating volunteer work should include strategies for:

- Attracting volunteers. It is important to avoid exerting pressure on individuals to be incorporated in the foundation, since in the long term, this will be counterproductive. Options that are in line with the characteristics and wishes of candidates should be offered, to the degree possible.
- Orienting volunteers. The introduction of volunteers into the foundation should be carefully planned, and they should be accompanied during a period of adaptation, since if initial experiences are positive, their "good will" can be maintained.
- Communication. It is important that their task be well coordinated with the rest of foundation activities.



- Training and mastery. Here the emphasis is on assisting volunteers to excel in what they do, and then through a system of incentives and acknowledgement, they can discover the benefits obtained through their support and participation.
- Clear coordination. When volunteer work is not well organized, volunteers become frustrated, and this must be avoided, since it destroys the initiative that led them to participate. Creating a volunteer coordinator position can be extremely productive.
- Evaluation of results. This process should be carried out in accordance with the goals and objectives agreed upon. And here, clear agreements are necessary, in order to then require compliance with commitments made.

Some ideas for volunteers to professionalize their role:

- establish an agreement with a CF and fulfill that agreement with great discipline.
- adhere closely to the CF's philosophy, principles, policies, and guidelines, and the rules established for carrying out tasks. Good intentions or energy are not enough for the CF to function well. Frequently, both volunteers as well as the institutions that welcome their contribution need to transform their initial attitude.
- adhere closely to the organizational structure, and the activities plan that has been designed in accordance with the foundation's needs..
- assume responsibility in delivering results to the CFs and/or the organizations or projects they are supporting.



**SOME QUESTIONS TO REFLECT ON:**

- Are we familiar with the interests and aspirations of the individuals who contribute to our foundation?
- Is there a gap between the current capacity of our human resources and the capacity needed to operate the foundation?
- How can we optimize human resources?
- Have criteria been established to acknowledge and value the work of all those participating in our foundation?
- Have indicators been established to measure the performance of each person involved, as well as our teamwork?
- What is our foundation's conception of volunteer work?
- How does volunteer work contribute to achieving our mission and objectives?
- What strategies do we have to identify, hire, involve, train and when necessary, ask volunteer and non-volunteer personnel to leave the foundation?
- How can staff and volunteers be more effective?



## MATERIAL RESOURCES

*Material resources include all property, such as the office, equipment and furniture, which is at the service of individuals fulfilling the foundation's objectives and mission.*

*Addressing this topic signifies reflecting upon the physical space used, equipment and the rational use of resources.*

### PHYSICAL SPACE

Since a CF exists within a community and is for the community's benefit, its site or office should be warm and inviting, and in a centric location where the diversity of people living in a community have access, and where participation and interaction will be facilitated.

Frequently, CFs use a physical space that may not be the most appropriate, but it is the place they are able to obtain, perhaps through a donation or loan, or because it is shared with another nonprofit organization. Each of these options, especially in the case of sharing a space with others, has advantages and disadvantages, and also some risks that could potentially damage the foundation's image.

If a foundation is able to make the decision to obtain its own space, it is important to consider some elements that will truly allow for converting that space into the meeting place it should be. It is also important to have a defined space for the work of those contributing to the foundation, whether paid staff or volunteers, and to have a space that will allow for growth in the medium term.

### EQUIPMENT

Equipment should be adequate for the needs, characteristics and particular stage of each foundation. It is important to have equipment that facilitates contact with the community, such as telephone, fax and electronic mail, and computers with adequate software and including programs for producing work of a professional quality. It is also worth considering the benefits of developing a web page. And training for using all this equipment effectively and efficiently is equally important. Investing in the minimum, necessary equipment is a good financial decision for the medium and long term, since it will facilitate the foundation's efficient operation.

### RATIONAL USE OF RESOURCES

A culture of sustainability that promotes the rational use of resources should be encouraged in the daily life of CFs. Reusing, relocating, saving and planning are strategies for making the best use of office furniture, equipment and materials.

CFs should develop institutional policies and define mechanisms for acquiring, managing, using and taking care of the equipment and materials used, maintaining them in good working order.



Analyzing and valuing material resources is a task that should be continuous throughout a CF's life, and can be initiated at the time it is being institutionalized or when it reaches a stage of expansion.

This analysis should identify the current capacity of material resources, based on an inventory of those resources, and then define the infrastructure, equipment and materials for operating in ideal conditions. A comparative analysis will facilitate identifying any gaps, and making decisions for achieving the planned improvements.



**SOME QUESTIONS TO REFLECT ON:**

Is the space we occupy adequate for the foundation's optimal functioning?

Have we conducted an analysis of the material resources we have and what we need optimally?

**ECONOMIC RESOURCES**

*Economic resources consist of the money, investments and funds held and administered by a community foundation, and constitute an important means for accomplishing the foundation's mission. Carrying out the plans and programs of a CF, and consequently, making progress in fulfilling its defined strategic purpose, is possible to the degree that economic resources are available.*

*Issues to reflect upon in relation to economic resources are: mobilizing economic resources, the steps required in this process, and the development of endowment funds.*

The role of a CF that distinguishes it from other organizations is the mobilizing and channeling of economic resources. Not only does a CF seek to obtain and administer resources of different types, donated by many individuals with varying motives, but it also invests funds and makes grants to the community, in response to challenges and opportunities —constant and changing— for the purpose of achieving inhabitants' long-term well-being.

In strategic terms, the role of CFs in mobilizing resources —especially economic resources— identifies them as the best alternative for:



- contributing in an important way to expanding the sources of economic resources available for addressing social issues in the community and contributing to its well-being.
- supporting and strengthening the community's capacity to come together and respond to problems it experiences as well as opportunities
- providing the means for citizens to contribute on a voluntary basis
- building an endowment fund to guarantee the community's future
- acquiring sufficient resources to continue operating

### **MOBILIZING ECONOMIC RESOURCES**

This involves designing a broad, comprehensive program of marketing activities, “cultivating” relationships with investors to attract donations/investments, and establishing a permanent endowment fund that will continue to grow. This fund will make it possible to support projects as well as cover administrative costs. The program includes a number of stages including preparation, invitation and acknowledgement, and consequently, time, research, perseverance and professionalism are required.

Community foundations obtain resources primarily from individuals, businesses and organizations in the community where they are located. They also receive funds from the government and from international donor agencies, however the focus for the community and for social investors should be on mobilizing local resources and generating them through services and products. It is recommended that policies be established for specifying the percentage of resources that may originate from government sources or from international donor agencies, without jeopardizing the foundation's identity.

The sources of funds received by CFs from donors/social investors can include::

- financial resources (cash and securities)
- real estate
- economic contributions
- usufruct and bequests
- insurance payments
- trust funds

### **STEPS REQUIRED IN MOBILIZING RESOURCES**

If a community foundation effectively manages its resources, it can obtain the funds it needs, plus also receive in-kind donations, such as support from specialists who place their knowledge and abilities at the service of the foundation's strategic project, and the work of volunteers who are able to carry out their tasks with dedication and professionalism.



CFs have access to diverse sources of funds. Each of these sources offers advantages and disadvantages that should be analyzed before making decisions to request such funds. Critical, ongoing analysis with a focus on the foundation's strategic purpose and mission will facilitate identifying the most appropriate sources of funds. The following are some outstanding examples of those sources:

- Businesses. Some businesses designate resources (not only economic) for different social causes. Their motivations are diverse, and include humanitarian and philanthropic convictions, and an interest in fulfilling their social responsibility. Some have created their own foundations, others make cash donations or in-kind donations, providing goods or services at no charge, or they contribute time or talent, offer their facilities or establish agreements for medium and long-term collaboration.
- Individual contributions. Obtaining resources from individuals in the form of cash, in-kind contributions and labor is an extremely important way to receive contributions.
- Productive activities or enterprises. Some organizations generate income by producing goods or services for sale, carrying out professional activities related to the organization's programs, offering specific consultation services, or engaging in commercial activities.
- Financial engineering. There are mechanisms with varying degrees of sophistication for generating and protecting capital. Some examples are future contract operations to guarantee more profitable exchange rates and interest rates, specifically the conversion of blocked currency and foreign debt (swaps), and the combining of resources, among others.

It is vital that CFs develop a plan for mobilizing resources, with strategies for approaching different sources of funds, and then use those resources to create endowment funds. Such a plan should facilitate systematically organizing the steps needed to obtain the amount of resources needed, within established time periods.

CFs making preparations for mobilizing resources should consider the following needs:

- To achieve a combination of resources: their own and from the outside, that originate from different sources, and through the sale of products and services
- To establish a relationship of trust and transparency with investors: based on the importance of acknowledging, informing and complying with agreements made
- To maintain close relationships with financial sources and investors, seeking partnerships and co-responsibility
- To be accountable to investors and to the community: recognizing the importance of transparency in administering resources and in social accounting.



### ENDOWMENT FUNDS

An endowment fund is a perpetual fund that can provide income for the benefit of social causes in the community. It is the means to achieve an end, a means for achieving the best possible results for the community.

In this type of fund, the capital is generally left intact. When time, commitment, vision and energy are dedicated, it is possible to create a permanent endowment fund that generates a source of increasing funds for making grants to programs. As resources are expanded and used efficiently, leadership in the community will be achieved.

Permanent endowment funds are constituted with both financial resources (cash or securities) and non-cash resources. A characteristic of these funds is that once resources have been incorporated, they cannot be withdrawn. Resources are invested to guarantee their permanence and greater yields, and only the returns generated (according to an established program and according to financial results obtained) are used. Such a permanent fund guarantees that actions designed for the well-being of the community will be long-lasting. Endowment funds constitute a mechanism for working toward the sustainability of CFs.

Types of endowment funds in a CF:

- Designated endowment funds that are used for specific areas.
- Non-designated endowment funds in what is sometimes referred to as a community fund which provides greater freedom, flexibility and responsibility for attending to the most urgent causes.
- Donor-advised endowment funds, based on the decisions of investors, and with the guidelines, characteristics and limitations specified by those investors.
- Temporary funds created when investors place the usufruct and returns from financial resources and products at the service of a CF, for a determined period of time, after which the resources are returned to investors. The guidelines, characteristics, limitations and operational standards are determined by the investors, in agreement with the CF.
- Direct applications, referring to economic resources for direct actions in favor of social causes, not related to the funds, and providing added value to the application.



**SOME QUESTIONS TO REFLECT ON:**

Where do our foundation's economic resources come from?

Does more than 50% come from a single donor or investor?

Do donors or investors compromise the foundation's autonomy and independence?

Does our board play an active role in mobilizing resources?

Do the board and committees fulfill the tasks and commitments they have assumed?

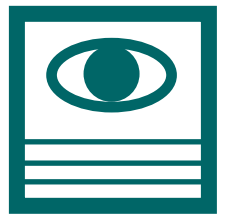
Will it be necessary to strengthen or broaden the board's participation in mobilizing resources?

What are the roles for the governing level and the operations team in mobilizing resources?

Are we taking steps toward creating an endowment fund for our CF?



# CHALLENGES FOR COMMUNITY FOUNDATIONS





# CHALLENGES FOR COMMUNITY FOUNDATIONS

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## ONE OF THE GREATEST CHALLENGES: IDENTITY

One of the essential aspects of a strengthening process is to review, redefine and clearly specify the identity of community foundations (CFs). As we pointed out in the introduction, the POR focus gives special attention to who they “ARE” —to defining their identity—without disregarding or taking importance away from what they “DO.”

The concept of identity is complex, and it is not defined exclusively on the basis of the strategic purpose, while this dimension is, to a great extent, the determining element. Nor is it defined only by the organizational/operations dimension, or by the material/resource dimension. Rather, a community foundation’s identity is defined by a combination of diverse aspects originating from the interconnection between these three dimensions, including:

- what CFs are and are not
- their reason for being, or highest purpose for existing
- their contribution to the society
- what makes them different from other types of similar organizations
- the primary results they seek to achieve
- the paths or routes to achieve those results
- their specific activities
- the values that guide what they do in practice



- their area of work; the territory or physical space where they operate, and the subjects with whom activities are carried out
- their methodologies
- their organizational structure
- their operational policies
- where their resources come from

All these aspects, which are part of the three internal dimensions of community foundations, contribute toward building and defining the identities of these foundations, and their uniqueness in relation to other civil society organizations. Nevertheless, this process extends even beyond these aspects, since identity is also constructed and defined from the foundations' interaction and interdependence with others, in accordance with the specific context where they intervene.

The great challenge is for community foundations to build their identities day by day, and with total clarity and certainty. And to the degree that they conceive of themselves as part of the nonprofit or civil sector, they will share some of the same interests, positions and autonomous forms as that sector.

In synthesis, CFs are immersed in an ongoing dance or movement in which they are creating and recreating their personality, their identity. This dance can be traced back to their past, it continues in the present and it will exist in their future, demonstrating that what we call "identity" actually takes shape through a whirlwind of diverse influences, from within and from without.



## **OTHER MAJOR CHALLENGES**

We believe that a strengthened community foundation is one that has the potential and capacity for achieving the cultural changes it has established as its goals. An important question is, therefore: what are the challenges it is facing?

In addition to developing the effectiveness and efficiency it will need to function well internally, and to achieving consistency between its strategic purpose, its organization and its resources, a CF needs to consider other challenges that emerge from the focus we have been developing in this handbook which, unlike other focuses, includes political aspects.



## **THE CHALLENGE OF AUTONOMY**

For a community foundation, autonomy refers to its capacity to determine the path it takes in all the spheres of its everyday life: political, economic and sociocultural. The challenge is to identify and precisely define its particular interests, in relation to the interests of others (for example, the government, donors or investors, other civil organizations, communication media, churches), and acknowledge others as autonomous entities, with their own identities, dynamics and interests. Thus, autonomous relations between a CF and others involve acknowledging and negotiating interests and rules of the game between different players, and acknowledging diversity and plurality.

Being autonomous involves and implies power, in terms of a CF's capacity to define its own agenda and joint agendas with others. Therefore, autonomy is a fundamental condition for negotiations and alliances with others.

## **THE CHALLENGE OF CREATING AN IMPACT**

Here, an impact refers to long-term, sustainable changes as a result of the intervention by a community foundation in a given situation. It involves assessing in what way and to what degree sustainable changes are being achieved in living conditions, in the community and in the people with whom intervention takes place, and evaluating how these changes translate into improvements for the population.

The challenge is to develop quantitative and qualitative indicators to assess the tangible and intangible changes in the life of a community and its members. And thus, we might formulate questions such as: Are there improvements in health and education in the community? Are people with disabilities improving their quality of life? Is community participation greater? Are women transforming or improving the unequal situations they face?

## **THE CHALLENGE OF SUSTAINABILITY**

Since CFs have strategic purposes that serve communities and have been validated by communities, they have the great challenge of continuing to exist over time, with a consistent organizational dimension and with sufficient resources. When we speak of the challenge of sustainability, we are referring to being effective and efficient in programs, projects and actions undertaken, as well as strengthening human resources and developing capacities in networking, and in consolidating and enhancing interaction with others, in order to achieve the changes proposed. While the financial aspect is crucial for a CF to continue to exist, this should not be viewed



as an end in itself, but rather as a means. Achieving sustainability involves, as we saw earlier, developing the potential for obtaining a base of diversified resources, to avoid depending on a single source, and to combine both local and international resources, and both private and public resources.

### **THE CHALLENGE OF INFLUENCING**

This challenge involves exerting influence by making concrete proposals, and involves not only influencing public opinion, but also the establishment of new standards for regulating relationships with other actors. It involves expanding political, technical, economic and human capacities for bringing about changes in the public sphere, and thus, in power relations. It involves placing topics of interest in a broad-based debate for the purpose of generating opinion and establishing with whom comprehensive and vital decisions will be made, dialogue will be pursued, and negotiations will be undertaken, for the purpose of persuading those actors and generating an effect.

### **THE CHALLENGE OF VISIBILITY**

CFs should make themselves be noticed, they should have a public presence in the debates addressing their topics of interest, and they should work toward positioning the causes they defend in the society. This signifies bringing visibility to their agenda, the work they carry out for the benefit of communities, and their achievements and proposals, making them widely known among the sectors with whom they desire to have an impact. The challenge is to strengthen their capacity for communicating with the public, developing strategies to make their particular vision, their concerns and potential solutions incorporated and assumed by other actors. It is important for CFs to have a place in society, to position themselves, to develop their own characteristics different from other organizations and other actors, offering their products and services to communities.

### **THE CHALLENGE OF CONGRUENCE**

This challenge implies a gradual, ongoing search to transform and achieve harmony among the tensions and contradictions that develop between a foundation's discourse and its actions, between its concepts of the world and its practice, and between its model of internal communication and its behavior on the outside. This also signifies achieving a balance among the three dimensions that constitute a community foundation —between the P, O and R dimensions— and a balance between these dimensions and the surrounding environment.



## **THE CHALLENGE OF THINKING AND ACTING STRATEGICALLY**

This challenge for a CF consists of identifying the opportunities and risks that are presented in its context, establishing a long-term project after careful analysis, and implementing adequate strategies to make it a reality within viable timelines. The challenge is also to develop the capacity to adapt to the changes that present themselves in its context, and to remain clear that these changes are the consequence of the participation by many actors and in many directions, and that CFs only represent a part of this diversity of actors with whom it is necessary to dialogue in order to find common alternatives.

## **THE CHALLENGE OF BUILDING ALLIANCES**

This challenge involves developing the capacity to reach cooperative agreements with different actors, to work together on a plan, an action, on programs or projects. This is a great challenge for CFs since one of their principles involves inviting diverse actors to join in activities for the benefit of the community. This implies the capacity to share risks and benefits, precisely defining the different functions and contributions to be fulfilled by each actor in this alliance.

## **THE CHALLENGE OF LEADERSHIP**

CFs are challenged to exert influence, to have the capacity to guide and lead, to exercise power, to represent, legitimize, facilitate processes, clarify conflicts, lead groups, sketch out potential paths, encourage consensus, and build and strengthen teams. CFs must portray themselves as comprehensive, credible organizations, with political vision and intuition, capable of attracting followers, organizing, making decisions on the basis of consultation, and building consensus. The ideas and suggestions made by CFs should be used as inspiration and as a guide for other organizations.

## **THE CHALLENGE OF NEGOTIATING**

This challenge speaks to the capacity to reach agreements regarding something that is for the benefit of all. It involves negotiation as an instrument for exerting influence in decisions and directing efforts toward a win-win situation for everyone. This capacity for negotiation implies yielding when that is determined to be the best decision, and when a point is not considered to be essential.



The challenge is for CFs to develop the capacity for assessing and analyzing the nature of conflicts, for initiating a constructive confrontation without attacking or discrediting the other party, for listening to the viewpoints of others and reflecting upon them, and for interpreting them and restoring the other party's understanding. The challenge for a CF is also that others will listen to its viewpoints, to work toward consensus-based decisions growing out of the ability to clarify problems, propose and evaluate diverse solutions, facilitate joint decision-making and implement the solution agreed upon by the parties involved.

### **THE CHALLENGE OF RENEWAL**

This challenge signifies constant transformation based on accumulated experience and the changing demands in the context where a CF intervenes. This signifies maintaining a favorable attitude and motivation toward ongoing learning related to topics and issues of interest for the work undertaken, sensitivity to learning about and analyzing the changes taking place, and implementing mechanisms for evaluation, generating knowledge, and systematizing and capitalizing on experiences. This implies having a positive attitude toward change and welcoming new leaders and changes in personnel.

### **THE CHALLENGE OF CONCEPTUAL AND TECHNICAL CAPACITY**

It is important for a CF to focus on obtaining a healthy balance between its theoretical and technical knowledge and its social practice. Both approaches are necessary and complementary, since actions without orientation, or without a basis of conceptual and technical perspectives, run the risk of becoming isolated, limited actions that fail to achieve significant results. As well, theory and techniques should be constantly applied to concrete experiences. The theory-practice duality is clearly a necessary challenge, and is another contribution toward the strengthening of CFs.

### **THE CHALLENGE OF MANAGEMENT, ADMINISTRATION AND CONTROL OF RESOURCES**

One of a CF's reasons for being is to mobilize resources. And so, another challenge is to strengthen its capacity to manage, administer and control resources. It is vital that foundations diversify their sources of financing, primarily focusing on obtaining and managing local resources, with international sources fulfilling a secondary role. It is also important to establish an adequate, efficient system for administering and controlling resources, managing the budget, being accountable in a responsible,



timely and transparent way, not only to donors or social investors, but also to the public in general.

### THE CULTURAL CHALLENGE

Today, the challenge of cultural change is at the center of all challenges not only for the civil or nonprofit sector, but also in the private and public sectors. Without changes in the cultural, ethical paradigm of principles and values, the world will continue down paths of destruction, corruption, deceit, the exploitation of some by others, and the irreversible destruction of natural wealth. It is imperative to promote a culture of social responsibility, of transparency, of accountability, of fair and equal opportunities, while recognizing, fomenting and appreciating differences in gender, ethnicity, social class, political affiliation, generational or religious convictions, ideological positions and styles and forms of work.

### THE CHALLENGE OF EXERCISING CITIZENSHIP

Finally, just as many other organizations in civil society, CFs represent an opportunity to exercise active, responsible citizenship, beyond casting a ballot at election time. This involves exercising rights and fulfilling civic responsibilities on a daily basis. The challenge is for each CF to encourage all the individuals involved in its work to exercise and enhance their citizenship, thus ceasing to be merely subjects and assuming their role as citizens.

**The following documents were consulted, and served as inspiration:**

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