

## 2005 Community Foundation Global Status Report

### Part II: Country Profiles

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The individuals named at the end of each country profile are the principal authors (“correspondents”) of their respective profile. The profiles may have been edited for style, length, or consistency.

For all amounts in local currency, conversion information was added for euro (€) or US Dollars (US\$). The exchange rates used were either provided by the correspondents, or they were average, rounded exchange rates for 2004 provided by < [www.oanda.com](http://www.oanda.com) >.

Part I of the *2005 Community Foundation Global Status Report* is a general overview of what community foundations are; the trends in their development as viewed from a global perspective; a review of community foundation developments by region; and a list of correspondents for the country profiles with contact information. It can be found at < [www.wingsweb.org](http://www.wingsweb.org) >.

Country profiles of other regions – the Americas, Europe and the Middle East – can also be downloaded at < [www.wingsweb.org](http://www.wingsweb.org) >.

# GHANA

## Akuapem Community Foundation

### History

Akuapem Community Foundation (ACF), which serves the Akuapem Traditional Area in the Eastern Region of Ghana and beyond, evolved out of the Akuapem Forum, which began in October 2001. The Community Foundation was incorporated on 14 April 2005.

Traditional Areas in Ghana have resulted from the historical socio-political division of the country along cultural lines, normally linguistic. These areas are normally headed by a paramount chief, presiding over a traditional council. The chieftaincy institution, which consists of chiefs and queen mothers, exists alongside the modern administrative structures of democratic government, as custodians of Ghana's cultural heritage. There are about 160 of these Traditional Areas, and every Ghanaian, no matter how urbane, relates to one or the other of these Traditional Areas.

Unlike other Traditional Areas, Akuapem does not have a homogeneous group of people in terms of language, but is home to various linguistic groups. Since 1988, when government administration was decentralized, the Akuapem Traditional Area has spanned two administrative units: Akuapem North District and parts of Akuapem South District.

Akuapem Community Foundation aims to focus attention on the many problems that threaten to perpetuate the poverty and the general lack of progress which have engulfed the Area in recent times. Some of these problems are lack of good quality education, a school dropout rate that is high, social problems like drug abuse and teenage pregnancy with their attendant risks of HIV/AIDS among young people, youth unemployment, environmental degradation, as well as an appreciable level of social misunderstanding among some of the linguistic groups.

The Foundation focuses its attention on the areas of education, health and sanitation, youth, environment and peace-building. The Foundation consists of a group of concerned Akuapem citizens from across the linguistic divides who are willing to commit their time and resources to help call attention to some of the problems identified.

### Other community foundations

Akuapem Community Foundation is the first community foundation to be registered covering a relatively small-scale geographical defined area. It looks at multi-sectoral issues where the sense of belonging is highlighted. It is the only one where donors can direct grantmaking to their own area of preference.

### Current situation

#### Facts and recent developments

Akuapem Traditional Area starts from Berekuso, some 20 kilometers from Accra (the capital of Ghana), eastwards along the Akuapem Togo range of mountains. It covers an area of about 900 sq km and has a population size of about 225,000 according to the 2000 census.

Recently Merchant Bank Ghana Limited offered the Foundation a computer software product to help build the endowment fund. The computer product will help enhance/sustain the inflows of funds to the Akuapem Community endowment fund and also provide an efficient records management service. This comes without charge to the Akuapem Community Foundation. When Merchant Bank Ghana Limited organized a dinner in October 2004 to celebrate their being named Ghana's Bank of the Year 2003, the Foundation was invited to introduce itself to the Bank's guests who were drawn from its prominent customers.

The Akuapem Community Foundation was introduced officially as having been adopted as "a social responsibility" of the Bank, and the Bank will help launch the Foundation in a big way by the formal promotion of the product through which philanthropists from all walks of life will contribute to the Akuapem Community Foundation Endowment Fund.

### Activities

Activities of the Foundation include convening meetings to sensitize members to the new idea of "self-help" philanthropy. One major meeting involved the stakeholders of education in Akuapem who came together to help the professionals find solutions to the problem of about twelve primary schools in Akuapem which had been failing to produce any passes at the terminal examinations at the basic level. As a result of that conference, a pilot revision class was instituted by a "Quality Education Club". The pilot, dubbed Special Rural Schools Project (SRSP), is being financed through the Foundation by an Akuapem citizen living in Columbia, Maryland USA, who is one of our patrons.

### Examples of community foundation activity

In November 2004, members of the Foundation attended the annual traditional festival of the Dompiahene of Akuapem who is co-coordinating the effort on behalf of the Traditional Authority ("Dompiahene", until the nineteenth century the title of a military commander, is now the formal title of a tribal leader in the struggle for social development). They had occasion to network with prominent chiefs and queenmothers from the Traditional Area. The Paramount Queenmother, Life Patron of the Foundation, who encouraged the coordinator to start the project, was present, as well as the most senior divisional chief of Akuapem. A Divisional Queenmother, who attended for the first time, offered her services and has since been appointed one of the Foundation's patrons.

Other activities of the Foundation have involved linking with international support and advice on how to proceed. The idea of turning the original Forum into a community foundation started when the coordinator, in an extended visit to Washington, DC, was fortunate to meet Dr. Juraj Mesik of the World Bank at a conference. The coordinator was seeking support for the Akuapem community and when Dr. Mesik introduced the community foundation concept, it looked like the right fit. An endowment fund was established even before the Foundation was formally registered. Since that time, with the assistance of Dr. Mesik, the coordinator has also visited Community Foundation Network in the United Kingdom and the Greater Bristol Foundation (UK), both of which have helped the steering committee progress towards registration of the Akuapem Community Foundation.

### **Community foundation staffing**

The Akuapem Community Foundation is run by volunteers, including the coordinator who is acting as executive secretary. A leading member has offered for the time being his offices at Leasafric Ghana Limited, a finance leasing company, and the services of a professional secretary for the Foundation. Day-to-day expenses, mainly covering stationery, communication and refreshments, are borne by the coordinator and the chief executive of

Leasafic. From time to time, other members contribute towards printing costs and help in kind.

## **Community foundation income**

### Donor category

A small endowment fund was set up in November 2002, which came from donations received at the conference of stakeholders of education in Akuapem. Added to this will be subscriptions expected on members at the point of final registration of the Foundation. Contributions are also expected from our patrons.

After that, through the launch of the Bank product described above, the Community Foundation will target an initial population of 10,000 Ghanaians who will contribute specific amounts per month on a regular basis. The population targeted will be Ghanaians who reside locally, as well as Ghanaians living abroad. Foreigners are also expected to make contributions.

Payment can be in cash, check or standing orders by local or overseas contributions through their bankers. Merchant Bank has also offered to use the services of their overseas partner institutions (other banks and money transfer institutions).

Beyond this, it is expected that corporate institutions as well as local government grants and foreign aid will be solicited.

### Purposes

Most income so far has come from individuals for running a conference on education, for stationery and for running pilot revision classes for pupils of two weak schools in Akuapem.

### Permanent funds/sustainability

When the endowment fund was established, about half of the income from individuals went into it. All other activities have been funded from private resources of the coordinator on behalf of the Traditional Authority.

The endowment fund is still small – about 3m Ghanaian cedis (US\$330). It is expected that about 80% of the funds collected through the bank product will be applied to the endowment fund to help make the corpus grow, so that it will yield net income to support grantmaking.

## **The environment for charitable giving**

### Local attitudes

Normally, people are skeptical about accountability in Ghana, and therefore a strict conflict of interest policy, as well as Merchant Bank's computer product, bode well for the success of the ACF. The fact that the ACF will give grants to other institutions and groups to implement projects will also help enhance credibility in would-be philanthropists.

### Legal and tax environment

This is an area of public policy that the Foundation can explore. The Foundation itself will achieve charitable status when the Department of Social Welfare recognizes it as a nonprofit organization. What is not clear as yet is the status of donors' gifts to the endowment fund.

### Changing attitudes and the national or regional environment

The Foundation will link up with Ghana's Institute for Social Statistical and Economic Research (ISSER), which is currently engaged in a series of seminars, linking public policy to its social mobilization perspectives. They tend to dwell on issues around volunteering (which in Ghana is at the lower and middle levels of society), but the ACF has already raised their interest in the idea of philanthropy that will be mobilizing the top echelon of society.

Efforts are now being made to introduce the community foundation concept to policy makers through ISSER. Tax breaks for donors will be pursued. When monies collected are shown to be solving problems in a transparent manner, affecting the whole of the community and not just the top or a minority, philanthropy can be encouraged. Already the Community Foundation has been promoted in the brochure that was printed to mark the 30<sup>th</sup> anniversary of the Paramount Chief of the Akuapem Traditional Area.

### **Current challenges and future developments**

We see our community foundation inspiring the creation of other community foundations in other Traditional Areas, which serve almost as natural non-governmental organizations (NGOs). There are about 160 of them all over Ghana and they are in a position to adopt the idea and use it to deepen development at the grassroots.

In Traditional Areas where there are no disputes, it will take much less time and effort to set up a steering committee towards setting up a community foundation.

### **Support needs**

Initial introduction to the community foundation concept, the chance to visit an existing foundation and support organization in the UK and help from Dr Mesik with legal documents have all be important contributors to development.

### **International links**

Since the visit of the coordinator in May 2004, before our formal affiliation in April 2005, Community Foundation Network UK put us on their mailing list and invited us to their conference in Edinburgh in May 2005. Even though we are not in a position to attend the conference this time, we shall formalize our affiliation by paying the fee for the current year, after our formal registration.

*Correspondent: Nana Oye Mansa Yeboaa, Akuapem Community Foundation*

## KENYA

### Kenya Community Development Foundation

#### History

Kenya Community Development Foundation (KCDF) was founded in 1997 as a response to the enduring problem of donor dependence in development projects in Kenya. With the assistance of the Ford Foundation and Aga Khan Foundation, a series of consultations was held with leading development practitioners, funding partners and other interested people, who decided to start a local foundation that would assist community development initiatives and strengthen their capacities to mobilize local resources and pioneer grantmaking work. KCDF has now set a solid track record in grantmaking and built a growing endowment worth more than €800,000.

Kenyans do not readily understand the concept of endowment, which presents difficulties for KCDF's profile and hampers the growth of its endowment. Existing laws and policies have not helped to facilitate corporate and individual giving either. Significant progress, however, has now been made through sensitization of the various actors, and joint initiatives such as those now being undertaken in the context of the East Africa Association of Grantmakers (EAAG).

KCDF is the only known community foundation in Kenya.

#### Current situation

##### Facts and recent developments

KCDF has nationwide coverage. The Foundation makes grants and has partners in all of Kenya's eight provinces. It aims to establish regional funds in all these provinces as well, whose grants will address the needs in the region.

KCDF provides services to donors, including pass-through grantmaking. It assists fundbuilders who are mobilizing community resources to build community funds to meet various community priorities such as water, health, education etc on a long-term basis. KCDF also services a network of "Friends of KCDF" which convenes individuals who support its mission. The Foundation holds an annual Stakeholders' Forum for the exchange of experiences, expectations and learning. KCDF strives to build partnerships with the mass media and with the corporate sector, and to remain engaged with relevant government agencies.

##### Activities

KCDF implements its activities through:

- grantmaking for capacity building, and
- asset development through endowment building.

KCDF makes three types of grants:

- **Capacity building grants:** These are grants made to organizations to strengthen their capacity to serve communities and enhance their ability to meet essential needs as

well as strengthen their mechanisms to mobilize local resources for asset development.

- **Pass through grants (donor service):** These grants are made on behalf of other funding partners, many of them based overseas. They are usually short term (one or two years) and have a clear focus, eg HIV/AIDS or early childhood development.
- **Grants from the endowment:** KCDF makes grants from endowment funds for the specific purposes agreed upon when the funds were set up.

## Examples of community foundation activity

One story of success is the **Makutano Community Development Association (MCDA)** in Kenya's Eastern province. At the start of the partnership with KCDF in 1999, the community was not adequately mobilized to address development challenges, which included lack of access to water, poor agricultural production, and low economic activity to the extent that they relied on government relief for food.

After KCDF's capacity building intervention, which included the sharing of skills in community mobilization, resource mobilization and business management for income generating activities, the community today has built a fully fledged secondary school and six community earth dams each worth €20,000, with two more planned, and has established a grain buying and selling scheme. MCDA has won recognition and funding support from other donors including: the Machakos Catholic Church, which assisted in setting up the secondary school; and Concern Worldwide, which has assisted them with the building of dams among other activities. Now KCDF is helping the organization to learn about mobilizing local resources to set up an endowment.

In Migori in Nyanza Province, an organization called **Lake Region Community Development Programme (LRCDP)** also began a partnership with KCDF in 1999 and as a result has transformed the local community. Through capacity building undertaken with assistance by KCDF, LRCDP has managed to mobilize the community and to scale up its work. LRCDP's major achievements include: development of 54 community groups that support 650 children affected by AIDS; revival of a mining cooperative; and support of agriculture, including revival of cotton growing in the area. The coordinator of LRCDP captures the impact of the partnership aptly: "A chance to work with KCDF has clearly demonstrated that Kenyans have got the capacity to create opportunities for themselves. It is only that often there is nobody to lead the way. That is what KCDF is doing."

## Community foundation staffing

When KCDF began as a project of the Aga Khan Foundation, the day-to-day operations of the Foundation were coordinated by professional employees under a Project Director. The Project Director position converted to that of Chief Executive Officer, when KCDF was independently registered in 2001.

The Foundation is run by professional staff including:

- Chief Executive Officer
- Program Development Manager
- Finance Manager
- Communication and Asset Development Coordinator
- Program Officers and support staff

The Foundation also takes interns on short-term contracts and offers professional exposure under the Young Professionals Development program of the Aga Khan Foundation for periods up to one year.

## **Community foundation income**

### Donor category

The bulk of KCDF's income comes from external donors. These include: the Ford Foundation, the Bernard van Leer Foundation, NOVIB, Plan Kenya, Allavida and The World Bank.

By the end of 2004, KCDF's endowment fund had increased to about €800,000. KCDF hopes to continue growing it so that it will be able to cover the Foundation's operating costs in addition to grantmaking.

Most of the funding is from grants, but there is a small fraction from "other sources" which include returns from the endowment and interest. In 2003 the proportion of income from grants to KCDF was more than 90%. It is envisaged that this ratio will decrease as the endowment grows and as more fund builders come on board.

### Purposes

Expenditure categories in 2004 were estimated as follows:

Grants & capacity building	41%
Admin & personnel expenses	39%
Fundraising and communication	20%

### Permanent funds/sustainability

Endowment building is the main KCDF sustainability strategy. There is an intense drive to recruit more fundbuilders, especially to create community funds for specific priorities. KCDF is also strategically positioning itself to be a link agency between international NGOs, corporations and others wishing to support different aspects of community development. Agencies assisting communities to set up endowments with KCDF rely on the Foundation's expertise in grantmaking for community capacity building and in the institutional framework that the foundation has set up which poor communities need not duplicate.

## **The environment for charitable giving**

### Local attitudes

In Kenya, attitudes towards philanthropy are positive and rooted in a long-standing tradition of harambee (pooling together). This involves individuals giving their private resources to address the pressing needs of a community member or a common community need. Such giving takes place in financial terms and also in kind. Christian and Muslim communities have a strong religious tradition of helping the less fortunate. At the official level, the government supports community giving. In 2003, it constituted a Task Force on Public Collections (Harambees) with a view to streamlining public giving.

### Legal and tax environment

The legal and tax environment in Kenya is not conducive for philanthropy and does not give incentives for corporate and individual giving. This has been a major impediment to more

widespread and significant giving by corporate entities. KCDF is part of a network of organizations involved in pressuring the government to look into the relevant legal and tax policies to change the current state of affairs.

#### Changing attitudes and the national or regional environment

KCDF has recognized the need for advocacy aimed at the development of a legal and policy environment supportive of philanthropy in Kenya. For some time, there has been a tax roundtable bringing together a number of NGOs concerned that the Kenyan tax system does not offer incentives for charitable giving to corporations and individuals. More recently, the coordination of this role has been taken up by the East Africa Association of Grantmakers (EAAG), of which KCDF is a founding member. EAAG brings together foundations and other grantmaking agencies to address issues of common interest.

The Kenya Rural Enterprise Program, a member of the network, commissioned a study aimed at “Making a Case for Tax Law Reforms to Create an Enabling Fiscal Environment for Growth of Philanthropy”. This and other initiatives are ongoing and KCDF is supportive and an active member of the emerging action plans.

### **Current challenges and future developments**

One of the main challenges facing development initiatives at the community level in Kenya is the reliance on external support for resources. Experience continues to show that lack of autonomy for many projects causes the inability of communities to formulate and execute their own agendas and set their own priorities. As a consequence, community initiatives are derailed by unrealistic donor demands and by donor cycles that do not last long enough to make long-lasting meaningful change.

KCDF has adopted a strategy of assisting communities, including those with whom it has existing formal partnerships, to give the issue of sustainability special priority, using locally mobilized resources. KCDF is giving considerable money and skill to help build capacity in these organizations, and specifically to get them to build community-owned endowment. For its part, KCDF has set up an institutional framework for the investment and management of endowment and has formulated a mechanism to provide this institutional support for communities building endowment.

KCDF’s other core business is capacity building for community-based organizations and other nonprofit agencies working with Kenyan communities towards poverty eradication. KCDF’s experience has been that because properly accountable governance and other institutional structures do not exist, initiatives eventually fail to get the necessary community support and ownership. Capacity building for development agencies is, therefore, an area that needs considerable support, together with asset development, if development initiatives are to be sustainable and make an impact on poverty eradication.

### **Support needs**

KCDF sees great value in having access to supportive networks and agencies. Among these are the following:

- Civil society – for purposes of exchanging experience and taking joint action such as advocacy
- Government agencies – for support and legal and policy formulation
- Corporate sector – as potential sources of local resources and as partners in community development in the context of corporate social responsibility

- International NGOs – for partnerships aimed at building permanent community assets for mutual benefit.

### **International links**

KCDF is an active partner in international networks, including WINGS, International Foundations Learning Group, the East Africa Association of Grantmakers, and by maintaining links with other community foundations, such as the East Tennessee Community Foundation (USA).

These networks have proven to be of great value for the Foundation, particularly at the level of exchanging best practices in areas such as board strengthening, effective communication, networking and fundraising.

### **Additional resources**

KCDF is currently reworking its website. The most recent financial reports and accounts are available on the website < [www.kcdfoundation.org](http://www.kcdfoundation.org) >.

*Correspondent: Janet Mawiyoo, Kenya Community Development Foundation*

## SOUTHERN AFRICA

### Community foundations

#### History

The first community foundation in Southern Africa, the Uthungulu Community Foundation, was established in 1997 and formally launched in 1999. The second, the Greater Rustenburg Community Foundation was established in 1998 and formally launched in 2000.

SAGA, as a grantmaker support organization, launched a pilot program in 1997 to test the concept of community foundations in South Africa. SAGA was instrumental in seeding the idea, supporting and establishing these community foundations. These two community foundations were part of the ten cities and towns invited to participate in the pilot program.

In 2003, the Industrial Development Corporation (IDC), a wholly state-owned development finance institution, established an R50m Foundation Fund (R6.4 = US\$1) to support the establishment of community foundations in order to extend its reach to benefit communities in South Africa.

In September 2004, five Southern African community foundations established the Southern African Community Foundation Association (SACOFA).

#### Current situation

There are now six community foundations in Southern Africa. Two are well established: Uthungulu and Greater Rustenburg. Four are in their initial stages of development, having boards, seed money and pledges, but have not started making grants: They are: Atok Community Foundation (Polokwane), Greater Tshwane (Pretoria), and West Coast Community Foundation (Malmesbury). The Greater Durban Community Foundation is supported by the Durban local government, and it is therefore active, but to a large extent undertakes local government community development activities. The Lesotho Community Foundation was formed by a number of rural associations whose objective is pooling resources together for self-help purposes, such as buying agricultural implements and seeds, and financing members' burial ceremonies.

The first community foundation established with the support of the Industrial Development Corporation is the BAWSI Trust, launched in Stellenbosch, in the Western Cape Province on 19 February 2005. It covers a population of between 250,000 and 500,000.

A large South African corporation, Mondi Forests, is also supporting community foundations, and has started a community foundation initiative in Piet Retief (Mpumalanga province).

The rate of growth of community foundations is steady, and perhaps more could develop when the new Southern Africa Community Foundations Associations (SACOFA) begins operations. SAGA will cooperate with both SACOFA and IDC to ensure the growth of community foundations.

Uthungulu and Greater Rustenburg have been involved in international meetings and conferences. The rest have focused on building their foundations, by attracting new donors and marketing themselves.

## Complete list of community foundations

Number of community foundations formally established: 8  
 Additional community foundations at early stages of development: 6

Uthungulu Community Foundation, Uthungulu Region*	1997
Greater Rustenburg Community Foundation*	1998
Greater Tshwane Community Foundation	1998
Greater Durban Community Foundation for Social Investment*	1999
Lesotho Community Foundation*	1999
West Coast Community Foundation*	2000
Atok Community Foundation, Limpopo Province	2002
BAWSI Trust, Stellenbosch, Western Cape Province <sup>†</sup>	2005

### Early stage:

Kenaf Foundation, KwaZulu-Natal Province<sup>†</sup>  
 Siltech Foundation, KwaZulu-Natal Province<sup>†</sup>  
 TSB Foundation, Mpumalanga Province<sup>†</sup>  
 Broodkraal Foundation, Western Cape Province<sup>†</sup>  
 ARISA Foundation, Western Cape Province<sup>†</sup>  
 An initiative in Piet Retief, Mpumalanga Province

\* founding member of SACOFA

<sup>†</sup> part of IDC program

## Community foundation staffing

The Greater Tshwane, West Coast, Lesotho community foundations and the BAWSI Trust are run totally by volunteers. The others have professional staff: executive directors, program officers, and support staff.

The boards and various board sub-committees (eg finance and grantmaking) are composed of volunteers.

## Community foundation income

### Donor category

Sources of funding support for Southern African community foundations include:

International foundations (Ford and Mott foundations)	55%
Corporate sponsors	35%
Individual contributions	10%

The two well established community foundations are all building endowments to become sustainable. The others have endowment building as the long-term goal.

Southern African community foundations are also bidding for corporate and government disbursements and other conduits of funding.

### Permanent funds/sustainability

Unthungulu Community Foundation has endowment of about R9m. Greater Rustenburg Community Foundation has endowment of R4m.

## **The environment for charitable giving**

### Local attitudes

Attitudes towards philanthropy have both cultural and historical components. There are many established institutions in South Africa designed to express and facilitate charitable giving, for example churches, community-based structures (volunteer clubs, etc), Rotary Clubs.

The community foundation model in South Africa is not well understood as a more sophisticated form of giving. More work needs to be done to promote understanding of this type of philanthropy.

### Legal and tax environment

In South Africa tax is levied on donations to public benefit organizations that are above 5% of the donor's taxable income. SAGA advocates that this level should be increased or removed completely.

Corporations seem to need recognition for their giving, and private entities do not go out to seek publicity for fear of being inundated with applications for assistance. South Africa has a particular history where wealth is hidden away, and giving done quietly. SAGA is working towards encouraging family foundations and trusts to disclose their giving activities.

### Changing attitudes and the national or regional environment

A more supportive environment for philanthropy could be achieved by:

- Strengthening advocacy roles in order to have the government realize the importance of private giving;
- Encouraging international foundations to support philanthropy promotion efforts;
- Exposing more and more local community foundations to developments internationally;
- Targeting messages relating the good stories of community foundation grantmaking to business and government.

SACOFA considers of particular value to identify practices of cooperation between community foundations and multinational corporations elsewhere in the world, and to transfer these practices to South Africa. Of special relevance in South Africa would be extractive industries: for example three big Platinum mines in Rustenburg are multinational companies.

## **Examples of community foundation activity**

Greater Rustenburg participates in the Foundations for Peace initiative – a program for foundations that operate in divided societies. It has recently established a Greater Rustenburg Youthbank, and also participates in the World Bank Community Foundation program.

Uthungulu and Greater Rustenburg participate in the Youthbank program, initiated by the Community Foundation for Northern Ireland.

The Atok Community Foundation supports job creation and local economic development activities. It also supports community capacity building programs.

The Lesotho Community Foundation manages members' bulk buying of agricultural implements, seeds and fertilizers on loan bases.

Greater Durban CF supports environmental preservation programs in partnership with the local government and other nonprofits.

## **Current challenges and future developments**

Current challenges include:

- Wealth disparity along racial lines. Black communities are poorer than white communities, and there are racial bias and prejudice.
- Power relationships on boards in the area of governance – skilled and experienced whites are dominating decision-making.
- Huge and varied demands for limited resources.
- Small economy and wealth creating activities.

## **International links**

Uthungulu and Greater Rustenburg have been involved in international meetings and conferences, including: the Community foundations Symposium in Berlin, meetings held by the World Bank, the European Foundation Centre, the Council on Foundations, and Foundations for Peace (sponsored by the Community Foundation for Northern Ireland).

## **Support Organization: Industrial Development Corporation**

### **History and purpose**

The Industrial Development Corporation of South Africa (IDC) is a wholly state-owned development finance institution and the largest implementing agency of the South African Government's Department of Trade and Industry. The mission of the IDC is to contribute to the generation of balanced, sustainable economic growth in Africa and to the economic empowerment of the South African population, thereby promoting prosperity of all citizens.

In 2003, the IDC established an R50m Foundation Fund to support the establishment of community foundations as means to accelerate socio-economic delivery to communities where the IDC operates. The IDC also considers community foundations to facilitate broad-based black economic empowerment (BEE). The Foundation Fund is one of the IDC initiatives to move towards non-traditional business areas to increase socio-economic impact.

The Foundation Fund is used as a financing mechanism through which the IDC assists community foundations to become shareholders in IDC-financed projects. These projects are financially viable, technically feasible, environmentally sound economically desirable, and provide strong cash flows. The dividends will flow directly into the community foundation. The IDC client covers the operational costs of the community foundation for a minimum of three years. IDC as a financier advises the community foundation on fundraising and endowment building, and assists in facilitating linkages to stimulate new financing and connect financial resources to the community level.

Through the Foundation Fund, the IDC projects will have a more significant socio-economic impact and this will enable the community foundations to become self-funding and sustainable over time. Of the R50m IDC Foundation Fund, R48m has been committed to the six approved community foundations being operationalized. The equity stakes of the community foundations range from 1% to 15%. In monetary value, these have been co-investments of between R3.5m to R15m.

The targeted communities of the Western Cape, KwaZulu-Natal and Mpumalanga Provinces are rural and poor, and are in unserved areas. However, where there have been existing community structures, efforts are made to make maximum use of them in the formation of the community foundation.

### **Structure and organization**

The IDC's head-office is in Sandton, Johannesburg in Gauteng Province and three regional offices in Cape Town in the Western Cape Province, Durban in the KwaZulu-Natal Province and East London in the Eastern Cape Province.

The R50m Foundation Fund that supports the establishment of community foundations is managed and monitored by the Research and Information Department of the IDC. The IDC assumes ex-officio status on the Board of Trustees of the emerging community foundations, to monitor progress, reach and impact and to ensure sustainability. An IDC exit strategy is developed for each community foundation.

Currently the Foundation Fund supports six community foundation initiatives: three in the Western Cape Province, two in KwaZulu-Natal Province and one in Mpumalanga Province. In February 2005 the BAWSI Trust in Western Cape Province was the first among them to be established as a community foundation.

### **Recent accomplishments**

The first IDC-supported community foundation, the BAWSI Trust was launched in Stellenbosch, in the Western Cape Province in February 2005. It conservatively estimates community coverage of between 250,000 and 500,000.

The IDC's Corporate Social Investment (CSI) Unit donated R150,000 to the Uthungulu Community Foundation in 2004.

IDC has pursued strategic alliances and partnerships to strengthen the community foundation movement in South Africa, Southern Africa and Africa as a whole. These include:

- Membership in and affiliation with the Southern African Grantmakers Association (SAGA), with Southern African Community Foundations Association, SACOFA (IDC is an associate member, and the six IDC-supported community foundations are ordinary members, and with WINGS-CF.
- Collaboration with Synergos Institute and SAGA on the three-year Community Foundations Capacity Building Project which will entail focused workshops and short-term Synergos Senior Fellow assignments, strategic advice and mentoring, bi-annual community foundations learning communities to identify and disseminate best practices in community foundations development and programming, and the creation and maintenance of a special community foundations learning website to share knowledge, lessons learnt, resources and useful links.
- Utilization of The World Bank's knowledge-sharing program under the Social Development Department of The World Bank, which promotes community-driven development in Africa.
- Collaboration with the Department of Trade and Industry's Community Public Private Partnership Program (CPPP) and the Black Economic Empowerment (BEE) Partnerships Chief Directorate.

Other possible collaborations and partnerships are being pursued with organizations such as the Mott Foundation, Ford Foundation, The Atlantic Philanthropies, National Development Agency, CAFSA, African Institute of Corporate Citizenship, Development Bank of Southern Africa, International Finance Corporation, other corporates, Foundations and nonprofit organizations.

### **Current challenges/future developments**

The major challenge is facilitating the operationalization of the six community foundations. The other challenge is balancing the financial and developmental returns of IDC investments and shifting mindsets of IDC staff and clients to a more developmental focus to redress financial and economic imbalances due to the legacy of apartheid.

Other challenges: capacity building of Foundation Champions and Board Trustees, community buy-in, setting up effective governance structures, program development and implementation, fundraising, endowment building and sustainability.

IDC plans to cooperate with SAGA's ongoing donor awareness campaign in South Africa, and intends to engage other corporates, the public sector departments, Government implementing agencies and donor organizations and agencies. A donor awareness campaign specifically for emerging and established community foundations will be needed.

### **Additional resources**

The IDC website is < [www.idc.co.za](http://www.idc.co.za) >; as of May 2005 the Foundation Fund activities are not yet covered.

## **Support Organization: Southern Africa Community Foundations Association (SACOFA)**

### **History and purpose**

A meeting of five Southern African community foundations took place in September 2004, hosted by the Greater Rustenburg Community Foundation (GRCF). They decided to establish the Southern African Community Foundation Association (SACOFA), a support network with the following objectives:

- Share experiences, expertise and knowledge among the Southern African Community foundation initiatives and identify best practices
- Formalize mutual support among these organizations
- Develop a set of guidelines for community foundations and act as guardian of the Southern African community foundation movement
- Build organizational and governing structures' capacity
- Enhance the credibility and raise the awareness of the community foundations
- Promote and provide support to emerging community foundation initiatives
- Promote local and indigenous practices of giving as well as encourage community-based philanthropy, and mobilize resources for the network
- Link formally with the global community foundation movement and relate to other relevant development organizations

Founding members: Uthungulu Community Foundation (UCF), Greater Durban Community Foundation (GDCF), Lesotho Community Foundation (LCF), West Coast Community Foundation (WCCF), Greater Rustenburg Community Foundation (GRCF)

### **Recent accomplishments**

A second meeting of the Association was held in November 2004 in Johannesburg to:

- Draft a Charter for incorporation of new members
- Create an organizational identity for SACOFA
- Commence with a process of stakeholder mapping and invite all relevant community foundations to future meetings
- Draft a funding proposal to be discussed during the next meeting.

### **Support Organization: Southern African Grantmakers' Association (SAGA)**

#### **History and purpose**

SAGA is a membership association providing professional services to organizations that fund sustainable development programs in Southern Africa. SAGA was established in 1995 and incorporated as a nonprofit company under Section 21 of the South African Companies Act. SAGA's immediate clients are organizations providing funding and other resources for sustainable development programs. Additionally SAGA's activities benefit development agencies within civil society that are strengthened by ethical and effective funding practices. SAGA's work ultimately supports positive social and economic change in previously disadvantaged communities.

SAGA's 98 members include corporates with social responsibility programs, international donor organizations, local private foundations, government agencies, and grantmaking NGOs.

SAGA's vision is a just, equitable and prosperous social order. SAGA's mission is to enable members to improve sustainable development in Southern Africa by enhancing the relevance and social impact of their funding programs.

SAGA provides professional services to organizations that fund sustainable development programs in Southern Africa. SAGA is positioned independently of the private and public sectors, and can bring together donors, government agencies, and the implementing organizations of civil society. SAGA aims to:

- Conduct research that lays the groundwork for good practice and action;
- Advance and influence funding ethics, legislation, best practice and innovation;
- Advise on program leadership, strategy and implementation;
- Network the donor community to pool resources and share ideas; and
- Develop and mentor grantmaking managers and professionals.

SAGA is now providing customized policy and strategy services to members on request. These services are conceptualized to ensure that SAGA's ethics and values inform donor strategies and implementation plans. So far mainly the corporate members are requesting these services, but other membership sectors are beginning to show interest.

#### **Structure and organization**

SAGA has eight staff and is governed by a board of eight.

### **Recent accomplishments**

SAGA is presently conducting a strategy review process and is in the process of establishing a community philanthropy program that will support various community-based philanthropy organizations including community foundations.

### **Current challenges/future developments**

- Developing and designing a program to support community foundations
- A community giving reference group has been established and comprises community-based philanthropy organizations.

### **Additional resources**

< [www.donors.org.za](http://www.donors.org.za) >

*Correspondent: Christine Deport, Southern African Community Foundation Association (SACOFA)  
Fikile Kuhlase, Industrial Development Corporation of South Africa (IDC)  
Max Legodi, Southern African Grantmakers' Association (SAGA)*

## ZIMBABWE

### The Community Foundation for the Western Region

#### History

The Community Foundation for the Western Region (CFWRZ) arose from a community collective savings program known as *Qogelela*. The Foundation was launched in 1998 under the auspices of the Organization for Rural Associations for Progress, with a small endowment to which more than 50,000 individuals had contributed. It works to improve the quality of life for the economically disadvantaged communities mainly in Matabeleland South, Matabeleland North and the Midlands province, an area in the western region of Zimbabwe with a population of slightly over three million people.

The Foundation supports and mobilizes resources for development initiatives coming from the rural communities. The provinces, although in need of accelerated development programs, are rich in cultural heritage of their people, and have untapped potential as investment hubs. Original funders for the Foundation were the communities themselves, the Carnegie Corporation, the Open Society Initiative for Southern Africa and the UNDP.

The CFWRZ is the first grantmaking community foundation in Zimbabwe.

#### Current situation

##### Facts and recent developments

The Foundation's donors and partners include: the McKnight Foundation, the Bernard van Leer Foundation, Rotary Club of St. Croix, the Open Society Initiative for Southern Africa (OSISA) and individuals at the national and international level. The Foundation has used its annual reports, brochures, and website to market the organization. However, there is need to improve and continuously update our website < [www.westfound.com](http://www.westfound.com) > which has experienced technical difficulties.

##### Activities

Activities include:

- grantmaking
- convening
- working with donors and partners both at the community and international levels
- local fundraising
- seeking international grants
- networking at the national, regional and international levels by attending conferences and meetings

##### Examples of community foundation activity

- Facilitating capacity building, co-financing and exchanges among home based orphan care groups in the provinces (HIV/AIDS & Development Program)
- International learning exchanges
- Facilitating workshops to build capacity of School Development Committees (SDCs), an education program

- Exchange with community foundations in Canada and the US to learn more about their fundraising, in particular their endowment building strategies. This exchange, facilitated by the Synergos Institute and Community Foundations of Canada and funded by the Ford Foundation, has created shared learning that is adding value to the Foundation.

### **Community foundation staffing**

CFWRZ is run primarily by the paid professional staff. Two staff persons were hired at the setting up phase, one in charge of administration and one of programs. A year after the launch, gaps were identified and a finance position was immediately filled. This has been followed by the addition of other finance and program staff and subsequently the appointment of an Executive Director. The total staff count is eight.

### **Community foundation income**

#### Donor category

International foundations:	99.9%
Individual contributions:	0.1%
Government grants:	Nil
Corporations:	Nil
Local foundations:	Nil

Note that, despite 50 000 individual contributions to the seed endowment fund from community members, the percentage is small compared to the contributions from international foundations.

#### Purposes

- Unrestricted grants
- To fund specific programs
- Operating costs

#### Permanent funds/sustainability

Endowment building is part of the Foundation's sustainability strategy. At present, the financial endowment stands at US\$17,035. The Foundation also has a permanent asset (a building) worth US\$40,323, which is part of its endowment.

### **The environment for charitable giving**

#### Local attitudes

Positive attitudes towards community philanthropy are embedded in the culture. However, the socio-economic challenges in the country are affecting community philanthropy.

#### Legal and tax environment

CFWRZ like other NGOs is exempted from paying taxes, eg on its bank investments. More legal and tax incentives for giving need to be put in place.

### Changing attitudes and the national or regional environment

In order to change attitudes, more technical support for fundraising is required and there is a need for additional financial resources. This includes raising awareness within the corporate sector and individuals on the subject of philanthropy.

### **Current challenges and future developments**

- Raising adequate funds to meet the numerous challenges every year
- Reaching out to meet an array of community needs
- Raising endowment funds
- High inflation and other economic challenges raise the prices of goods and services, reducing the community foundation's effectiveness in addressing many needs

### **Support needs**

Community Foundations of Canada and the Synergos Institute have both offered technical support on grantmaking and exposed our Foundation to others in Canada and the US.

### **International links**

The CEO is a former Synergos Senior Fellow and maintains contact with Synergos and other alumni of the program. Interaction with others gives more insight into areas of fundraising, grant management, etc. The peer exchanges are very important.

*Correspondent: Inviolatta Moyo, Community Foundation for the Western Region  
(Zimbabwe)*

# AUSTRALIA

## Community foundations

### History

Community foundations are still a relatively new concept within Australia. Australia's first community foundation, the Victorian Community Foundation was established in 1983. It was followed by the Tasmanian Community Foundation in 1995 and the Melbourne Community Foundation in 1997.

In 2000, Philanthropy Australia, the membership association for philanthropic trusts and foundations, made the support and development of community foundations one of its principal objectives. Also in 2000, the Foundation for Rural and Regional Renewal (FRRR) was established. Funding for the foundation came from the Australian Government's Department of Transport and Regional Services and also from the Sidney Myer Fund, ANZ Bank and The Pratt Foundation. One of FRRR's specific objectives was to support the establishment and development of community foundations especially in rural and regional Australia.

Many more community foundations have now been established. The special factors at work to create community foundations have been the desire, especially in rural areas, of the local population to develop their voice and be able to have greater input and say in their own areas, rather than being beholden to the big cities and state/federal governments for development. In some cases there has been a reduction of services and dismantling of rural infrastructure, such as when rural hospitals have been closed in favor of consolidation in bigger cities.

### Current situation

Philanthropy Australia and the FRRR continue to work on the establishment and development of community foundations. The Commonwealth Government has accepted that community foundations have the capacity to play an important local and regional role in social and economic development.

The rate of community foundation formation is now steady, with six launched in 2004 and a potential for a further five this year. Growth has been rapid from three in 1997 to 17 in early 2004 and now 27 in early 2005.

In terms of geographical coverage, the majority of the Australian population is found in the major cities that are located on the Eastern and Southern coasts. Emphasis to date for the establishment of community foundations has been on rural and regional communities. Tasmanian Community Foundation covers the state of Tasmania. In West Australia there is now umbrella coverage of the whole state by the Western Australian Community Foundation (WACF) based in Perth. In the State of Queensland, coverage in one form or another is about 80% of the population.

There is a need for more urban foundations or urban funds that can relate to a community. The question is: "What is and where is my community?"

The same is true for Sydney in the State of New South Wales. The Sydney Community Foundation was launched in 2004 to serve as an umbrella organization for suburban funds and

communities in the region. Rural coverage in this state will soon be around 70% of the population.

In Victoria, the city of Melbourne has three community foundations for a population of around 3.5m. In regional Victoria, population coverage from seven established community foundations, plus another two to be developed this year, will mean coverage of around 85%.

Due to taxation rules, Australian community foundations have to work through established nonprofit organizations. Work is under way to streamline the way community foundations are formed and to build greater capacity to deliver programs.

Overall the trend in Australia is one of steady progress with established foundations working hard to become self-sustaining. In most cases, executive staff is part-time due to the level of funding available.

### Complete list of community foundations

Number of community foundations formally established: 27  
 Additional community foundations at early stages of development: 14

	<i>(Year of foundation)</i>
Albury/Wodonga Community Foundation, Albury, New South Wales	2006
Ballarat Foundation, Ballarat, Victoria	2001
Bass Coast Community Foundation, Wonthaggi, Victoria	2003
Borossa Light Community Foundation, Tanunda, South Australia	2003
Broken Hill Community Foundation, Broken Hill, New South Wales	2001
Buderim Community Foundation, Buderim, Queensland	2004
Capital Region Community Foundation, Canberra, Australian Capital Territory	2003
Central Queensland Community Foundation, Rockhampton, Queensland	2004
Community Foundation for Bendigo and Central Victoria, Bendigo, Victoria	2003
Chaffey Community Foundation, Mildura, Victoria	2001
The Eastern Victoria Community Foundation, Lakes Entrance, Victoria	2003
Foundation Boroondara, Camberwell, Victoria	2003
Geelong Community Foundation, Geelong, Victoria	2000
Greater Melbourne Community Foundation, Melbourne, Victoria	1999
Melbourne Community Foundation, Fitzroy, Victoria	1997
Mumbulla Community Foundation, Bermagui, New South Wales	2002
Northern Rivers Community Foundation, Byron Bay, New South Wales	2004
Queensland Community Foundation, Brisbane, Queensland	1998
Stand Like Stone Community Foundation, Mount Gambier, South Australia	2004
Sydney Community Foundation, Lane Cove, New South Wales	2004
Tasmanian Community Foundation, Launceston, Tasmania	1995
Tomorrow Today Foundation, Benalla, Victoria	2002
Tumut Community Foundation, Tumut, New South Wales	2004
Western Australian Community Foundation, East Perth, Western Australia	2004
Whitehorse Foundation, Nunawading, Victoria	2002
Wingecarribee Community Foundation, Bowral, New South Wales	2002
Wyndham Community Foundation, Hoppers Crossing, Victoria	2003

#### **In development:**

Southwest Victoria Community Foundation, Warrnambool Victoria  
 Goolwa, South Australia  
 Eyre Peninsula, Port Lincoln, South Australia  
 Loxton Waikerie, Loxton, South Australia  
 Stonnington, Prahran, Victoria

Note: There are a further nine community foundations in the very early stage of discussion and feasibility study.

## Community foundation staffing

About 80% of established community foundations have paid staff, most working part-time for two to three days per week. The two largest community foundations, Melbourne Community Foundation and Greater Melbourne Community Foundation have full time staff. (Note that in Australia all board members are unpaid and, in some instances, they are acting as unpaid staff as well.)

The start-up operations for the Western Australian Community Foundation have been well resourced and funding is available for two full time staff for three years. Generally, the aim has been at start-up, where seed funding is available, to have a part-time paid staff member to look after administration, marketing, promotion, development and fundraising.

Pro bono support has been utilized for legal and accounting work, and in design for promotional materials, etc.

## Community foundation income

### Donor category

- Federal and State Governments via FRRR and Philanthropy Australia with some support from local councils provided funding for feasibility studies and start-up
- In the beginning the Mott Foundation, and currently Philanthropy Australia and domestic foundations provide development support
- In the case of the Western Australian Community Foundation, the corporate sector, ie Alcoa and the Lotteries West fund, has provided support for three years.
- Individual and family donors provide probably 90% of inflow for new funds for the more established foundations.
- Pro bono time from corporates for: accounting, marketing, hosting of websites, auditing, etc. is significant.

### Purposes

- Funding for feasibility studies
- Funding for set up and establishment costs
- Flow-through funding for local and small grants programs (matching funds may be needed)
- Gifts from individuals to assist with administrative funding
- Funds for specific programs
- The largest inflow of funds, about 80%, has been for unrestricted grants and endowment.

### Permanent funds/sustainability

Sustainability is a very live issue given the many new and developing foundations in Australia. Apart from funding for foundation start up, about 80% of new funds have been for endowment building. Most of the new funds in the past year have gone to the longer established community foundations. Funding for operating costs is not generally available from local foundations. However, local foundations are willing co-fund projects.

Many of the newly established community foundations are yet to develop any significant amount of endowment funds, for the following reasons:

- Bequests take time to come through.
- In the short term reliance is on tax-deductible gifts.

- Many potential donors are only prepared to make smaller donations, while they assess whether the foundation will build a strong and enduring track record.

Progress is and probably will continue to be slow until a foundation has gone through a few annual cycles, made some grants, and had an impact in the community.

Administration fees on flow-through funding are another potential source of operating income. Foundations are building relationships with local businesses to develop their corporate philanthropy. Some foundations have raised funding through establishing a network of “Friends of the Community Foundation”, while others have run fundraising dinners, auctions and opening nights.

## **The environment for charitable giving**

### Local attitudes

There is much interest in the concept of community philanthropy in Australia, but this has yet to be borne out by the level of donations for endowment. Local community foundation staff and trustees are doing much work to spread the idea and to develop endowments.

In some rural areas there are constraints on the community foundation’s activities due to the rules imposed by the Tax office in relation to tax-deductible gifts and how they are used.

### Legal and tax environment

All donations of A\$2 and above made to a nonprofit entity that has Deductible Gift Recipient (DGR) status are tax deductible. Donations to the public fund of a community foundation have this status. Gifts can be in the form of property and shares.

There are no special incentives for community foundations. In fact community foundations can only operate via established DGR-endorsed charitable organizations.

At present Philanthropy Australia, along with FRRR, is working with government to streamline the structures needed to form a community foundation in Australia. The aim also is to enable these foundations to deliver programs directly to their communities, rather than, as at present, having to work through existing DGR endorsed charitable organizations. This change will greatly enhance community foundations with their activities in many rural areas.

The level of government incentives is not a problem for community foundations in Australia.

### Changing attitudes and the national or regional environment

As explained above, work is well advanced to improve the environment for philanthropy and community foundation activities in Australia.

## **Examples of community foundation activity**

The State of Western Australia has a small, highly dispersed population. About 10% of Australia’s population is spread over 30% of the country’s land area, representing around two million people.

The Western Australian Community Foundation (WACF) was launched in June 2004 and has been tailored to suit the region and people involved. The board takes a practical, business-like approach based on the clear view that it is not a charity, and that it does not compete with

existing charities for funds. The WACF's aim is to give people a way to invest for the long term in the future of their communities. This is to complement the local short-term giving that funds many important projects.

The Governor of the State (who is the Queen's representative as Head of State, rather than a member of the government) supported the start up of the WACF from the beginning. The aim is to have one umbrella administration structure to cover the whole state allowing communities large and small to develop their own community funds to be pooled and managed for the benefit of the participating communities.

The WACF model enables communities of different types all across the State to establish capital accounts. These include geographic communities such as the tiny wheat belt town of Hyden, and community sector groups like the Friends of Kings Park in Perth. Both the governor and the Board Chairman take every opportunity to remind people that "community" can come in all shapes and sizes. WACF is keen to help each of them, so that they do not always have to start fundraising from scratch. Bequests are another major focus and are expected to become a major growth area for funding.

The WACF aims to become self-sufficient. However, in the short term, support to cover the early years of development is coming from major benefactors including the Department of Local Government and Regional Development, the Myer Foundation, Alcoa, St John of God Health Care, and Rio Tinto.

The WACF is an example of an umbrella organization for a large and, in many places, thinly populated land area. Other regions in Australia may emulate this model as they develop their community foundations to ensure long-term sustainability and allow small population areas to participate and build their own fund base. The Sydney Community Foundation seeks to achieve the same results, but in a highly urbanized population area of four million people.

Other community foundations are also responding to the needs of their particular areas. The Wingecarribee Community Foundation is effective in their work with youth. Mumbulla operates a very successful small grants program for the local council. The Geelong Community Foundation has been making significant grants to organizations in the region covered. Details of grants are available on the GCF website: < [www.geelongfoundation.org](http://www.geelongfoundation.org) >.

## **Current challenges and future developments**

The major challenges in the short term include:

- Funding for operating costs in the first years of a foundation's life.
- Establishing a track record in the form of small grants to the community and development of some endowment funds.
- Promoting the community foundation concept and ensuring it is understood and known by all those who can contribute to success.

In the longer term the challenge is to build endowments from tax-deductible gifts and bequests.

There is a need to position the community foundations as an important community resource that is independent and can make a real contribution to the life and well-being of local communities.

Looking back in 15 years time, even though the early going was hard and demanding, we expect to see successful community foundations that are adequately resourced and endowed.

## International links

Australians have attended community foundation conferences in the USA, Canada and Europe. Marion Webster (Melbourne Community Foundation) worked in the UK in 2003 as interim CEO with Community Foundation Network. Ruth Jones, who was the General Manager of Philanthropy Australia, is working with Community Foundations of Canada.

Community foundation practitioners from the UK, Canada and the US have visited Australia to speak at community foundation forums. They have also spent time with individual foundations during these visits. Overall there has been a good exchange of information from visits to and from the Northern Hemisphere.

The Mott Foundation provided funding for community foundation initiatives over the past three years.

The exchanges of ideas, people and information have been helpful in developing Australia's knowledge, and assisted in progress with the growth of the community foundation movement.

## Support Organizations

### History and purpose

Philanthropy Australia is the national membership organization for private, family, corporate and community foundations. In 2000 its Council decided that development of, and support for, community foundations would be a major policy objective. Since then the organization has dedicated substantial resources to supporting community foundations and their development.

Actions include:

- Providing feasibility study funding for new community foundations
- Legal and tax advocacy on behalf of the sector with the Australian Taxation Office and Commonwealth Government
- Co-hosting with the Foundation for Rural and Regional Renewal (FRRR) the annual Community Foundations Forum
- Working with FRRR to develop the Community Foundations Kit
- Employing a Community Foundations Development Officer on a part-time basis to provide advice and support to new and emerging community foundations, whether or not they are members of Philanthropy Australia
- Preparation of generic marketing materials for new community foundations
- Development and maintenance of the Community Foundations Gateway on the Philanthropy Australia website: < [www.philanthropy.org.au](http://www.philanthropy.org.au) >
- Maintaining the community foundations email listserv

The FRRR, founded in 2000 as a partnership between the Sidney Myer Fund and the Commonwealth Government of Australia via the Department of Transport and Regional Services, is Australia's only national philanthropic foundation dedicated to rural and regional Australia. Its role is to work in partnership with the private sector, governments, community organizations and philanthropy to champion the economic and social strength of Australia's regional, rural and remote communities. One of its objectives is to stimulate the renewal of rural and regional communities in Australia by supporting the development of community foundations.

It has provided:

- feasibility study funding,
- start up seed funding, and
- small grants funding for foundations.

It offers:

- legal advice related to the establishment of community foundations,
- board training and support, and
- the Community Foundations Kit which it developed.

## **Structure and organization**

Philanthropy Australia is a membership association. It has eleven paid staff, not all of whom are full time. Apart from funding community foundation development from grants and employing the Community Foundation Development officer, the work of Philanthropy Australia in relation to community foundations is as listed above. Philanthropy Australia's income is derived from membership fees and foundation grants.

The board of Philanthropy Australia oversees the community foundation work, however, there is also a Community Foundation Committee, consisting of community foundation representatives along with Philanthropy Australia and FRRR representatives. This committee is actively involved in helping to set direction for community foundation activities and members are from community foundation boards and staff.

## **Recent accomplishments**

Over the second quarter of 2005 there will be three Regional Forums held for Community Foundation staff and Board members. The aim is to give solid training to those attending so that they can make their foundations more effective.

In 2004, funding was received to develop community foundations in the Newcastle (Hunter) Region of New South Wales (NSW), as well as in Albury, NSW and Wodonga, Victoria, which adjoin each other across the Murray River. It will be known as the Albury/Wodonga Community Foundation. These foundations should launch by mid-2005.

Last year the development of the WACF was widely promoted in the special summer issue of Australian Philanthropy.

The Community Foundation Development Officer continues to work with emerging community foundations as well as assisting those that have been formally launched. Funding for further development of community foundations continues to be sought from the various levels of government.

It is hoped that the research project on legal and tax reform at the national level which started in 2003 will soon come to fruition and new structures will be approved for establishing community foundations, along with the ability to operate programs directly, especially in remote rural areas.

FRRR and the Foundation for Young Australians are cooperating with a number of community foundations to promote youth involvement in philanthropy.

### **Current challenges/future developments**

Work to establish community foundations in unserved areas is continuing. Some of this effort has to wait for resolution from government of the research project initiative, which is expected in the first half of 2005.

The Northern Territory should be able to support a community foundation. This will wait until an assessment of the progress made by WACF model umbrella organization is made.

A number of emerging foundations are being assisted at present from feasibility to the start up phase of their development.

### **Additional resources**

Download Philanthropy Australia Annual Reports at:

< [www.philanthropy.org.au/about/annreport.htm](http://www.philanthropy.org.au/about/annreport.htm) >

Up-to-date information about Australian community foundations can be accessed at:

< [www.philanthropy.org.au/community/index.html](http://www.philanthropy.org.au/community/index.html) >

Information about the Foundation for Rural and Regional Renewal can be found at:

< [www.frrr.org.au](http://www.frrr.org.au) >

*Correspondent: Andrew Lawson, Philanthropy Australia*

# INDIA

## Community foundations

### History

While the Western models of community foundations are of recent origin, indigenous models of community foundations date back as far as the twelfth century. They did not have all the features of a modern community foundation, but in essence they can be described as community foundations.

The first community foundation taking a modern form is The Bombay Community Public Trust (BCPT), established in 1991 by the Centre for Advancement of Philanthropy. BCPT's origins date back to the 1980s, when The Ford Foundation in collaboration with the Centre for Policy Research organized the first conference on corporate philanthropy in India. As a result, the Centre for the Advancement of Philanthropy (CAP) in Mumbai (Bombay) was founded, the first organization to promote philanthropy in India, led by HT Parekh, a philanthropically-minded, high-powered CEO of a big public sector banking institution. Mr. Parekh was against foreign funding and secured funding from corporations and foundations in India. Although CAP did not receive foreign funding, they were open to new ideas, one of which was the community foundation concept. Subsequently, again under the leadership of Mr. Parekh, BCPT was formed with capital donated by several corporations and foundations, the most notable among the latter being the Sir Ratan Tata and Sir Dorab Tata Trusts.

Today, apart from the BCPT, there are two other community foundations: the Ahmedabad Community Foundation, which is not yet registered, and the Nav Maharashtra Community Foundation. The Ahmedabad Community Foundation (ACF) was formed with encouragement from The Ford Foundation. Nav Maharashtra Community Foundation in Pune has also received assistance from The Ford Foundation.

There are also several indigenous models in India including the 350-year-old Bombay Parsi Panchayat managing funds worth more than US\$20m. There are many organizations emerging in rural areas that have some of the characteristics of self-help groups and some of the characteristics of community foundations and these are the subject of research and encouragement but cannot yet be described as community foundations in any full sense.

### Current situation

- Only a few cities have modern community foundations
- Community foundations have not made much headway; the rate of formation is low; and the proportion of the population covered is negligible
- Philanthropic traditions are different in India and sustained promotion of the concept is needed
- Only the oldest community foundation, BCPT, has some track record of grantmaking. The other two are very new and, of these two, only the Nav Maharashtra Community Foundation has made some initial grants in rural areas

## Complete list of community foundations

Number of community foundations formally established:	3
Additional community foundations at early stages of development:	0

Information on the three community foundations in India can be found on their websites:

Ahmedabad Community Foundation < [www.acfindia.org](http://www.acfindia.org) >

Bombay Community Public Trust < [www.bcpt.org](http://www.bcpt.org) >

Nav Maharashtra Community Foundation < [www.navam.net](http://www.navam.net) >

## Community foundation staffing

Indian community foundations have had paid staff right from the beginning in the areas of administration, finance and program. Only the Board members are volunteers.

## Community foundation income

### Donor category

Sources of income for community foundations are mostly grant funds from international donors and contributions from the public, as well as from companies and other Indian trusts and foundations. All plan to build endowment.

### Permanent funds/sustainability

In some instances community foundations request that about 10% or 15% of the income be set aside every financial year for endowment growth. This is legally permissible under the Indian income tax act of 1961.

## The environment for charitable giving

### Local attitudes

Local attitudes towards charitable giving are favourable. Philanthropy has a long tradition, but the modern version has to be promoted. Indigenous models have to be documented and encouraged to add on more features, and broaden their scope.

The legislative and fiscal environment is favourable for the formation of foundations. There are three principal enactments under which they can be incorporated, and fiscal incentives in the form of tax rebates and exemptions exist. There are no real impediments except those of bringing people together for common action, mobilising local resources, and getting committed people to run these organizations. An initial impetus is needed to spread the concept widely, and to do the preparatory work. No foreign donors, nor Indian foundations, have thus far offered the kind of financial assistance needed to help promote the idea.

### Legal and tax environment

There are no legal barriers to forming community foundations, and they can be incorporated under any one of the three forms of incorporation available.

The income of all NGOs in India is tax exempt provided they follow certain norms laid down under the income tax act (eg utilization of at least 85% of the income in each financial year; investment of funds only in approved securities; and Board members and their relatives not deriving any personal benefit).

Donors generally enjoy tax deductions ranging from 50% to 100%. There are no special tax incentives for community foundations.

#### Changing attitudes and the national or regional environment

A more supportive environment needs to be created by promoting the community foundation concept. Sustained resources are needed, both financial and human, to popularize the concept with the public and to set up model organizations throughout India.

Taxes seem to affect giving in two ways. High taxes reduce income and wealth, leaving the individual with less money to give away. On the other hand, generous tax deductions for charitable giving encourage people to give more with less loss of income. It seems that tax incentives do not motivate people to give in the first place, but they do encourage them to give more generously.

Donors often argue that the present tax incentives offered to donors are not attractive. With the maximum marginal rate of income tax in India being 30%, offering a deduction of 50% on charitable contributions and, that too, only up to a maximum of 10% of the donor's income, is not considered attractive enough. Only contributions to certain approved projects qualify for 100% deductions.

#### **Example of community foundation activity**

In August 2003 the city of Mumbai witnessed a series of bomb explosions that resulted in the destruction of human life and property. Soon after, Bombay Community Public Trust (BCPT) took the responsibility of working for the relief and rehabilitation of the victims. BCPT decided to set up the endowed Mumbai Disaster Relief Fund and earmarked from its own reserves an amount of 500,000 rupees for the Fund. (Currently €1 = INR 57)

This action was stimulated by Mr. R M Lala, chairman of CAP and a founder trustee of BCPT. The Tata Power Company and CAP donated 100,000 rupees each.

In collaboration with others, BCPT organized a counseling session on coping with loss for the victims and their families. It set up a Referral and Resource Centre and gave its services to the Relief and Rehabilitation Committee of corporates, which had been set up by the Government of Maharashtra to augment and complement the relief work undertaken by the Government. The Trust collected data on the victims and their families, the majority of whom belonged to the underprivileged section of society, and developed vital grants programs to address short term needs and longer term rehabilitation.

For the future, disaster preparedness and management in Mumbai will continue to be on BCPT's agenda. In March 2004, BCPT started a series of workshops for disaster preparedness and management for voluntary organizations, community-based organizations and student groups, in collaboration with Sarista Foundation. It will also endeavor to strengthen its Disaster Relief Fund, and seeks participation and support from individuals and companies.

#### **Current challenges and future developments**

- To raise awareness of the community foundation model. It needs sustained promotion, for which funds are needed.

- To have the community foundation concept accepted in government policy as a model worth promoting for anti poverty programs along with other community self help models such as self help groups, cooperatives and the like.

### **International links**

In 2000 The Ford Foundation approved a grant of US\$45,000 to the BCPT to “study community foundations in Asia and the USA”. It provided for a very interesting, eye-opening and useful study tour of Hong Kong, Singapore and the USA. Plenty of useful material and experiences were gathered and good contacts and networks were established.

A board member of the Nav Maharashtra Community Foundation has attended the Council on Foundations Fall Conference for Community Foundations.

## **Support Organization: Sampradaan – Indian Centre for Philanthropy**

### **History and purpose**

Established in 1996 as a national level organization by a group of distinguished individuals from various fields, Sampradaan – Indian Centre for Philanthropy (SICP) represents an effort to facilitate the practice of philanthropy and to increase its social impact. Its vision is an India in which private resources of money, assets, time and skills are shared willingly and used effectively to create a developed and equitable society. Its mission is to help strengthen civil society by enhancing the effectiveness of philanthropy. Sampradaan’s objectives are

- to promote a culture of giving
- to ensure more effective philanthropy by acting as a resource for civil society in India
- to influence public policy for support of philanthropy and to advocate for it, and
- to encourage and promote cooperation between the state, corporate sector, and civil society organizations for improved philanthropic practice

In pursuit of its objectives SICP plays three interlinked roles: a resource center doing research, documentation, dissemination; an advocate for philanthropy; and a donor advisor and convener. SICP fulfils its mission and objectives by undertaking research, advocacy, training; dissemination of information; playing a convening role for networking; and providing consultancy assistance to individual and institutional donors on philanthropic issues and practice. It neither collects funds on behalf of others, nor gives funds.

It has, in the past, conducted several surveys: of donor agencies; on charitable giving and fundraising in India; and on volunteering. It has also undertaken case studies of trusts and foundations, charitable organizations, NGOs and religious organizations. The studies have culminated in several publications.

SICP publishes a bi-monthly newsletter, “Sampradaan”, which reports on events, research, good practice and developments in Indian as well as global civil society.

The organization has been in the forefront of advocacy on behalf of the voluntary sector in India, especially in relation to tax and law reforms.

## Structure and organization

Sampradaan originally was envisioned as a membership association, but this aspect has not been developed due to several constraints. Instead it has acted mostly as a catalyst organization promoting philanthropy. It does not work solely for community foundations, but has been promoting the concept as one form of philanthropy.

SICP's board does not have anyone exclusively connected with community foundations. It has paid staff with some volunteer help. Its sources of income are interest from its small endowment, grants, sales of publications, subscriptions for its newsletter, and membership dues.

## Recent accomplishments

Sampradaan has been working to create awareness of community foundations through writing about the concept in newspapers and journals, doing presentations about it at different forums, and producing a guide to community foundations. At various meetings of policy makers on different poverty alleviation issues, Sampradaan has advocated the establishment of community foundations at grassroots and local levels as a means for mobilizing local resources for development.

In its consultancy for the Delhi office of the World Bank, on encouraging private sector involvement with a major poverty alleviation program, SICP recommended the establishment of district level community foundations.

Similarly, SICP has taken every opportunity to interest NGOs and foundations to promote community foundations at local level, especially for rural development, among them being participation in a meeting in Andhra Pradesh, one of the Indian states, to promote pilot community foundations. It has in addition

- documented instances of indigenous quasi community foundations,
- written memoranda to government urging the adoption of the community foundation model in development programs,
- made efforts to start a Delhi Community Foundation (not successful as yet),
- presented a paper on using the community foundation model for rural poverty alleviation at *Community foundations: Symposium on a global movement* in Berlin in December 2004, organized by WINGS-CF and ISTR, and disseminated it widely, and
- canvassed the World Bank in Washington to allocate resources for promoting community foundations in India.

SICP works with limited resources. A sustained promotional effort with dedicated staff is needed to promote an awareness of the concept and to promote such entities on the ground.

## Current challenges/future developments

Two activities are envisaged for the future:

- preparing a more detailed documentation of the Gram Vikas's village funds
- bringing all the players together for a conference to discuss how to promote the concept

## Additional resources

Sampradaan's publications include: "Bombay Community Public Trust"; "Our Community Our Responsibility", a guide to setting up and running community foundations; a report written by Pushpa Sundar on "Gram Vikas Kosh – An indigenous model"; "Community Foundations for Rural Poverty Alleviation" (written for the Berlin Symposium). These and other pieces from the newsletter are available at < [www.sampradaan.org](http://www.sampradaan.org) >.

"Funding Tsunami Rehabilitation: A New Paradigm", published in the online newsletter Infochange India, argues for the establishment of a community foundation in the Tsunami-affected districts. It is available at < [www.infochangeindia.org/analysis64.jsp](http://www.infochangeindia.org/analysis64.jsp) >.

## Support Organization: The Centre for Advancement of Philanthropy

### History and purpose

The Centre for Advancement of Philanthropy (CAP) in Mumbai is a nonprofit organization established in 1986 to offer a range of services to the philanthropic sector. The Centre provides guidance, advice and assistance to a wide range of philanthropic institutions in areas of charity law, taxation, resource mobilization, human resource development, good governance and effective management. The Centre has on its board of management a wide range of resource persons (including a retired charity commissioner, a retired income tax commissioner and financial consultants) whose expertise it regularly taps or makes available to all those who seek assistance.

### Structure and organization

The Centre has about 500 subscribing members representing a wide range of grantmaking foundations, corporations, leading NGOs, and professionals such as lawyers and financial advisors engaged in the philanthropic sector.

The Centre's income includes:

- interest/dividend from endowment
- dues from members
- sales of books and other publications
- voluntary donations from foundations and corporations.

### Recent accomplishments

The Centre undertakes research and critical appraisal of public policies affecting philanthropy and serves as a clearing-house of information in the field. Whenever required, it also advocates the cause of the philanthropic sector before the Government, public bodies and the media.

The Centre assists with registration formalities with the charity commissioner/registrars of societies, obtaining tax exemptions, FC(R)A registrations/permissions (no NGO in India can accept grants or donations from abroad unless they have this permission), encouraging judicious investment of funds, financial accounting, good governance and, to a limited extent, resource mobilization.

The Centre also periodically organizes seminars, conferences and workshops to assist organizations enhance their effectiveness.

The Centre publishes a bi-monthly journal, “Philanthropy”, which covers legal and tax issues, and provides comment and analysis, views and profiles. The Centre has also published the following books:

- Laws Governing Voluntary Organizations in India
- Management of Philanthropic Organizations
- Guide to the Accounting Function
- The Art of Successful Fundraising
- Profile 500
- Diaspora Philanthropy
- Merchants of Philanthropy – Profiles in Good Corporate Citizenship
- Good Governance & Effective Boards for Voluntary/Nonprofit Boards

### **Current challenges/future developments**

Recently the Asia Pacific Philanthropy Consortium, whose mission is to promote the flow and effectiveness of philanthropy in the Asia Pacific region, undertook the first regional study on individual philanthropy. This research, “An Exploratory Study of Philanthropic Leadership and Development: Perspectives from Six Asian Countries”, is aimed to increase philanthropic giving by finding out from high net worth philanthropists:

- how and why philanthropists become involved in giving,
- how they currently give, and
- what the obstacles and challenges are to continued or increased giving.

CAP conducted the study in India (the full report will be on the APPC website later in 2005).

## **Support Organization: The Ford Foundation New Delhi Office**

### **History and purpose**

The Ford Foundation’s New Delhi office was opened in 1952 at the request of then Prime Minister Jawaharlal Nehru. It currently supports organizations in India, Nepal and Sri Lanka in the areas of higher education, arts and culture, governance, philanthropy, civil society, economic development, reproductive rights, and environment.

Its work on promoting indigenous philanthropy has led to start-up support for key foundations in the region, including the National Foundation for India, the India Foundation for the Arts, the Dalit Foundation, and others. Ford support has proven instrumental in the establishment and growth of three community foundations in India: the Ahmedabad Community Foundation, the Bombay Community Public Trust, and the Nav Maharashtra Community Foundation. Ford also has provided support for infrastructure organizations, such as the Centre for the Advancement of Philanthropy and Account Aid. Additionally, Ford has supported the development of community-based philanthropy – not typical “community foundations” but community-based efforts to mobilize local resources in response to local needs. Grantees in this area include the DHAN Foundation in Madurai and Seva Mandir’s Gram Vikas Kosh in Rajasthan state. More recently, Ford has emphasized the development of philanthropy for social justice.

### **Recent accomplishments**

The Foundation regularly provides opportunities for peer-to-peer exchange, learning, and participation in training and conferences for key foundation staff. Ford also provides opportunities for foundations to meet and discuss areas for collaboration and issues of concern to the philanthropic sector. Such opportunities help grantee foundations strengthen their governance, resource mobilization, grantmaking and institutional development.

### **Current challenges/future developments**

The field of foundation building has several challenges in India: corporate donors often wish to give through corporate foundations; wealthy individuals prefer to give through family foundations rather than through community or public foundations; and there is public criticism of the NGO sector. However, it is anticipated that future developments in the field of NGO accountability, in experimenting with innovative ways of domestic resource mobilization, and in improving the enabling environment for philanthropy, would all help build the capacity of community and other foundations in India.

*Correspondents: Pushpa Sundar, Sampraadan Indian Centre for Philanthropy  
Noshir H Dadrawala, Centre for Advancement of Philanthropy  
Sushma Raman, The Ford Foundation*

# JAPAN

## Community foundations

### History

There are at least two community foundations in Japan. The **Osaka Community Foundation**, the first community foundation in Japan, was formed in November 1991 at a time when Japanese business was still good, before the long recession of the 1990s. The Osaka Chamber of Commerce & Industry contributed the original fund, after which the founding members followed.

The **Citizens (Shimin) Fund Kobe** was formed as a result of the 1995 Great Hanshin-Awaji earthquake. In the wake of the earthquake a community fund, the Hanshin-Awaji Community Fund, was established in May 1996. It was endowed with the proceeds of motorboat races held especially to generate earthquake relief funds. The fund totaled 800m yen (about US\$7.4m). The Community Fund focused on three grant areas: community redevelopment, community service, and support for nonprofit organizations and philanthropy. It was structured to spend its funds and terminate within three years; it ceased operations at the end of March 1999.

The Citizens Fund Kobe was formed in 1999 by a group of volunteers as a permanent successor organization to the Hanshin-Awaji Community Fund. It was established under the new NPO Law that came about in response to the aftermath of the earthquake. The purpose of the Citizens Fund is not just to continue recovery activities, which are still needed, but also to help consolidate a base of financial support for nonprofit organizations. Prior to formation, the Citizens Fund Kobe raised its own money; it also received a transfer of the remainder of the Hanshin-Awaji Community Fund's assets. Growing the fund is proving a challenge due to the current downturn in the Japanese economy, and the fact that the crisis conditions created by the earthquake have faded. Returns on investments in Japan are minimal and fundraising is difficult. However, the Citizens Fund's commitment to improving the lives of the citizens of Kobe, through its support of local nonprofit organizations, remains strong.

The Osaka Community Foundation is the only community foundation in Japan formed under the relatively stringent foundation laws in Japan. The Citizens Fund Kobe was formed under the newer NPO legislation, passed to encourage the formation of nonprofit organizations, after the disastrous response of local and national governments to the 1995 earthquake.

### Complete list of community foundations

Osaka Community Foundation, < [www.osaka-community.or.jp](http://www.osaka-community.or.jp) >  
Shimin (Citizens) Fund Kobe

There are several other areas in Japan where community foundation have been explored, for example, Kobe and Kanazawa, but they have not yet successfully formed community foundations.

### Community foundation staffing

The Osaka Community Foundation has two paid staff members and an executive director. The executive director is in charge of the overall administration and also holds the title of chief

secretary. The more senior of the other staff members is temporally transferred from The Osaka Chamber of Commerce & Industry (OCCI) and is in charge of finance and grants. His salary is paid by OCCI. The other is an assistant staff member and is paid by The Osaka Community Foundation.

### **Community foundation income**

Support for the Osaka Community Foundation comes from corporate sponsorships, individual contributions and corporate grants, which ensure the foundation's sustainability. There are no governmental grants or subsidies. Individual and corporate grants come, for the most part, by domestic donors.

### **The environment for charitable giving**

#### Legal and tax environment

There are no special incentives for community foundations compared to other types of foundations. Tax incentives by the government are not enough: tax incentives for individuals need to be strengthened.

#### Changing attitudes and the local/national environment

The law of Nonprofit Organizations was enacted five years ago. Since that time a supportive environment has been developing in this field. However, it can be strengthened by further tax incentives for foundations.

### **Current challenges and future developments**

The legal system for foundations in Japan will be amended in few years. At this date it is not possible to imagine the future state of foundations.

### **Community foundation profile(s)**

This Osaka Community Foundation provides grants to many associations such as nonprofit organizations and volunteer groups. Total grants since the establishment of the foundation have amounted to 300m yen (US\$2.8m), given to about 550 groups.

The foundation highlights conservation.

*Correspondent: Shoro Okudaira, The Osaka Community Foundation (from 2004 report)*

## NEW ZEALAND

### Community foundations

#### History

The first community foundation in New Zealand was set up in Wellington Region around ten years ago. Others have been more recently formed and most were set up after a national generosity seminar sponsored by The Tindall Foundation, a large family foundation which has provided financial and advisory support to emerging community foundations.

#### Current situation

New Zealand now has six community foundations with paid staff compared with two in 2003. At least two others are in the early stages of feasibility studies or development. The Tindall Foundation continues to offer support through grants, professional development opportunities and advice. Philanthropy New Zealand has also included community foundations in its professional development program, which has provided opportunities to learn from established grantmakers. Most of the development has been concentrated in the North Island.

#### Complete list of community foundations

Number of community foundations formally established:	6
Additional community foundations at early stages of development:	2

Acorn Foundation, Tauranga  
 Manukau Trust, Manukau region  
 Northland Community Foundation, Far North  
 Transfusion Foundation, Hawkes Bay  
 Wellington Regional Community Foundation, Wellington  
 Whanganui Community Foundation, Whanganui

The Ashburton Community Foundation and West Coast Community Foundation are still in the very early stages of development.

#### Community foundation staffing

Six of the eight New Zealand community foundations currently have paid staff. This usually consists of a single executive director who works on all aspects of the community foundation including administration, fundraising, program development, and grantmaking. All board members are volunteers and most community foundations have at least two board members who have made personal financial donations to their community foundations. The Ashburton Community Foundation is at a very early stage of development, and so has not yet hired any staff members.

## Community foundation income

### Donor category

There have not been significant donations to date and for all community foundations the endowment is small. Most donations have come from either corporates or individuals.

### Purposes

The purposes of the funding have varied, depending on the community foundation involved. For some there has been a high pass-through component. Others have had higher amounts of donor-advised funds while some have had many smaller amounts of unrestricted funds.

### Permanent funds/sustainability

The funding provided by The Tindall Foundation has encouraged endowment building, but as many community foundations are at an early stage there has been a concentration on promoting the concept and nurturing potential donors, which are expected to lead to sustainability.

## The environment for charitable giving

### Local attitudes

New Zealand does not have a strong culture of community philanthropy. Many expect the Government to provide for the areas that would be covered by community philanthropy. There is emerging, anecdotal evidence that, when asked, New Zealanders are happy to consider making gifts to the community.

### Legal and tax environment

While the tax regime in New Zealand does give tax relief for giving by individuals, it is limited. Family trusts, on the other hand, have unlimited deductibility and this is an important potential source of funds. There are no special incentives for community foundations.

A Charities Commission will be operating in New Zealand by mid-2005 and the Commission will be examining this issue. The Office of the Community and Voluntary Sector, a government body, is also interested in this issue. They will be researching on the whole legal and tax environment for philanthropy.

### Changing attitudes and the national or regional environment

Philanthropy New Zealand has developed a Generosity Strategy aimed at encouraging a greater level of generosity from New Zealanders. Only one community foundation is actively involved in promoting generosity in its community through an organized campaign. Others are encouraging individuals.

## Current challenges and future developments

Because community foundations are so new in New Zealand, there is very limited understanding of the concept. Those who are aware of the concept have learned from overseas contacts. Thus there is a great deal of education to be done around promoting the concept. There are few people or organizations that wish to donate to education campaigns.

## International links

Several staff members have attended international conferences, but there have been limited contact. Cost is a large factor. The chief executive of the Whanganui Community Foundation was on the Advisory Committee for *Community foundations: Symposium on a global movement*, held in Berlin, Germany, in December 2004, and chaired the program working group.

## Support Organization: Philanthropy New Zealand

### History and purpose

Philanthropy New Zealand is a national member association for philanthropists and grantmakers. Its mission is to foster, inspire and promote the interests of the philanthropic and grantmaking sector in New Zealand through research, communication and education, by being a credible, influential and representative voice. Membership is made up of philanthropic trusts, family foundations, private trusts and the grantmaking trusts unique to New Zealand created through the sale of community banks and energy utilities.

Philanthropy New Zealand was established in 1990 at the initiative of the Roy McKenzie Foundation. The original nucleus of twenty members has grown to over 110. Great value is placed on the diversity and breadth of members. The latest research shows New Zealanders give NZ\$685m annually to the areas of health, welfare, education, the arts, sports and research. So Philanthropy New Zealand is necessary as a peak body to ensure best practice.

Philanthropy New Zealand encourages philanthropic best practice by motivating and inspiring philanthropists and grantmakers. It runs a professional development program to foster thoughtful, transparent decisions that can help grantmakers and their recipients achieve the best results possible.

Through advocacy work, Philanthropy New Zealand promotes awareness and public understanding of issues that are currently relevant to New Zealand philanthropists and grantmakers. A comprehensive range of services to support members includes networking, education, publications and information resources.

### Structure and organization

Philanthropy New Zealand has two paid staff members. Half of its support comes from membership fees and the other half from donations and sponsorships. The board members are elected and are reflective of the membership. Currently, two out of twelve board members have some association with a community foundation.

### Recent accomplishments

Most contact with community foundations comes through the professional development program.

### Current challenges/future developments

Philanthropy New Zealand has done significant research on the giving climate in New Zealand. The results from this research have fed into the Generosity campaign that has begun.

A toolkit for giving has been very successful, both with community foundations and with other members.

### **Additional resources**

Philanthropy New Zealand's website: < [www.philanthropy.org.nz](http://www.philanthropy.org.nz) >

A website is under construction for the New Zealand Community Foundations and should be available by June 2005.

## **Support Organization: The Tindall Foundation**

### **History and purpose**

In 1995, the Tindall family established The Tindall Foundation, driven by a desire to support initiatives in New Zealand which assist communities to help themselves and to heal problems rather than manage them. The Foundation's vision is that it should play a supportive role in the philanthropic sector in New Zealand. It is currently the largest independent, private foundation in Australasia.

In an endeavor to achieve meaningful and sustainable outcomes, the Foundation has identified five focus or Program Areas for funding. Support for emerging community foundations falls largely into the program area "Promoting Generosity & Giving". However, the long-term vision is that New Zealand community foundations will become partners for the Tindall Foundation and contribute to all the other program areas and goals.

The Foundation has collaborative relationships with Philanthropy Australia to assist the New Zealand community foundations in their growth and strategic development, as well as research assistance from Philanthropy New Zealand.

### **Structure and organization**

The Tindall Foundation is 100% privately funded by the Tindall Family and has only two paid staff members, a foundation manager and an administration manager. The Foundation uses consultants for work on specific strategic areas or initiatives. The Foundation supports community foundation development both directly through funding and indirectly with information and training, contacts, and advisory services. There is currently no association of community foundations in New Zealand, though the expectation is that such an association will emerge naturally as the community foundations grow and develop.

### **Recent accomplishments**

The Foundation is working with the WINGS-CF representative for Australia and New Zealand and with Philanthropy Australia to strengthen links between Australia's and New Zealand's community foundations. It is expected that such links will include peer-to-peer exchanges, participation of New Zealanders in Australian training events and participation in email groups.

At the moment, each New Zealand community foundation manages its own programs and grantmaking, separately from one another.

### **Current challenges/future developments**

The Tindall Foundation is working to improve training opportunities and advisory services for community foundations in New Zealand. The main challenge here, as everywhere, is for the community foundations to grow into sustainable organizations representing the interests and meeting the needs of local communities. The Tindall Foundation has funding available with which it can respond to community foundation development emerging naturally in new areas. It believes that current efforts to improve networking and information exchange among community foundations in New Zealand and abroad could result in more community foundations beginning to emerge.

### **Additional resources**

< [www.tindall.org.nz](http://www.tindall.org.nz) >

*Correspondent: Judith Timpany Whanganui Community Foundation  
Monica Jain, Tindall Foundation*

# PHILIPPINES

## Community foundations

### History

The Philippines has a long history of social development organizations, NGOs and foundations. Thousands of NGOs mushroomed in the late 1980s after the end of the Marcos dictatorship and as development funds from various international sources increased.

However, the concept of community foundations is fairly new. Initial discussions in 2000-01 to consider the community foundation experience in other countries were met with some resistance, since the feeling was that there are enough NGOs in the country and another model was not necessary.

At the 2002 WINGSForum in Sydney, Australia, the Association of Foundations (AF) learned about the idea of community foundations. What drew the interest of AF to the community foundation experience is the notion that these organizations can ensure the sustainability of local development initiatives, especially once foreign donor funds decline. Since then, with the help of the Synergos Institute, AF has promoted the idea and searched for local organizations that exhibit some of the characteristics of community foundations.

In our initial research, we found at least four such organizations in the country. The *Muntinlupa Development Foundation* was founded in 1985 by the more affluent residents of Muntinlupa as a way of reaching out to poorer members of the community. *Pondong Batangan*, on the other hand, was formalized in 1999 and was led by the archbishop of Batangan as a way for residents to express their faith through giving for community purposes. *Ivory Charities Foundation* was founded in 2000 by residents of Butuan City who were looking for a meaningful form of involvement in their community in their retirement. *Kabalaka Development Foundation* started as a non-government organization by residents of La Carlota in 1986, but in 2001 decided to convert to a community foundation after recognizing that it would lead to greater sustainability. Kabalaka is still in the process of conversion.

### Current situation

In August 2003, AF convened a focus group discussion among participants of a survey of local resource mobilization efforts in the country. Eight foundations came to the discussion. The following December, AF and the Synergos Institute conducted a Community Foundations Forum-Workshop with 37 participants from the Philippines and ten others coming from Thailand and Indonesia.

In 2004, AF partnered with the Government's Department of Social Welfare (DSWD) to pilot-test the community foundation concept in selected Kalahi-CIDSS areas. The Kalahi-CIDSS is a program of the DSWD being funded by The World Bank and aims to provide basic services to the poorest areas in the country.

In August 2004, AF published a Community Foundation Primer. This primer contains the Philippine definition and understanding of key features of a community foundation, a ten-point guide in organizing a community foundation, and answers to some frequently asked questions. An accompanying slide presentation was developed for briefing purposes.

In September 2004 AF together with the Synergos Institute provided input to a Resource Alliance fundraising workshop held in Manila. AF and Synergos promoted the community foundation concept and had as speakers representatives from two community foundations, namely Pondong Batangan Community Foundation, Inc. (PBCFI) and Ivory Charities Foundation (ICF).

The grantmaking activities for PBCFI and ICF were mostly for health and enterprise development projects.

To date, AF has been receiving positive feedback and many queries about establishing community foundations. We therefore foresee that more community foundations will be formed in the Philippines in the near future.

### **Complete list of community foundations**

Number of community foundations formally established:	4
Additional community foundations at early stages of development:	1

Muntinlupa Development Foundation, Inc., Muntinlupa City (1985)  
 Kabalaka Development Foundation, Inc., La Carlota City, Negros Occidental (1986)  
 Pondong Batangan Community Foundation, Inc., Lipa City, Batangas (1999)  
 Ivory Charities Foundation, Inc., Butuan City (2000)

The exact number of community foundations in Philippines is not known. Because the concept is still quite new, AF is in the process of promoting the community foundation concept and at the same time trying to look for CF-like organizations.

### **Community foundation staffing**

All community foundations in the Philippines were started by volunteers. Kabalaka and Muntinlupa have been in existence for more than 15 years, and both have full-time staff. Pondong Batangan has hired some staff after having been operated purely by volunteers for more than four years. Ivory Charities Foundation is still run by volunteers.

### **Community foundation income**

#### Donor category

Pondong Batangan:	100% individual contributions
Ivory Charities Foundation:	mostly from donations of Filipinos abroad (diaspora philanthropy)
Muntinlupa Development Foundation:	mix of foreign grants, local donations and individual giving
Kabalaka Development Foundation:	same as Muntinlupa

#### Purposes

The donations received are mostly for program costs.

#### Permanent funds/sustainability

The community foundations in the Philippines have yet to build endowment. Although sustainability is a major concern, no concrete steps have been taken in that direction.

## The environment for charitable giving

### Local attitudes

Filipinos are known to have a strong affinity to their communities of origin. Giving to the local church and schools is a common practice, albeit undocumented since there is no tax incentive for reporting such donations. Donations of assets, such as land, are fairly common, mostly directed to church groups and institutions. Many civic-oriented groups are engaged in various charitable pursuits.

Giving to NGOs and more long-term development activities remain limited at this point, in part because NGOs are not used to tapping local donations, having relied on external funding for a long time.

### Legal and tax environment

Corporate donations to NGOs (including community foundations) are tax-deductible in the Philippines. The same is true for professionals and self-employed individuals, but not many take advantage of this incentive. The recipient organization needs to be certified by the Philippine Council for NGO Certification (PCNC).

In January 2004, the Securities and Exchange Commission (SEC), the government body regulating business corporations and non-government entities alike, imposed a higher start up fund of PhP1m (US\$17,900) for newly-registering “foundations” (previously PhP 100,000). The existence of the fund must be proved by a notarized bank certificate and submitted to the SEC along with other registration documents. Furthermore, SEC now requires that each foundation submit a statement detailing the sources of funds as well as all the grantees.

### Changing attitudes and the national or regional environment

The Philippines has a favorable environment for philanthropy: tax incentives, certification process, giving mechanisms, etc. In the case of community philanthropy, what would help is to support more local leaders and champions in their work by connecting them and highlighting their stories in the media to gain public recognition and inspire others to do the same. The link between individual giving and development work needs to be made, and this is where community foundations can play a role.

## Examples of community foundation activity

**Pondong Batangan:** In the sala (living room) of Ervin Quizon’s house in Riverside Subdivision there is a *tibyoy* - the Batangueño counterpart of a piggy bank fashioned out of a Coke can. Ervin regularly drops coins in the *tibyoy*, and his parents and siblings also do the same as members of Pondong Batangan, a community foundation under the Archdiocese of Lipa. And Ervin’s sister Gayle, who works as an office employee in Dubai, United Arab Emirates, has no objections that small amounts out of her PhP 15,000 monthly remittance to her family go to the *tibyoy*, even though she still has to repay debts for her journey to Dubai.

Families with dependents working or residing overseas are among over 300,000 members of Pondong Batangan, the anti-poverty program of the archdiocese initiated by then-Lipa Archbishop Gaudencio Rosales for Batangueños in need.

The community foundation encourages Batangueños to drop anywhere from PhP0.25 to PhP5 in the *tibyoy*. Pondong Batangan volunteers and staff distribute printed materials and *tibyoy* through its network of 52 parishes and four Catholic schools. Thus far, over PhP11m has been raised since November 2003 through these small contributions from more than 300,000 local

residents, according to its executive director Fr. Manuel Guazon. Ninety-seven percent (97%) of the Batanguenos are Catholics.

Some PhP 3.5m of this amount has been given to support local community activities and PhP2.1m used for funding projects. As of last year, five major projects in 19 parishes were successfully conducted, including those related to advocacy, catechesis (teachings on gospel values), and micro-finance.

The community foundation and its principles were formulated during the fourth Lipa Archdiocesan General Pastoral Assembly (LAGPAS) in 2000, in which an archdiocesan pastoral plan and a social doctrine called *Aral ng Batangueño* (Lesson for Batangueños) were produced. Chapter 6 of *Aral ng Batangueño* says: “Development and progress entails everyone’s freedom from any form of enslavement, from ignorance, poverty, sickness, selfish attitudes and values, and vices.” Thus, Pondong Batangan produced homily guides, catechism booklets and a comic magazine titled KABABATA, short for “KAlansing ng BArya ng BATAngueño” (the name refers to the sound produced by coins) “The key here is education,” according to Fr. Guazon. “When one participates, one also learns gospel values. The practice of the *Pondo* (“fund”) is to be able to transfer minds and value system of people.”

### **Current challenges and future developments**

For the few community foundations that now exist, the challenge is to move from being a successful volunteer-led initiative to becoming a formal institution. For those who are interested in forming community foundations, the challenge is to create linkages among wealthy individuals, local businesspeople and civic-minded leaders to work together and initiate a community foundation.

Generally, nurturing the culture of philanthropy towards long-term community development issues will be critical. Related to this is building up an endowment fund in a situation where the current demand for resources is high.

### **International links**

A representative from Ivory Charities Foundation was able to attend the 2004 Community foundations Symposium in Berlin. Dr Rene Vargas said that he learned a lot from the experiences of the other practitioners and that it was a great opportunity for networking.

## **Support Organizations**

### **History and purpose**

Established in November 1972, Association of Foundations (AF) is among the country’s first networks of nongovernmental organizations (NGOs). Its mission is to improve the capacity of its members to deliver innovative, high quality programs for Philippine development, consistent with the highest professional and ethical standards. AF provides information, training, consultancy and technical services based on best practices in foundations and emerging technologies. With local and global partner institutions, AF works to improve the enabling environment for Philippine philanthropy and foundation development.

AF is the most heterogeneous federation of foundations in the country in terms of membership. Its member foundations are involved in areas such as education, science and technology, health, art and culture, governance, social development.

In its early years, AF initiated the accreditation of member foundations in order to maintain the highest standards of integrity at a time when foundations lacked the esteem they deserved. It published the first-ever *Philippine Directory of Foundations* in 1974. It was also at this time that AF lobbied for issues such as tax incentives and against other policies that threatened to stifle the growth of NGOs.

AF has a website < [www.afonline.org](http://www.afonline.org) > where databases of NGOs, donors and local civil society resource organizations can be searched according to their programs of interest, activities, partners, area of coverage, etc.

Furthermore, AF in its celebration of the 30th anniversary in November 2002 launched the Philippine Foundation Center (PFC) < [www.pfconline.org](http://www.pfconline.org) >, which currently houses the electronic databases.

In the networking thrust, AF provides the service of mentoring partnerships to its members. This takes the form of peer consulting, where members' needs are addressed by other AF members which have strengths in that respective field. AF secretariat facilitates the partnership and provides coordination to ensure the transfer of technology.

### **Structure and organization**

AF is a membership association of NGOs and foundations. Its members include different types of NGOs and foundations and come from various parts of the country. AF has a 15-member Board of Trustees and five paid staff. The staff includes the Executive Director, Program Officer, Project Assistant, Bookkeeper, and Messengerial Clerk.

There are six Board committees, including the Community Foundations Committee with a core group of eight people, mostly Presidents/CEOs or senior staff of member foundations. One of the committee members is the executive director of Pondong Batangan. AF's main sources of funds come from grants, membership dues, and consultancies.

### **Recent accomplishments**

The Community Foundations Committee has been involved in developing the community foundation movement in the Philippines, in partnership with the Synergos Institute.

Initially, AF and Synergos commissioned research on local community resource mobilization to determine whether community foundation characteristics are present in existing organizations in the country. The research project, which started in late 2002, was completed in 2003. This project hinged on the concept of mobilizing available resources from within a given community and utilizing these to solve the needs of the same community.

The results of the research study were discussed in a Focused Group Discussion on Community Foundations and presented in the General Assembly held in August 2003. Earlier in the same year, the Committee also spearheaded the conduct of a forum-workshop on Asset Based Community Development (ABCD), a tool for identifying the assets in a community. AF conducted a Community Foundation Seminar/Workshop on Sustaining Local Development in December 2003, which drew participants not just from the local area, but also

representatives of NGOs based in Thailand and Indonesia that are exploring the development of community foundations in their countries.

AF is now preparing to “test run” the community foundation practices in selected local organizations that most closely resemble a community foundation. Among these preparations was the recent “Community Foundation Deepening Workshop” for a core group of community foundation advocates and spokespersons. As an output of the workshop, a primer and standard slide show material on community foundations in the Philippine context was produced for briefing purposes.

### **Current challenges/future developments**

AF is at the forefront in promoting and supporting community foundations in the Philippines, in partnership with the Synergos Institute. This year the task at hand is to provide capacity and institution building activities to existing community foundations, as well as in setting up new community foundations.

As AF embarks on further promoting and supporting community foundations, partnerships have been established with the Government’s Kalahi-CIDSS program, funded by the World Bank, which provides basic services to the poorest areas in the country. It is hoped that community foundations will be set up as vehicles for sustainability of the Kalahi-CIDSS project. Furthermore, partnerships with other international donor agencies and local funding institutions are currently being explored.

AF is also currently doing research on “Tapping Diaspora Philanthropy” which aims to understand the various reasons and ways of giving of Filipino migrants back to their hometowns. We hope to leverage promote community foundations as one mechanism through which migrants may give support.

AF will also strengthen the competencies for community foundation work among its committee members by participating in training, exchange programs and conferences.

### **Additional resources**

AF website: < [www.afonline.org](http://www.afonline.org) >

*Correspondent: Norman Jiao, Association of Foundations (AF)*

## SOUTH KOREA

### The Beautiful Foundation

#### History

The first community foundation in Korea, The Beautiful Foundation, was founded in 2000 as a national community foundation. The purpose of the foundation is to create and promote philanthropy among the general Korean public as a way to establish a sustainable and systematic culture of giving at all levels of society. There were about 200 founding members who are celebrities, and leaders of Korean society. The first fund of the foundation was established by Ms Kim Gunja, who had been forced into sexual slavery by the Japanese military during World War II. She donated all her savings leaving only enough for her funeral expenses.

There is no other known community foundation in South Korea.

#### Current situation

##### Facts and recent developments

The Foundation serves Korean society by building permanent charitable funds and using the income to provide grants and other services to nonprofit organizations throughout the nation.

Facts about the Foundation at present:

- Assets: about KRW 18.7b (US\$18.7m)
- Donors: more than 19,000 donors
- Funds: more than 65 funds

##### Activities

The main activity of the foundation includes the “1% Giving Campaign.” The main purpose of the campaign is to support grassroots fundraising to promote the culture of giving, and grantmaking for social service and civil society organizations.

##### Examples of community foundation activity

The “Beautiful World Fund” has been established to support low-income single mothers to start their own income producing enterprises. This fund was donated as a memorial to the late Mr. Seo Sungwhan by his family. He was the founder of the Amore Pacific Corporation, a blue-chip company providing cosmetics and personal care products. The bereaved family donated stock worth about US\$50m, which has increased to US\$90m. This is one good example of giving back to the community. (Note: as an individual contribution, this donation is not reflected in the foundation’s assets reported above.)

The Public Lawyers’ Fund was established in early 2004 to support the public interest lawyer group, GongGam, which helps underprivileged people and grassroots organizations by providing legal advice and by representing them to protect their rights and interests. Many major law firms in Korea donate annually and donors to the 1% campaign are also participating. There are currently five lawyers working in this group.

## Community foundation staffing

At February 2005, The Beautiful Foundation had 34 paid staff members. Staff are divided into four departments: 1% Giving (grassroots fundraising), Development and Consulting Service, Grantmaking, and Administration. The Board and the distribution committee are made up of volunteers.

## Community foundation income

### Donor category (2004)

Contributions by individuals and families:	70%
Corporations: (includes partnerships with 34 companies)	30%
Government grants:	0%
International foundations:	0%

### Purposes

Most funds of the Foundation are for specific programs, primarily in the areas of supporting social services and civil society organizations, capacity building, educational achievements, and the health and well-being of children, youth, and families. When 1% donors contribute, they can decide which specific funds they want to support. If they do not choose a specific fund the donation goes to an unrestricted fund from which the Foundation makes grants for other priorities.

### Permanent funds/sustainability

The Beautiful Foundations has two types of funds. One is endowment in entirety, and the other is partially endowed. About 50% of the foundation income comes from endowment funds.

## The environment for charitable giving

### Local attitudes

Awareness of mechanisms for giving and areas for support is limited among the general Korean public. Donations have usually been a sympathetic response for people experiencing disaster. The Foundation has been making efforts to develop a civic consciousness and social concern and to promote the culture of giving in Korea.

### Legal and tax environment

Tax exemption and reduction for donors are not yet sufficient to encourage donations in Korea. In addition, obtaining government permission to start public fundraising is a complicated process. Once permission is granted, according to Korean law, only 2% of the donations can be applied to administrative costs, including public relations, a restriction seemingly to prevent misappropriation of funds.

### Changing attitudes and the national or regional environment

Beginning in 2004, there has been a movement to change the law to promote philanthropy efficiently and effectively. The Beautiful Foundation is participating in this process, working with the government and other organizations.

## **Current challenges and future developments**

In Korea, a quarter of the population lives in the urban area of the ancient capital city Seoul, which remains the center of government, politics, economy, education and culture. Other community environments are not as strongly developed yet and therefore, the concept of a community foundation is not familiar to the Korean public. Although The Beautiful Foundation does not promote the establishment of community foundations in other areas, we hope and believe that forms of community foundation will emerge soon in Korea.

## **Support needs**

Support needs of Korean organizations are addressed by CIVILNET, < [www.civilnet.net](http://www.civilnet.net) >, an organization founded in 2001 to promote mutual development between civil society organizations. At present there are 537 member organizations nationwide. Their major activities are capacity building for staff and activists, publishing, and operating the civil movement support fund.

## **International links**

The foundation has been participating in international conferences such as those of the annual conferences of the Council on Foundations, Association of Fundraising Professionals, and Independent Sector. By participating in these conferences, we were able to broaden useful networks and invite key speakers to our annual symposium.

*Correspondent: Youngmin Ji, The Beautiful Foundation*

# THAILAND

## Community foundations

### History

Friendship to Community Foundation (FCF), a Thai organization, is seeking to establish community foundations in Thailand as a way to promote a healthy society by engaging the government, civil service organizations, corporations, and community members to work together in partnership. FCF believes that community foundations can be a mechanism for local sustainable development because they employ an endowment approach and local empowerment. Most importantly, this model brings business and community organizations together to participate in the community development process.

As a result of the economic crisis in Thailand in 1997, many Thais realized that the nation lacked a “holistic development approach” to ensure sustainable and healthy communities. Thus to create change requires that all stakeholders take collective action. Although Thais have a tradition of working together, this is mostly limited to assisting their own families, relatives and friends. The “holistic” community concept has not expanded to embrace the larger community; it can be said that Thais have a less-developed sense of “community” than, for example, American society does. However, within the Buddhist way of life, donating is not new to Thai people. For instance, a traditional Thai way of working together is to contribute labor during the farming season.

A feasibility study recently carried out by an FCF team revealed that it is difficult to connect different and varied stakeholders within the Thai local context. If the focus is too much on civil society organizations, it is difficult to get the business community involved. If the focus is too much on business and government groups, it is almost impossible to get civil society organizations into the forum, as they may comment that we rely too much on capitalism for fundraising.

The challenge of FCF is to create and manage community foundations as a tool to engage Thais – and Buddhist society more broadly – to work collaboratively to make their communities a better place to live.

### Current situation

- Now that the community foundation concept has been promoted throughout the country, four are forming in: North Lampang Province, Northeast Udornthani, East Rayong, and the capital city of Bangkok.
- Interest in community foundations in Thailand is increasing. Besides the four pilot sites which have been funded from Thai Health Fund Foundation, the Community Foundation Thailand Project of FCF is promoting the concept of community foundation and buying in from stakeholders in the community devastated by the recent tsunami to establish one community foundation. The World Bank, Bangkok is promoting another site in Nakorn Ratchasima in the Northeast.
- The development of community foundations in Thailand is at an early stage. The Community Foundation Thailand Project acts as facilitator to convene local champions to buy into the concept and form their community foundations in each province.

## Complete list of community foundations

Number of community foundations formally established:	0
Community foundations at early stages of development:	4

The four sites have not registered their foundations yet. They are:

Rayong-Map Ta Put Community Foundation  
 Bangkok Community Foundation and Youth in Philanthropy Community Foundation  
 Lampang Community Foundation  
 Udornthani Community Foundation

## Community foundation staffing

- The Lampang Community Foundation and the Udorn Community Foundation are not run by volunteers, but by selected NGOs and local networks paid by the Thai Health Promotion Foundation to establish the community foundations.
- Bangkok Community Foundation is run by volunteers, but it is not very strong yet. One staff member, paid by the Thai Health Promotion Foundation, is catalyzing the process and identifying volunteer community foundation bridging leaders to establish and run the community foundation.
- Bangkok Youth in Philanthropy Foundation (V-SHARE): All of the young people who initiated the foundation are volunteers. They have begun drawing a social and resource map to start their fundraising strategy.
- Rayong-Map Ta Put Community Foundation has identified two local leaders and is drawing a social and resource map for formulating its vision and strategic plan.

## Community foundation income

### Donor category

The four community foundations' leaders and the catalysts from FCF's Community Foundation Thailand Project are formulating their strategic plans. They are not able to solicit any funds yet. However, the following is a summary:

- Bangkok Community Foundation received 200,000 Baht (US\$5,000) from two retired foreigners.
- Lampang Community Foundation received 100,000 Baht (US\$2,500) from Thai diaspora who visited Thailand during the traditional Thai New Year in April 2005 and gave the contributions through the temples.

### Purposes

There is no specific purpose for the funds raised in Lampang, but the funds donated to Bangkok Community Foundation are for supporting needy students.

### Permanent funds/sustainability

The development of community foundations in Thailand has not yet reached the stage of endowment building.

## **The environment for charitable giving**

### Local attitudes

Thai people, as part of their culture and tradition, give to religion and the royal family. Giving to religion enhances one's merit in the next life. Thais give to the royal family because they believe in the transparency and worthy causes of the royal family members. In addition, companies see an opportunity to advance their image by giving to the royal family. These are the two major obstacles to changing peoples' giving beliefs to include community foundations. Therefore, the priority for the development of community foundations in Thailand focuses on identifying and bringing on board local leaders who are well respected, to boost the concept of community foundations and enable a change in the philosophy of giving in Thailand.

### Legal and tax environment

There are tax incentives for giving to charities, but they are not high enough to motivate either individuals or corporates to give to community foundations. For the community foundations, reporting donations is complicated as well. In addition, according to Thai regulations, foundations can only invest their assets in savings bank deposits, which limits their returns. FCF's Community Foundation Thailand Project is promoting the community foundation concept to policymakers, and is advocating change in the laws and reporting systems.

The low tax incentives and limitation of investment opportunities for community foundations are not the biggest problem. The best strategy for community foundations in Thailand is to raise funds for grantmaking rather than for endowment in order to maximize the funds that reach out to needy communities, people, and children where community foundations exist.

### Changing attitudes and the national or regional environment

The project is working with others to promote local philanthropy and volunteering to set an agenda with other NGOs, corporates and the Ministry of Social Development and Human Security to make a proposal to the Prime Ministry to launch a "Giving Nation" campaign in Thailand. The group will follow up by proposing the legislation for tax incentives for community foundations.

Next year the National Economic and Social Development Board, the central planning agency in Thailand, is including the community foundation project in the strategic plans of the Provincial CEOs (the provinces' governors). The Project will help conduct the researches to underpin the implementation of these plans.

## **Current challenges and future developments**

- The role of Community Foundation Thailand Project is to introduce the concept of community foundations in Thailand, to engage the right supporters and to promote change in attitudes to local philanthropy to support community foundations with a long-term commitment.
- The volunteer spirit in Thailand has been improved since the tsunami hit the six provinces along the Andaman coast.
- Tax incentives need to be improved and the reporting system for community foundations to the government should be simplified.
- Financial regulations need to be revised so that foundations have more investment options to increase returns on their assets.

## International links

Community Foundation Thailand, a supporting unit in Thailand, is collaborating with Synergos, Community Foundations of Canada and the Association of Foundations in the Philippines for peer knowledge exchanges. There is a plan that one of their staff members will visit each community foundation for a week.

Community Foundation Thailand is tapping international donor agencies such as the World Bank, ASEAN Foundation and Asian Development Bank to support the development of community foundations in Thailand. The Project is working on finding matching funds to provide three foundations with seed money for capacity building and advocacy of the concept in Thailand and in the South East Asian region.

## Support Organizations

### History and purpose

Friendship to Community Foundation (FCF) in Thailand is promoting local philanthropy, volunteerism and local community sustaining mechanisms. Its vision and mandate are to strengthen self-sustaining communities throughout Thailand. It is in partnership with the Thai Health Promotion Foundation, Kenan Institute Asia, and the World Bank to develop a strategy to mobilize local resources within each community.

With funding from the Thai Health Promotion Foundation, FCF developed the Community Foundation Thailand Project to promote the community foundation concept in Thailand. The scope of work of the project is (1) to catalyze and facilitate the establishment of community foundations, (2) to document models of establishing community foundations in the four provincial pilot sites in Thailand, and (3) to develop a supporting unit to assist new community foundations by:

- serving as a clearing house for assistance from the international community foundation movement; by
- developing communication tools and strategy in promoting the community foundation concept in Thailand; and by
- becoming a training and curriculum development center (long-term plan).

### Structure and organization

Friendship to Community Foundation is a registered charitable foundation in Thailand, which has five paid staff members working on the Community Foundation Thailand Project. Their roles include: 1) promoting the community foundation concept in Thailand; 2) developing communications tools for country-wide uses; 3) documenting, through participatory action research, all four pilot sites to draw a unique Thai local model in order to develop the second year program; and 4) developing capacity building packages to help the development of the community leaders, champions and core group.

### Current challenges/future developments

- The project is working with local leaders and the donor community to promote the community concept in the tsunami affected areas.

- The project is developing a website to expand a network throughout the country and to share the current development model with other communities. Starting in July 2005 it will be available at < [www.cfthailand.org](http://www.cfthailand.org) >.
- FCF's board members and the officers of the project will promote the concept to corporate, individual and other donors to improve their understanding of community foundations and how they can support them.
- The capacity building development activities including curriculum localization has been implemented.

*Correspondent: Pareena Prayukvong, Community Foundation Thailand Project, Friendship to Community Foundation*