

# Fondazione Cariplo Foundation



This case study includes a focus on how a private foundation has recognized and put to good use the community foundation model in getting to the grassroots in the local communities it serves.

## I *The Whole Organization*

### Background

The subject of this case study is Fondazione Cariplo, or the Cariplo Foundation, based in the Lombardy Region of Italy, which is in southern Europe. Lombardy Region is in the far north of Italy. The case study looks at the development of community foundations in that region, as a result of the privatization of Italian savings banks and the creation of savings bank foundations.

The Fondazione Cassa di Risparmio delle Provincie Lombarde (Lombardy Provinces Savings Bank Foundation), also called Fondazione Cariplo, is the direct descendant of the Cassa di Risparmio delle Provincie Lombarde (Lombard Provinces Savings Bank) which through the nineteenth and twentieth centuries became the largest savings bank in the world. The Cariplo Foundation was formally created in December 1991 as part of the restructuring process resulting from implementation of the Amato-Carli Law to rationalize and privatize Italy's lending institutions. The effect of the law was that the savings banks were transformed into a for-profit corporation whose shares would be owned by a new nonprofit corporation, which adopted the title of "fondazione" (foundations). When the Foundation and Cariplo Spa (the for-profit corporation) split in 1991, the Foundation inherited the mission of operating on a nonprofit basis, in the public interest and pro bono in several fields, including art, culture, education, scientific research, healthcare and disadvantage.

In January 1998, the Foundation promoted the merger of Cariplo and Ambroveneto, creating Banca Intesa, which with the addition of Commerciale Italiana has become IntesaBci, the largest Italian bank.

### Mission and Objectives

The strategic goal of the Cariplo Foundation is to become a leader in social and economic development within the territory it serves. The Foundation wants to legitimize itself as a driving force for development but without abdicating its core activity, which has been, and still is, grantmaking, proposing and stimulating independent and direct actions based on in-depth analysis, specifically targeting the Lombardy community and the areas where it has traditional links. The Foundation makes grants in the areas of scientific research, education, the arts, heritage, environment, health, social services and economic development.

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The Cariplo Foundation makes three major types of grant:

1. Institutional grants that the foundation gives every year to some important institutions such as La Scala (the famous opera house);
2. Foundation program grants, i.e., competitive grants in the sectors noted above; and
3. Local grantmaking in each of the provinces of the Lombardy Region (run by the community foundations which are the subject of this case study).

### **Financial Resources**

The Cariplo Foundation has assets currently estimated at more than 14 trillion lire and a grant budget for 2001 of approximately 240 billion lire. [As of November 13, 2001, 1 Italian lire = approx. US\$0.00046.]

### **Staffing**

As of August 2001, the Foundation had 30 employees and ten outside consultants. Until that time, decisions were made by the Board of Directors with very little input from staff. The main function of staff was to process grant requests, inform recipients, collect invoices, pay grants and other clerical functions; there had been very little analysis of the merits of applications. Since the Foundation has introduced its own grantmaking programs focused on particular areas, there arose a need for program officers to establish criteria and assess applications against those. Most existing staff members came from the bank; the Foundation paid the bank for their services and the bank paid the staff. By the end of 2001, the Foundation expected to have its own program officers and staff who wish to stay with the Foundation will become its employees.

### **Governance**

Central to the Foundation's new charter, approved by the Finance Ministry in 2000, is the creation of a renewed structure of corporate governance. This includes the introduction of a 40-member Steering Body comprised of Directors nominated by local governments—the Regional government of Lombardy, the City of Milan, the Lombardy provinces—and by the provinces of Novara and Verbania,

together with civil society leaders from the Foundation's fields of interest (social assistance, health, scientific research, the arts and culture etc.).

The Cariplo Board has the normal responsibilities of a foundation board: developing the overall strategy, electing the president and the executive committee, approving the budget and so on.

Procedures to appoint the Board are complicated. Half of the Board are appointed by a number of public institutions that each present three names and the past Board member chooses the new member from amongst these names. The other half of the Board is chosen by civil society organizations.

The Cariplo Foundation, like all the other Italian savings banks foundations, is under the supervision of the Treasury. In practice, it also needs to gain the support of the local public administrations in Lombardy (Region and counties) who appoint half of the Board, but this is not a formal requirement. The Cariplo Foundation also needs to develop its legitimacy with the general public. At the moment very few people know what the Cariplo Foundation is and most identify it with the Cariplo Bank. Considering that the savings bank foundations have been established by law, there is always the possibility that new laws will diminish their autonomy and force them to use their revenues for specific purposes. This means that one of the major stakeholders of the Foundation is the general public—the Foundation must be accountable to the public, but this is more a matter of political self-interest than a legal requirement.

Specific arrangements and processes are still being developed. For example, there are currently greater efforts to provide more transparency and better information for the community, but these arrangements are at a very early stage.

When the structure of the Foundation is formalized, there will be a number of senior program officers responsible for the different programs, including one with special responsibility for community foundations. Until then, all decisions regarding the community foundations program are made by the Board, but at present it is too concerned with designing the overall Foundation structure to have much time for dealing with specific projects.



## II *The Environment*

### **Economic and Political**

Lombardy, the target region for the Foundation's activities, has a population of more than nine million people in an area of almost 23,000 square kilometers, and is the economic center of Italy. In 1999, Lombardy's GDP was almost 500 trillion lire, over 100 million lire for every person employed. The rate of unemployment is low and Lombardy currently imports manpower from other Italian Regions and from abroad, especially from non-European countries. Some 5 percent of people in Northern Italy live below the poverty line.

*Since the fall of the Berlin Wall, Italy has undergone dramatic change. Until recently, the received idea was that anything public should be managed by the state; today, the principles of solidarity and subsidiarity are key values, advocated by the vast majority of Italians.*

*It is striking that none of the political parties of the 1980s is active today. The political parties have radically changed their role in society. The ideological movements of yesterday, capable of controlling the whole of civil society, have become electoral machines similar to the American political parties, and the budget limitations imposed by Italy's entry into the EMU (European Monetary Union) have drastically reduced the discretionary spending power of the political class. Whereas it was once inconceivable to establish private organizations with public objectives without the direct involvement of the political parties, today this is not only possible but also a widely accepted requirement.*

### **Attitudes to "Philanthropy" and "Foundations," Tradition of Voluntary Organizations**

The changes above have had radical implications for the Third Sector in Italy. But although the sector has grown significantly and its operational capabilities have increased, most organizations are still run by volunteers and have no full-time staff to rely on.

Until a few years ago, foundations, other than operating institutions managing their own projects and seeking funding from state bodies, barely existed. This has changed dramatically with the establishment of the grant-making bank foundations, of which Cariplo is the largest. Recently, the first corporate charitable foundations were established in Lombardy. The foundation concept, once regarded as nothing more than a relic from the Middle Ages, is attracting considered interest today, although their role is still marginal in terms of both the resources and professional skills they are capable of mobilizing.

### **Legal and Tax Frameworks**

The most prevalent legal form for foundations and non-profit organizations is the ONLUS, but this is somewhat restrictive (for example, education and cultural activities are not considered "for the public good" as elsewhere in the world, unless they target disadvantaged groups), and offers limited tax advantages. The possibility of developing more open and complex structures is being considered which might include a non-ONLUS foundation and a committee or association that follows the ONLUS guidelines. But under current Italian law, it is difficult to set up an institution, including a local community foundation that could act as a go-between.

## III *Developing Community Foundations*

### **Background**

After the establishment of Banca Intesa and the resulting separation from the bank, Cariplo Foundation found itself without an organization "on the ground." In the previous system, access to Cariplo grants was through the bank branches; now applicants had to approach headquarters directly (based in the city of Milan). At the same time, the Foundation could no longer count on the knowledge of the geographical area and the specific needs of each community that branch managers could provide.

It would have been impossible from the Milan headquarters to serve the large and complex area covered by Lombardy's provinces and those of Novara and Verbania. At best, Milan could provide a screening service to guarantee that the beneficiaries met the formal prerequisites for funding, but they could only assess the merits of individual applications with great difficulty and at high cost. In-depth knowledge of the local community was required to evaluate the real impact of specific projects, establish priorities, and distinguish those applicants who can be truly effective at the grassroots level from those who are good at filling out grant applications but who have no real operational experience. Thus there was a need for a new regional organization.

Another factor drove decentralization. In its philanthropic activities, the Lombard Provinces Savings Bank used to disburse a large quantity of small grants. Managing this approach from a central location made poor economic sense, as the cost involved in assessing and processing a single application could be higher than the grant disbursed.

The most obvious solution to these problems was a decentralized structure for the Foundation that would replace the Bank's old branch system. Knowing that this approach would create a top-heavy bureaucracy, Cariplo Foundation decided to investigate other alternatives, examining how the same issues were resolved by large U.S. foundations. It was found that, arising from similar concerns to those of the Cariplo Foundation, the major U.S. foundations had promoted the establishment and growth of local community foundations to provide "eyes and ears" able to perceive the needs and requirements of their community, and to develop relationships with small organizations. As grantmaking institutions, community foundations speak the same language as other foundations, as well as having knowledge of the community, of its needs and potential, and of the nonprofit organizations at work within it. In addition, community foundations were seen as catalysts of energies and capable of mobilizing enormous resources.

## Using Community Foundations on the Ground

On the basis of this analysis, and the knowledge that it was not a solution that worked only in the United States, Cariplo Foundation decided to launch a project to establish local community foundations in Lombardy and in the provinces of Novara and Verbania. The ultimate goal was to create a network of institutions, self-contained and independent of the Cariplo Foundation, which could act as natural partners, mobilizing local energies without burdening the organizational structure of the Foundation.

Motivated both by the organizational structure of the Cariplo Foundation (each province has at least one director on the Board) and the practical need to demarcate each community clearly, it was decided that the project should operate at a provincial level (although there have been exceptions to this). It was agreed that community foundations should have three major roles. They should:

1. Develop accurate and in-depth knowledge of the needs and potential of the civil society within their territories;
2. Establish an operational structure for distributing and monitoring small grants to nonprofit, pro bono organizations; and
3. Provide wide-ranging and coordinated services to potential donors.

The third objective generated some skepticism. The substantial differences between American and Italian society, the absence of adequate tax incentives, and the novelty of the idea, seemed to indicate that the development of community foundations would be different in Italy. For this reason, the project initially focused on the first two objectives, leaving the third until later.

The prime characteristic of the project was that it offered a challenge: Cariplo offered an opportunity and dictated nothing. It was—and still is—up to each community to decide whether the project is of interest to them and then mobilize the resources necessary to bring it about, recognizing that the new foundation will not be a branch of Cariplo Foundation, but a totally self-contained and independent entity.



To participate in the project, the community has to submit to Cariplo Foundation a proposal containing the following elements:

1. By-laws allowing the local foundation to incorporate under Regional legislation, as an “ONLUS” agency (nonprofit, pro bono agency);
2. A three-year strategic plan, including an operating budget;
3. An authoritative, representative and independent board of directors;
4. Its own staff made up of volunteers or employees capable of reaching the goals outlined in the plan; and
5. Adequately furnished and equipped offices.

The local community must also assume all management costs. This last element was seen as important in avoiding bureaucratic structures and, at the same time, allowing the local community to show interest in the initiative, not in words alone, but with action. The foundation can become an asset that the local community will come to own, but only if they are willing to invest time and money in it.

Once the proposal has been approved, Cariplo Foundation disburses an initial grant of 100 million lire necessary to receive approval by the Lombardy Region (150 million in Piemonte) and, at the same time, establishes an endowment of 9.9 billion lire (9.85 in Piemonte). The idea behind the endowment was to guarantee the existence of the foundation even if local contributions failed to come in. And if, for any reason, it were impossible to create a local community foundation on the U.S. model, the project would still have met the two key requirements of the Cariplo Foundation: development of community awareness and management of small grants. It is worth noting here that Cariplo Foundation decided early in 2001 to move “territorial funds” (grant-making funds earmarked annually for each provincial jurisdiction) through the community foundations.

Approval of the strategic plan allows the foundation to access two “challenge grants.” The first grant qualifies the local foundation to receive a further contribution in the amount of 200 million lire to be used for public projects during the first year of operations, when the returns on the endowment fund have not yet matured, as long as the foundation can raise a matching amount for the same objectives. The goal of the second grant is to add another

20 billion lire to the local foundation endowment fund. The Cariplo Foundation will match each donation to the endowment fund of the local community up to a total disbursement of 10 billion lire. Once the “challenge grant” has been received, the local foundation can count on an endowment of 30 billion lire: 10 + 10 on the part of Cariplo and 10 to be raised in the community. At first it was thought it would be sufficient for the local community to raise five billion lire locally to qualify for the 10 billion lire from Cariplo, but the success of the initiative showed the bar could easily be raised.

Aware of the difficulty and complexity of the task, Cariplo Foundation gave organizing committees free access to its experts, its privileged investment channels, training opportunities, remote online support and other information systems so as to guarantee rapid exchange of information with Cariplo and the emerging foundations.

The project was presented to the public at an international conference in Milan in April 1998, and was then launched on a trial basis in four provincial jurisdictions: Bergamo, Lecco, Mantua and Sondrio. In each jurisdiction, different approaches were taken, making it easier to understand the most efficient road to take. The experimental phase ended in early 1999 and provided some interesting insights.

## **The Lecco Foundation: A Successful Case Study**

**T**he first step in developing a community foundation for the community of Lecco was to form a special Honorary Committee. The goal was to overcome the skepticism usually felt towards a new project, especially when there are no previous national models. To this end it was considered important to identify a group of prominent and representative individuals who could influence public opinion by supporting the project.

The committee included representatives from the major community institutions. It was relatively easy to bring on board the civil governor, the president of the provincial government, the bishop's representative, the mayor, the president of the local Chamber of Commerce, who also represented the University. Also on board was the Commissioner of the Cariplo Foundation—that is, Lecco's representative on the Foundation Board, who was the real promoter and manager of the initiative. The Honorary Committee's first agenda item was identifying the members of the organizing committee, since it was clear to all that the Honorary Committee would not have the time to oversee all the activities necessary to prepare the proposal to be presented to Cariplo Foundation. The support of a more operational body was clearly needed.

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## The Lecco Foundation *CONTINUED*

Following individual meetings between members of the Honorary Committee, the Commissioner of the Cariplo Foundation and the consultants retained to offer technical assistance, members of the organizing committee were identified before the annual Italian summer holidays, when it is difficult to bring people together.

The authorities charged with nominating the members of this committee were extremely careful to avoid any political influence in their choice. Two main criteria were used to select the individuals appointed to develop the strategic plan: geographical origins and professional expertise. Attention was paid to ensuring that the committee included at least one resident from the each local community in the province. Apart from the Cariplo Foundation Commissioner, a businessman with a keen passion for art, the members selected include:

1. One of the most prominent notaries in Lecco;
2. The social director of the local public health unit;
3. The head of the Department of Anesthesiology and Intensive Care (who is also president of the Italian Society for Palliative Care);
4. A businessman especially interested in the conservation of the historical and cultural heritage of the region;
5. A lawyer with a long history of social involvement;
6. The assistant director of Caritas Ambrosiana (a humanitarian organization); and
7. A pharmacist who is also mayor of a local town.

The members of the organizing committee have become the members of the Board of the foundation, with the sole exception of the pharmacist who was replaced by an architect/university professor, and a leading businesswoman.

This organizing committee played a crucial role in the success of the entire operation. It had the task of preparing the strategic plan to guide the Foundation's activities for at least the first three years, the most sensitive period for the future of the institution. It also had an operational role as the only body that could bring the project into being, mobilizing the energies needed to make it happen. The committee was charged with developing a business plan that was rigorous, consistent, feasible and capable of integration with the needs and interests of the local community, as well as with identifying the best approach to secure the active involvement of a large number of citizens in the foundation. One of the goals of the foundation is to attract those who have given up on social and public engagement— not because they lack a

sense of civic duty, but because of a disillusionment with institutions that have failed to gain their trust.

It was decided to postpone the active involvement of citizens and develop a strategy to confront local issues only after the foundation became established. This approach arose from the difficulties that a committee made up of volunteers would have encountered in a public debate and by the desire to avoid possible political pressure that would have created conflicts and made it more difficult to create a local foundation. It was also felt necessary to show a solid and efficient approach that would be in tune with the local culture that stresses action rather than words. To avoid any mistrust on the part of those who might fear that the initiative was simply a power-grabbing operation, the members of the organizing committee decided to set an example by working without pay and by contributing to the working capital of the Foundation. This raised over 20 million lire.

After the creation of the organizing committee, it took only six meetings to prepare the presentation to Cariplo. These meetings produced the by-laws and the program guidelines that will determine the activities of the Foundation over the next three years.

The proposal to raise the resources needed to take up Cariplo's 200 million lire challenge was highly innovative. An announcement was prepared aimed at: "soliciting and matching private donations for public projects promoted by nonprofit organizations active in the province of Lecco." The local foundation's goal was not simply to finance projects in the public interest, but also to nurture a culture of giving. Its declared objective is to increase donations to nonprofit organizations active in the province of Lecco. The Foundation wishes to draw in new donations from private citizens, rather than state revenues already earmarked for social purposes. To achieve this, it promotes development of new projects by local nonprofit organizations, and conducts an initial evaluation of these projects. The Foundation also guarantees all the tax exemptions available under tax legislation, that the donations are set aside in their entirety for the targeted beneficiaries and are used for the agreed purposes, and provides donors with recognition (or anonymity, as they wish), and matches the contributions made to these projects.

The launch, which received wide local media coverage in advance reaching all the potentially interested parties, provided the local foundation with an effective tool to pursue its second major goal of promoting the growth of the nonprofit sector by developing its ability to set up projects. Acquaintanceship with Board members is not needed to qualify for a Lecco Foundation grant. What is needed is a solid and intriguing project that both meets with Foundation approval and attracts the active involvement of the local community. This

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## The Lecco Foundation *CONTINUED*

approach was especially important in establishing a good working relationship with the province's nonprofit organizations. They were able to experience firsthand that the Foundation is not in competition with them, but is rather an institution that increases the resources at their disposal. The approach is neatly summed up in the slogan:

"We don't give to the Foundation: we give through it."

The 200 million lire challenge enabled the Lecco Foundation to illustrate—with the first grants—the contribution such an institution can make to improving the quality of life in the community, as well as to establish a relationship of mutual esteem and trust with the nonprofit organizations active in Lecco. In less than three months, the Foundation was able to raise 500 million lire, exceeding the 200 million target—money used to fund 33 projects. It is important to note that the donations have come from every sector of the community: of the 224 donations, 36 percent came from individuals, 42 percent from businesses and 9.5 percent from service clubs (particularly Rotary and the Lions) and 12.5 percent from other sources (foundations, public administration, etc.).

Even the 10 billion lire challenge proved easier than expected. In less than two years, 12 endowment funds have been set up for a value of almost six billion lire, made up of targeted funds, funds for specific issues, and funds for specific nonprofit organizations. These funds have been set up by individuals and, in the case of the largest ones, by businesses and labor unions. The town of Premana, a small community of 2,000 in Valsassina, has even created a geographical fund.

The balance sheet of this first experimental foundation can only be described as positive. The ease with which such large funds were raised is clear evidence that Italian civil society is perhaps more mature and ready to take up its responsibilities than expected. Conventional wisdom had it that the absence of a Protestant tradition would explain Italy's backward social development. The idea is clearly proved wrong in "that branch of the lake of Como, which extends towards the south" which Manzoni made famous in *The Betrothed*<sup>1</sup>. Our community is generous and approachable: what we have to do now is have the courage to show real trust in its abilities.

In addition to donations, the Lecco Foundation has prestigious offices on free loan from the provincial administration, as well as computer equipment and office furniture provided by two local companies. The General Secretary has managed the Foundation without any compensation but with the support of a large number of highly qualified volunteers. Thus the operational budget for the first two years has been under 50 million lire, including amortization and depreciation.

If the Cariplo Foundation had decided to establish a branch instead of promoting an independent structure, none of these resources would have been available. Furthermore, given that each grant costs Cariplo Foundation several million lire in administrative expenses, community foundation activities save Cariplo Foundation more than 100 million lire in this way alone.

In economic terms, the project represents a success for the Cariplo Foundation. The 20 billion and the 200 million lire earmarked for the Lecco Foundation will be spent on the original purpose of funding public projects, without administrative cost for the Cariplo Foundation. In all likelihood, the funds will be distributed on the basis of a better knowledge of the local community and will leverage other resources through the challenge grant mechanism. The only real expenditures for the Cariplo Foundation have been on the research conducted in the United States and the United Kingdom, the design stage, and the technical support provided to each community involved in the project. Paying the person who worked full time to design the project and hiring a part-time tax consultant cost less than 600 million lire over three years. This was a modest investment when compared against the advantages mentioned above.

The other benefits have been exceptional in terms of image enhancement (dozens of articles have been published in Lecco reporting on the initiative) and the project's reproduction in seven other localities (Como, Mantua, Novara, Bergamo, Sondrio, Monza and Cremona). At the end of 2001, these communities were joined by Verbania, Varese, Pavia, Lodi and Brescia and thus covered all Lombardy Region and the provinces of Novara and Verbania. The project has also attracted interest outside of Lombardy. The Venice Savings Bank Foundation promoted the establishment of a local community foundation in Portogruaro, in the eastern part of the city, and is already at work to bring this experience to other communities. The Perugia Savings Bank Foundation has also organized a research visit to the United States with the same goals for the Region of Umbria. The municipal administration of Florence has shown interest in the idea as well. And the experiment launched by the Cariplo Foundation has been the focus of international attention.

<sup>1</sup> "*The Betrothed* is probably the most famous work of Italian literature not by Dante or Petrarch", according to Penguin publishers. An historical novel, it was written in 1827 by Alessandro Manzoni.

# IV

## *Key Tensions and Challenge*

The Cariplo Foundation has learned a number of lessons from its experiences in creating community foundations:

- From a strategic viewpoint, the most important element of the entire project is a promoter willing to assume responsibility for the successful achievement of the objectives. Without such an enduring and sustainable commitment, especially in the first few months, the project risks getting bogged down or taking second place to other priorities.
- The promoter should also have good relationships with representatives of the major institutions within the territory the foundation serves. If there is no sense of trust, the community and the foundation will work at cross purposes and even commitments publicly made by persons of power and importance locally will come to nothing.
- It is a mistake to put implementation of the project into the hands of provincial governments. While it is indispensable to have a good working relationship with political institutions, it is also necessary to keep the foundation independent from interference by political parties. The foundation must in no way appear to be an operational tool in the hands of any government. It is crucial that these institutions come into being out of the direct involvement of civil society. The provincial government should be a supporting and effective player, not the prime mover, so that the principles of subsidiarity can be realized. The substantial amounts available from the Cariplo Foundation could easily engender a manipulative approach on the part of those more interested in accessing funds than in establishing a local community foundation. There is a real risk that any initiative might be the outcome of a decision made at the top rather than out of a grassroots commitment.

- It is important to be aware that the establishment of a community foundation could be hampered if the organizing committee became a “showcase” for prominent and representative figures. These individuals, because of their public role, could have little time to devote to an initiative that, because of its novelty, is not immediately understandable, and fail to take its development forward.

Local community foundations in Italy are exploring a new role—fundraising for the purpose of financing specific projects—a role not usually played by U.S. community foundations, but one that could be very effective in a country where tax exemption for endowments is practically non-existent. In the United States, this role is usually played by the Community Chest, often described as the checking account of the community (as opposed to the savings account). In Italy, local community foundations may have both these functions. Indeed, fundraising can take place even in the absence of specific announcements. For example, one person donated 100 million lire to support a telephone help-line in a Lecco municipality and an even greater amount for restoring an abbey. This approach could be of great interest to corporate donors who could use the local community foundation as a channel for their social investments, make them more effective and, at the same time, take better advantage of the tax exemption provided by current laws.

The results and opportunities of this project to stimulate community foundations are exciting and encouraging, but there are still many challenges for local foundations:

- Current laws are totally inadequate. Such institutions are not part of the cultural, legal or fiscal traditions, and using the ONLUS scheme to take advantage of the meager tax incentives has side effects. Some of the activities which attract tax advantages in other countries, such the arts and education, are not open to ONLUS bodies and foundations funding such projects could expose their Board to significant sanctions.



- Another tax problem relates to investments. Community foundation development may be hindered by 12.5 percent taxes on the returns on investments of their assets. This rate of taxation further reduces the already low returns on the investment of endowment funds. In Italy, the notion that the primary goal of a foundation is to maintain the value of its assets rather than pursuing its corporate objectives is still strong. Whereas in the United States, private foundations are obliged by law to disburse at least 5 percent of their endowment fund, in Italy the percentage is much lower. This means that, unlike U.S. foundations, Italian foundations are limited to safe bonds or State securities, thus locking up important assets that could have been used to pursue projects to benefit society. Donors are aware of this and one of their first questions is about the return on investment of their fund placed with the foundation. The not-so-brilliant results of these first years of activity may discourage future donors, especially once the incentive of the matching fund on the part of Cariplo disappears.
- The commitment by volunteers, although important, should not overshadow the fact that the foundation, as broker institution, must offer quality services to donors, requiring expertise rare in Italy at present. If foundations do not have the courage and the means to invest in their own internal structure, they may lose momentum and fail to achieve their full potential. Even the most enlightened administrators find it hard to understand that a local community foundation must be considered as a business concern that requires investments to flourish. Boards of directors, not trained to manage this type of organization, do not apply their resources to strategic development, but end up scattering their energies in activities related more to the management than to governance of the organizations. Meetings are often confusing and sometimes inconclusive. Often foundations depend too much on the initiative of their presidents, with Board members remaining passive.

It is essential to develop partnerships between the community foundations so as to take better advantage of synergies and economies of scale. Exchange between the foundations will also allow them to attract not just donations, but also the publicity that businesses could give this sector and, at the same time, promote their image and role outside Lombardy.

The technical support structure provided by the Cariplo Foundation has generally been too slender to offer adequate service to the new community foundations, although it has been possible to organize common meetings on fundraising issues and the development of computer systems to manage grants and donations. Cariplo Foundation has decided recently to create a permanent department within the Foundation that will support the community foundations it helped to establish.

In conclusion, the local community foundation represents an interesting vehicle by which a banking foundation may redefine its role and its identity in close association with civil society. Through this project, Cariplo Foundation has not only resolved some management and operational problems, but also demonstrated its ability to design its own activities in a proactive, innovative way.