

# **GLOBAL COMMUNITY FOUNDATIONS: IMPLICATIONS FOR SUSTAINED SOCIO-ECONOMIC DEVELOPMENT**

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## **Abstract**

This article, using primary and secondary data, analyses development, similarities, differences, and roles, obligations and responsibilities of community foundations in the United States and South Africa. In the United States the history of community foundations can be traced to the year 1743 when, according to Blum (1996:163), an American philanthropist, Ben Franklin, started an American Philosophical Society that at the time operated like a foundation. Other charitable trusts in the United States were put in place in the nineteenth century. Most of these trusts were in support of specific institutions. However, the real boom in the rise of the community foundation movement in the United States took place around the turn of the twentieth century.

In the twentieth century some American tycoons that established charitable organisations began to concern themselves with social issues. Andrew Young, for example, according to Blum (1996), in 1896 set up the Carnegie Institute in Philadelphia, to support education, and then the Carnegie Corporation of New York in 1911, to support libraries and medical education. Community foundations in the United States thereafter began to address a wide range of issues, to support research and solve social problems.

In South Africa community foundations emerged, in the form of modern community foundations, in the late 1990s, when Ford and Charles Stewart Mott Foundations helped establish nine (9) community foundations, to assist mainly with reconstruction and development processes in post-apartheid South Africa. After 1994, the year South Africa attained a multi-party democracy, independence and a representative government, most civic organisations left the sector to join

government, leaving behind either very weak or no viable civic structures, to hold government directly accountable to South African citizens.

## **Introduction**

Cultural, social, economic and political realities of each country quite often determine the extent to which a culture of philanthropy may or may not develop and grow as fast as may be desired. Critics of community foundations may not always be aware of the complex and challenging environment within which community foundations may have to operate.

Criticism of community foundations centre mostly on issues of accountability and inability to respond promptly to perceived community needs. To this end, serviced communities may be completely unaware of the fact that community foundations are established to operate with a specific geographical area, and to address defined community needs, for example, HIV/AIDS, primary school education, small enterprise development and others.

Other critics of community foundations expect community foundations to operate more or less like government agencies that have to cater for a wider range of socio-economic challenges. Putting community foundations on such a scale creates problems because community foundations, though they also remain open to public scrutiny and remain publicly accountable to a limited audience and defined geographical area, for example, a town, city, village, region or some defined geographical area, they do not have responsibilities or scope of operation of a government agency.

## **Similarities and differences between community foundations in the United States and South Africa**

Community foundations in the United States and South Africa have more similarities than differences. Like father like son, community foundations in South Africa owe their existence to those of their parents in the United States. Ford and Charles Stewart Mott Foundations first introduced community foundations in South Africa in

the late 1990s. However, before then, South Africa did have forms of indigenous philanthropic practices that more or less could be compared to operations of community foundations.

Among South African Zulu people, as Mkhize (2004:54) states, His Majesty, King Goodwill Zwelithini, who is also patron of Uthungulu Community Foundation, in his address at the foundation's annual general meeting on 22 November 2001, stated that in community foundations he saw pillars of traditional wealth similar to values of *ubuntu*. He further stated that in the practice of *ubuntu*, he saw an expression of humaneness, which manifests itself in openness, sharing generosity, mutual help and tolerance. He added that principles of unity and group solidarity across racial, cultural and social spectrum are fundamental in principles of *ubuntu*, a philosophy based on phrases such as a person is human: "*Umuntu ngumuntu*"; and a person is what he is because of other people: "*Umuntu ngumuntu ngabantu*".

In essence, *ubuntu* means treating all people with respect and granting them human dignity, and is passed on from generation to generation and includes such values as compassion, care, understanding, discipline and morality. In the past, extreme poverty we experience today was unheard of in most African communities. The indigenous practices of *ukwenana* (borrowing without having set return time for the borrowed item) characterised real values of *ubuntu*; *ilimo* (working together from home to home for no direct pay); *ukuxoshisa* (making a gift of a herd of cattle or goats for an act of bravery or meaningful contribution to a community upliftment programme) and other forms of collective ensure that no family would go to bed without a meal. The philosophy behind such collective projects is *ubuntu* (humaneness).

### **Roles, obligations and responsibilities of global community foundations**

Community foundations are, globally, registered non-profit and community-based organisations supported by combined funds contributed by individuals, and private and public sector organisations. A community foundation's giving is limited almost exclusively to a specific locale, such as a city, town, metro, district, region or province. Many community foundations also permit donor organisations to advise on activities that may be considered for a grant. To government, community foundations may be used as intermediary organisations or facilitation agents to monitor or evaluate local projects in which other levels of government may have

some vested interest. Specifically, a community foundation exists purely to pursue developmental objectives, and to improve the quality of life of target communities, organisations or individuals.

The following are community foundations principles:

- Build and maintain a reputation of integrity, competence and professionalism
- Make their mission, goals and programmes public, so that they could be accessible to anyone who might benefit from them
- Use the resources they manage solely for charitable and public benefit purposes
- Ensure maximum transparency of their actions and decisions, thus improving public awareness and confidence in the non-profit sector
- Base their work and grant-making decisions on objectivity
- Adhere to principles of tolerance and non-discrimination of applicants
- Introduce and encourage policies to avoid all forms of conflict of interest
- Treat all applicants with respect and protect confidentiality of intellectual ideas and personal information
- Use their financial and human resources in the most effective manner to the benefit of society
- Ensure constant improvement of their organisations, staff and activities, through evaluation and self-evaluation.

### **Functions of community foundations**

Community foundations quite often perform a variety of interrelated managerial and administrative functions in their respective and target communities. These are essential functions for the sustainability of a community foundation, and may be tabulated as follows:

- *Donor engagement and impact:* Effective and efficient community foundation managers know that donors are not just simple external holders. Donors need to be regularly kept abreast of what is happening to the organisation they support. They need not ask for information.

Instead, as a community foundation manager, you need to find some way of communicating regularly with donors. Tell them about progress within your community foundation and invite them whenever you may have some public events.

- *Grant-making:* A community foundation makes grants to address a wide variety of local needs in the community it serves. Since the foundation takes a holistic view of local development issues, its grant-making programme can cover areas such as health and human services, education, the environment, economic development, and arts and culture. These priorities are established by monitoring local conditions, analysing gaps in services and funding, and proactively responding to changing needs. Advisory committees and review panels of local citizens often are used to inform and enhance the grant-making process. Grants are awarded to a wide range of deserving and qualifying non-governmental (non-profit) organisations in the local community, to carry out projects, provide services and cover operational costs. In addition to funding, a community foundation helps to build organisational capacity of non-governmental (non-profit) organisations by providing technical support services, providing services, publicising their work to donors and serving as a bridge to public policy-makers.
- *Resource Development:* A community foundation mobilises, attracts, pools and manages financial resources for the current and long-term benefit of the local community. It solicits and accepts gifts from a wide range of local sources including individuals, corporations, foundations, government agencies and other organisations. A community foundation's primary aim is to build, over time, a permanent base of charitable assets to serve the community into the future. As a result, the foundation also places some priority on raising endowment funds.
- *Financial Stewardship:* A community foundation acts as a guardian of donated funds, investing and overseeing their safekeeping. The foundation follows sound investment principles, and often uses outside financial institutions such as banks, brokers and investment managers to manage the invested funds. Above all, the foundation should on a regular basis check if its expenditure budget justifies collected and invested funds for long-term sustainability. At each management and Board meeting parties need to look at the movement of operational and invested funds. This ensures proper control over finances of the organisation. Each the foundation needs to plan how it will raise funds for its programmes and projects.
- *Donor Service:* A community foundation works closely with donors, providing flexible, cost-effective services tailored to their interests and giving capacity. Donors can give an unrestricted contribution, which can be used by the community foundation for any community need, or set up funds that are restricted to a particular purpose or organisation they wish to help. Donations can take many forms, and these include cash, securities, property and in-kind services.
- *Community Leadership:* As a community foundation matures, it can serve as a convenor and catalyst in the community. The foundation can coordinate with other forums,

stimulate public/private partnerships, and bring worthy local projects to the attention of national and international grant-makers. Participation in media events, and television and radio shows provide the foundation with an excellent cheap and required marketing to local communities.

## **Challenges community foundations face**

Community foundations quite often, correctly or incorrectly, find themselves treading on a tight rope between perceived as encouraging welfare services and genuinely assisting in needy and demanding situations. Some grant recipients tend to rely forever on grants from a community foundation. Financial assistance community foundations provide is normally designed to assist individuals and groups to make a start in life or improve on already existing operations. Community foundations are not public agencies to forever provide relief to depressed communities and individuals.

Successful community foundations face another problem of having to be expected to assist where private and public agencies traditionally need to provide assistance. If community foundations are to form mutually beneficial partnerships with private and public sector organisations, such partnerships need to be clearly defined, with specific roles, responsibilities and obligations assigned to involved parties. In sustained partnership each involved party has to bring something of value to the partnership, and not simply expect other parties to shoulder all roles, responsibilities and obligations that need to be shared among involved parties.

The other challenge community foundations face relate to their acceptance as opinion makers on national and international events. Worldwide Initiative for Grant-Makers Support (WINGS) has so far not succeeded to have some positive influences on most international organisations, for example, the UN and its development agencies. At a national level, different countries remain at different stages of development that would be expected to allow civic organisations to operate on principles based on fundamental human rights, respect for human dignity, and democracy, as well as freedom of speech and freedom of association.

## Conclusion

In spite of challenges community foundations continue to have, particularly with funding for community projects and buy-in from individuals, and public and private sector organisations, community foundation current serve in most countries where they exist as sustained drivers of socio-economic development. They are also involved in various types of social research that assist research students and institutions of society in decision making and problem solving processes.

Above all community foundations add real and tangible value to national efforts at job creation mainly through entrepreneurship and capacity building training programmes. Private and public sector organisations alone have never been able to handle the complex issues of unemployment, poverty and starvation. Community foundations in their operations mainly serve local communities with and through community-based organisations. This ensures community participation in matters of common concern.

## References

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