The global community foundation practice: Experiences, observations and implications for Turkey

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During the course of the program in 2006, the author was Executive Director of Third Sector Foundation of Turkey (TUSEV).
Community foundations have helped bring this aspiration to fruition for thousands of donors over the past 90 years. Unlike private or corporate foundations (established based on philanthropic contributions from the wealth of a single person, family or company), they provide a diverse range of individuals with an opportunity to contribute separate funds under the auspices of one foundation. The term ‘community’ refers to the donor community it serves, as well as the population it aims to benefit, which is typically defined geographically (by country, region, city). Ultimately, the donor decides for what purpose (education, health, youth, etc.), to whom (recipient organization), and how (all at once or over a period of time) their funds will be used. Separate funds are managed by the community foundation, which also provides strategic guidance to donors and allocates funds as grants to civil society organizations (CSOs). A portion of donor’s funds (anywhere from 1 to 5 percent) contributes to the foundations’ endowment, which yields income for the operational costs and future sustainability of the organization to ensure its existence for generations to come.

These unique features have made community foundations increasingly attractive for communities all around the world. Founders of the first community foundation in Cleveland, Ohio (circa 1914) would likely be surprised to learn that over 90 years later, 1200 have been established in over 46 countries (WINGS, 2005). Half of these are in the US alone, which have an estimated collective $35 billion US in assets). In the ‘global south’ or developing countries, these organizations are still in their burgeoning stages, an average of 10-15 years old. While not yet as significant in terms of financial assets, their social benefit in serving donors and communities and promoting philanthropy is generating increasing value. As such, this study is based on the premise that communities and donors in Turkey can benefit from the community foundation just as in other countries, whose collective experiences to date can offer initial insights on thinking about applicability in the Turkish context.

Turkey is entering a new era of vibrant growth and development, bringing with it various needs and opportunities for a community foundation practice. Ongoing talks with the EU indicate a green light for future membership, which has propelled greater economic prosperity and political support for democratic reforms. While this progress is not without challenges and periodic setbacks, it presents the third sector with a host of new opportunities in mobilizing private contributions and citizen initiatives. In this context, the community foundation can be mechanism to synergize the traditional philanthropic inclinations and benevolence of Turkish people with new prospects of economic and social development.

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Purpose and Structure of Report
This report is the outcome of a study undertaken during a three-month fellowship at the Center on Philanthropy and Civil Society Studies (The Graduate Center, City University of New York) between March and May 2006, in a program supported by the C.S. Mott Foundation. It is the first study of its kind to examine the implications of global experience and relevance of the community foundation practice in Turkey, and attempts to answer the following questions:

- What are the similarities in terms of contextual factors (mainly social, economic and political), which have led to the establishment of community foundations in other countries?
- What are experiences of community foundations in terms of fund development, grantmaking and convening?
- What are the relationships between community foundations and their key stakeholders?
- What are key operating challenges of community foundations?
- What are the key obstacles, risks, opportunities and implications of these experiences in considering the community foundation practice for Turkey?

This report aims is to i) present findings of functions and respective experiences of community foundations in various countries, ii) identify key findings related to the obstacles, risks, opportunities and implications for adopting a community foundation in Turkey and iii) propose a general framework upon which a detailed feasibility study can be undertaken.

Beginning with a brief summary of the practice of community foundations and its international expansion, this report presents an overview of the Turkish context, challenges and needs that justify consideration of a community foundation practice. Key findings regarding community foundation experiences globally and implications for Turkey are presented around 4 main clusters: Contextual, Functional, Relational and Operational. The report concludes with a proposal for a feasibility study to assess the context, relationships, perceived needs and attitudes, and subsequently shape the design and function of a community foundation in Turkey.
Summary of Context

In a recent article about the global spread of community foundations (March 2006 Alliance), Shannon St. John claims, “the ‘philanthropic impulse’ (to provide for those less fortunate or to give back to a community from which one has derived benefit)- transcends geographic, ethnic and religious boundaries.” Such is the case in Turkey, where charitable giving and the notion of endowments and foundations (known as *vakifs*) are quite familiar. By the end of the Ottoman Empire and the establishment of the Turkish Republic there were an estimated 40,000 foundations established by private individuals (statistics from the General Director of Foundations in Turkey) for aims such as helping the needy, protecting orphans and other publicly beneficial causes. These foundations are now mostly without decedents, and administered by a specific department in the Prime Ministry. While an exact figure is not known, it is estimated that income generated from foundation assets (mainly real estate which is leased or otherwise utilized for income generating purposes) amounts to a significant contribution to the national budget. As such, foundations in Turkey have not only left a social and cultural legacy, but also a significant asset base which continues to provide a return.

More recent state of affairs on giving and philanthropy reveal a slightly different outlook. Peaks of troughs of Turkey’s volatile economic and political modernization process (since 1923) have not only affected the prosperity of the entire country but also dampened the spirit of philanthropy and giving. Recent estimates show that 44% of individuals claim to help the needy through cash or in-kind assistance- with cash contributions amounting to about 53USD per annum or less than 0.1% of GDP (TUSEV, 2005). The foundation sector is much smaller than during the Ottoman era. Today there are nearly 3500 ‘new’² privately established foundations in Turkey (which amounts to about 4.5 per 100,000 population) with combined assets of about $4.6 billion USD³ (Aydin, 1999). While these indicators suggest a bleak picture, a recent wave of changes suggests there is great potential and likelihood to strengthen these numbers.

Turkey is entering a new era of vibrant growth and development within a more stable context. Ongoing talks with the EU indicate a green light for future membership, which has propelled greater economic prosperity and political support for democratic reforms. According the World Bank and IMF, Turkey is one of the world’s fastest growing economies, with almost 8% in growth in 2005, placing it as the world’s 23rd largest economy. Democratic reforms have led to a direct improvement of legislation for foundations and CSOs, generating increased momentum for CSO activity and greater acknowledgement of their important role in Turkish society. This is slowly, but steadily, translating into increased support from donors. Since the early 1990s, some foundations, albeit just a handful,

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² As of 1999. “New” foundations refer to those established after the Republic was formed in 1923, based on a legal code resembling modern foundations in Europe.
³ As of 1997
have managed to raise $2.6 to $4.7 million per annum from several thousand individuals as well as some institutional donors. Companies are increasingly keen to support CSO projects, and contributions are slowly moving beyond one-off project support to become part of the organizations' corporate social responsibility strategy. The government has also recently launched a new range of initiatives to promote partnership and cooperation with CSOs and foundations. While this progress is not without challenges and periodic setbacks, it presents the third sector with a host of new opportunities in mobilizing private contributions for Turkey’s continued social and economic development. In this context, the community foundation mechanism can help to harness the traditional ‘philanthropic impulse’ and benevolence of Turkish people while building on the new prospects of economic and social development.

Summary of Key Findings.
In terms of contextual issues, there are striking similarities in social, political and economic factors which drive the need for community foundations in developing and developed countries. These include shifts in government spending, decentralization, privatization, expansion of market economies, democratic reforms and other major trends- which are leading the third sector to seek new solutions to mobilize participation and support for growing needs of communities and the increasing demands on CSOs to address them. Yet giving and philanthropy are clearly rooted very much in a context of culture and tradition. While many communities do have a culture of giving, the notion of organized giving or an intermediary organization to channel the contributions is still quite new. In fact, the name itself has been difficult to translate into many languages. Legal barriers are less prominent than fiscal barriers, or the lack of tax incentives for donors to give. In some cases, community foundations help mobilize the advocacy movement to improve tax conditions for philanthropy. The increasing momentum of globalization is penetrating every aspect of our societies, and creating paradigm shifts in the way we identify and interact with communities. Multiple geographic identities are increasingly common, as are ethnic identities due the movement of people across nations and within. This is drastically affecting the notion of ‘community’ in the community foundation, as organizations aim to meet the diverse needs of their respective populations. All of these issues resonate greatly with the Turkish context, and indicates a number of important factors to consider. In Turkey, while economic and political stability currently prevails, markets remain prone to fluctuation (affecting interest rates, etc.) that may affect donor’s inclination to contributing funds. In addition, this new practice of giving will have to be explained clearly and with examples, as it will be quite unfamiliar to other modes. The use of the title ‘community foundation’ may not be feasible, given the difficulty of translation in Turkish. Something which resonates more – such as social investment- may be more appropriate. While there are no foreseen restrictions in terms of legal form (it can be established as a foundation or

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4 Foundation for the Prevention of Soil Erosion (TEMA) and Turkish Education Volunteers Foundation (TEGV) respectively, also includes project grants.
association), cooperation with financial institutions and banks to create and manage funds must be further explored. In addition, tax incentives for donors must be improved to generate their commitment.

Community foundations are best known for their main **functions** of fund development, grantmaking, and convening. The extent to which each foundation balances these functions and achieves them varies greatly on context and needs of stakeholders. While community foundations in the international context seem to be mastering the practice of grantmaking, **fund development**, is proving to be much more difficult. Some attribute this to contextual factors; yet it can be argued that a more vigorous and strategic set of services and products to engage donors could help overcome these challenges. Although recent ‘matching’ campaigns to build local endowments in Poland, Slovakia, England and other countries have been successful, their long term sustainability remains questionable. On the other hand, the **convening** function of the community foundation has been referred to as perhaps the most important role in the international context, mainly due to a still nascent stage of cooperation among various actors, and the need for neutral platforms around which to work together. While these challenges are surely not insurmountable, it requires a great deal of investment and planning to design the appropriate fund development strategy for Turkey, which also shares many similar contextual challenges with other countries outside N. America. A detailed assessment of the fund development process (engaging donors through ‘products’ such as funds, and advisory services; developing partnerships with professional advisors and banks, etc.) will yield a better assessment of how this can be undertaken in the Turkish context.

Community foundations comprise a complex matrix of **relationships** with multiple actors. In terms of donors and partners, this study concludes that **foreign funders, business and government** seem to be most prominent. Relationships with **individual donors** (and to this extent professional advisors and other financial institutions) seem much less developed. Community foundations appear to be playing an important role in providing technical support to **CSOs**, especially throughout the process of grant applications and project evolutions. In the Turkish context, state-civil society relationships are improving, yet budget allocations for CSOs and cooperation in projects remains limited. Thus, while governments may view the community foundation as a useful mechanism and thereby be supportive of the idea, it may take time for them to consider using the foundation for their grantmaking objectives. Private sector support for CSOs projects is on the rise. This segment may be best suited to benefit from the community foundation’s services, especially in terms of its advisory role and expertise in the CSO sector. Although working with individual donors may prove to be most challenging, it is the most critical stakeholder for the Turkish context. A detailed assessment of their
needs, potential contributions and other market assessments must take a central focus in the feasibility study. Supportive programs around donor education and outreach will be essential to cultivating relationships and raising awareness. And finally, given the nascent development of CSOs in Turkey, it is likely that the community foundation will have to provide some degree of technical assistance during the grantmaking process.

Finally, the analysis of the operational component suggests that community foundations face several challenges: Raising unrestricted funds to cover overhead costs, and preventing the ‘scope creep’ of operational programs which are not the core function of the organization. Challenges in governance and board utilization, lack of staffing and skills (especially for fund development functions) combined with the inadequate use of technology and marketing creates additional obstacles in community foundations’ ability to function effectively and attain visibility. It is likely that Turkey will share some of these obstacles and risks; however, strategies to mitigate them include i) developing a clear set of expectations and performance indicators for board members and staff and ii) developing a diversified funding strategy and income generation (fee) structure and iv) staffing a professional team which will run the foundation, with a special focus on building competencies of the fund development team. Last but not least, the operation of this organization must prove to be cost-effective and efficient in the face of other options available to donors.

Conclusions and Recommendations

Community foundations are expanding rapidly in the global context, in both developed and developing countries. This is indicative of a growing need of communities all over the world to create new ways of reaching donors and generating resources for CSOs. Community foundations offer donors a flexible, yet permanent set of options beyond establishing private foundations or making one-time donations. CSOs benefit from access to a broader base of donors and ultimately to a larger pool of resources channeled through a local grantmaking entity. The entire community benefits from the outcomes of this partnership, which ultimately aims to get more resources to CSOs working to improve the quality of life. These features can offer great benefits to communities in Turkey.

Nevertheless, the potential success of this mechanism in Turkey rests on its ability to be contextually, functionally, and operationally relevant. There are a multitude of risks, opportunities, and implications for feasibility discussed at length in this study. These initial observations require further exploration and a more detailed field study and feasibility assessment, realized with the leadership of a task force comprised of committed experts from a broad range of sectors. The framework for the feasibility study proposed in this report will determine the specific design of a community foundation according to the local context. Ultimately, this detailed analysis will yield critical information upon which a sustainable community foundation practice can be established in Turkey.
The Global Community Foundation Practice: Experiences, Observations and Implications for Turkey

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May 2006
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My exploration of the community foundation practice has been rewarding and inspiring. I express admiration and appreciation for the innovators around the globe, who are embracing new ideas and practices to strengthen communities. I am humbled by the intense exchange between practitioners in the North and South taking place in a virtual and physical space of mutual learning.

I am grateful to the institutions which enabled my participation in this program and provided time and resources to learn, explore, and reflect: the C.S. Mott Foundation, sponsors of my fellowship; the Trustees and Board of Directors of the Third Sector Foundation of Turkey (TUSEV) for their supportive role in my participation in this program; CPCS Director Professor Kathleen McCarthy, Assistant Director Gene Miller and staff Barbara Leopold, Amal Muhammed, Sokuntary Svay, for their support throughout the program; and my fellowship advisor, Dorothy Reynolds.

My expression of thanks extends to the many individuals who have spent tireless days leaving a ‘paper trail’ of experiences in the international community foundation movement, and the organizations and donors that support them. A global network of experts have been particularly supportive in my efforts to explore this vast landscape: among them, Gaynor Humphries, Jana Kunika, Christine Forrester, Boris Strecansky, and Juraj Mesik. I would also like to thank my peer reviewers and especially Geoff Prewitt, for his editorial guidance.

Finally, I thank my fellow ‘fellows’ for sharing friendship, ideas and a contagious spirit of dedication to make a difference in their communities.

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## List of Abbreviations

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<tr>
<td>CAF-</td>
<td>Charities Aid Foundation</td>
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<td>CFC-</td>
<td>Community Foundations of Canada</td>
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<td>CPCS-</td>
<td>Center on Philanthropy and Civil Society Studies</td>
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<td>CPI-</td>
<td>Community Philanthropy Initiative at the European Foundation Centre</td>
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<td>CSO-</td>
<td>Civil Society Organization</td>
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<td>EU-</td>
<td>European Union</td>
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<td>FIMS-</td>
<td>Foundation Information Management Systems</td>
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<td>GoT-</td>
<td>Government of Turkey</td>
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<tr>
<td>HNWI-</td>
<td>High Net Worth Individual</td>
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<td>N. America-</td>
<td>North America</td>
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<td>TCFF-</td>
<td>Transatlantic Community Foundation Fellows</td>
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<td>TCFN-</td>
<td>Transatlantic Community Foundation Network</td>
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<td>WINGS-</td>
<td>Worldwide Initiative for Grantmaker Support</td>
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I. Introduction

"The great use of a life is to spend it for something that outlasts it."

- William James

Community foundations have helped bring this aspiration to fruition for thousands of donors over the past 90 years. Unlike private or corporate foundations (established based on philanthropic contributions from the wealth of a single person, family or company), they provide a diverse range of individuals with an opportunity to contribute separate funds under the auspices of one foundation. The term ‘community’ refers to the donor community it serves, as well as the population it aims to benefit, which is typically defined geographically (by country, region, city). Ultimately, the donor decides for what purpose (education, health, youth, etc.), to whom (recipient organization), and how (all at once or over a period of time) their funds will be used. Separate funds are managed by the community foundation, which also provides strategic guidance to donors and allocates funds as grants to civil society organizations (CSOs). A portion of donor’s funds (anywhere from 1 to 5 percent) contributes to the foundations’ endowment, which yields income for the operational costs and future sustainability of the organization to ensure its existence for generations to come.

These unique features have made community foundations increasingly attractive for communities all around the world. Founders of the first community foundation in Cleveland, Ohio (circa 1914) would likely be surprised to learn that over 90 years later, 1200 have been established in over 46 countries (WINGS, 2005). Half of these are in the US alone, which have an estimated collective $35 billion US in assets. In the ‘global south’ or developing countries, these organizations are still in their burgeoning stages, an average of 10-15 years old. While not yet as significant in terms of financial assets, their social benefit in serving donors and communities and promoting philanthropy is generating increasing value. As such, this study is based on the premise that communities and donors in Turkey can benefit from the community foundation just as in other countries, whose collective experiences to date can offer initial insights on thinking about applicability in the Turkish context.

Turkey is entering a new era of vibrant growth and development, bringing with it various needs and opportunities for a community foundation practice. Ongoing talks with the EU indicate a green light for future membership, which has propelled greater economic prosperity and political

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1 East Bay community foundation website [www.eastbaycf.org](http://www.eastbaycf.org)
support for democratic reforms. While this progress is not without challenges and periodic setbacks, it presents the third sector with a host of new opportunities in mobilizing private contributions and citizen initiatives. In this context, the community foundation can be mechanism to synergize the traditional philanthropic inclinations and benevolence of Turkish people with new prospects of economic and social development.

**Purpose and Structure of Report**

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Beginning with a brief summary of the practice of community foundations and its international expansion, this report presents an overview of the Turkish context, challenges and needs that justify consideration of a community foundation practice. Key findings regarding community foundation experiences globally and implications for Turkey are presented around 4 main clusters: Contextual, Functional, Relational and Operational. The report concludes with a proposal for a feasibility study to assess the context, relationships, perceived needs and attitudes, and subsequently shape the design and function of a community foundation in Turkey.
II. The Practice of Community Foundations

This section provides an overview of community foundation characteristics, functions, and a brief summary of their origins and global expansion.

a. Functions. The main objective of community foundations is to increase the quality of life in a given community, which can be defined geographically, and more recently, by certain ethnic groups (for example the Indian diaspora living in the US sending support back to India). As parameters which define and affect communities are so vastly diverse, each community foundation differs in the way in which they achieve their objectives. However, despite these idiosyncrasies, they share particular characteristics (Box 1 below) and basic functionalities (Figure 1 above).

Among the most distinguishing characteristics of community foundations is that unlike private or corporate foundations, they are established and sustained with funds from multiple sources (individuals, families, companies, government funds, even other foundations). Another unique attribute is the tendency to serve a particular community, which commonly refers to a, a geographic area (entire country or specific region/city). In terms of functions (Figure 1 above), the community foundation is a conduit serving donors and CSOs through 3 main activities:

a. Raising funds from individuals and institutions (fund development),
b. Allocating funds (through grants) to civil society organizations/CSOs (grantmaking) and,
c. Convening various stakeholders together to address common concerns (convening and operating programs).
The community foundation also has two main **supportive functions** in serving donors and CSOs:

a. Fund development support (e.g. donor education, providing advisory services) and,

b. Grantmaking support (e.g. technical support for CSOs in the grantmaking process, forming project banks to broker donor partnerships).

### Box 1. Characteristics of Community Foundations according to Worldwide Initiatives of Grantmaker Support (WINGS)-Community Foundation Group (CF)

Community Foundations are organizations which:

- Seek to improve the quality of life in a defined geographic location;
- Are independent from control or influence by other organizations, governments or donors;
- Governed by a board of citizens broadly reflective of the communities they serve;
- Make grants to other non profit groups to address a wide variety of emerging and changing needs in the community;
- Seek to build, over time, a collection of endowed funds from a wide range of donors, including local citizens, other non profits and businesses;
- Provide services tailored to the interests and giving capacity of donors;
- Help donors achieve their philanthropic and charitable goals;
- Engage in a range of community leadership and partnership activities, servicing as catalysts, conveners, collaborators and facilitators to solve problems and develop solutions to important community issues;
- Have open and transparent policies and practice concerning all aspects of their operations; and
- Are accountable to the community by informing the general public about their purposes.

Source: WINGS International Connections Report, 2005

b. **History and evolution of community foundations.** This unique organization was born in the US not long after the first private philanthropists (Carnegie, Rockefeller) established private foundations. The first community foundation was established in 1914 in Cleveland, Ohio (USA) during an era of rapid urbanization, industrialization and immigration. In the face of increasing ‘societal ills’, this was a time of significant social, economic and political reform. Municipalities were gaining strength in local communities, while social policy reforms and the role of government in provision of social services were under considerable debate (Chambers III, 2001). This process placed increased importance on private citizen action and contribution, as people were weary of a larger role of the state in social service provision. In response to these new mandates, CSOs (such as trade associations, unions, chambers, other voluntary organizations) and foundations (such as Rockefeller, Ford) were institutionalizing their efforts to become more effective in their respective functions of advocacy and service delivery. With an increased focus on strengthening communities in the face of these challenges, donors that chose not to establish private foundations began forming trusts in community banks. Growing recognition of expertise needed to determine how these philanthropic dollars should be allocated led community banks to
convene a group of community leaders to make these decisions. Consequently, this practice led to the establishment of a ‘community foundation’ under the legal form of a public charity. Before long, several communities across the USA and eventually Canada, began establishing community foundations. According to Suzanne Fuert from the Mott Foundation and an expert in the area of community foundations, the community foundation experience in Flint, Michigan (hometown of the C.S. Mott Foundation) has:

“…helped to encourage and build “social capital” in the community; nurtured a new generation of civic leaders, particularly those from minority and disadvantaged groups, who are working to develop innovative solutions to long-term community problems; generated new resources by making it easy, efficient, cost-effective and tax beneficial for people from all walks of life in the community to make donations to meet community needs; served as a new source of “venture capital” for local nonprofits enabling them to try new ideas and test innovative approaches to problems in the community; and focused attention and resources on the long-term, systematic problems affecting the community.” (Gamba, 1998).

Fuert points to a number of factors which contributed to the expansion of community foundations across the US and Canada. This also provides some hints as to why the Mott Foundation, in partnership with the Charities Aid Foundation (CAF) of the UK, pioneered the practice in England (around 1970), thus starting the global expansion of community foundations.

c. Community Foundations Go International

With the help of the C.S. Mott Foundation and CAF, the first community foundation outside of N. America was established in England in 1970, soon to be followed by other Western and Eastern European countries, many of them in response to a similar set of social and economic challenges facing the US in the early 1900s (Box 2 below, and Figure 2, in Annex 3). According to WINGS-CF, as of 2004 1,175 community foundations were identified in 46 countries as of 2005.

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2 Story of how community foundations started in the US, as told by Bob Edgar of the New York Community Trust during fellowship session.
3 Public charity is one of the legal forms of foundations as per US Tax Code and benefits from greater tax advantages compared to private foundations, upon passing what is called the ‘public benefit test’.
Box. 2 Highlights of global community foundation developments in 2004
(From WINGS Global Status Report, 2005)

- 1,175 community foundations have been identified in 46 countries.
- The number of community foundations has grown by 5% in one year; the number of countries has increased by 9%.
- 40% of community foundations globally exist outside the US, up from 37.5% last year and 34% in the prior year.
- The number of community foundations in the UK and Canada represents only 42% of the community foundations formed outside the US, down from 47.5% last year and 52% the year before.
- The number of community foundations outside the UK, Canada and the US is 274, which represents a one-year growth rate of 24%.
- Countries in Africa and Thailand in Southeast Asia especially are showing a lot of new activity around community foundation formation.
- Community foundations are beginning to have significant impact worldwide as their numbers and resources increase.

The primary common denominator for the global expansion of community foundations has been the search for a mechanism to raise local sources of funding and promote donor involvement in CSO efforts. International funders and local practitioners have played an important role in this expansion.

From a local perspective, practitioners from Germany to Mexico have been increasingly cognizant of the need to mobilize local resources for civil society initiatives, promote ‘organized giving’, strategic philanthropy, and tap into potential donors (individuals, local governments, businesses). In the face of a growing civil society and more CSOs in need of resources, they have taken to view the functions and characteristics of community foundations as an ideal for many different reasons, such as:

- Bridging fund development (donors) and grantmaking (for CSO projects) - of primary importance in Thailand,
- Acting as neutral conveners of CSOs and donors, agents of social change – key to operations in N. Ireland,
- Promoting awareness of and access to the third sector – noted as being a key role in Russia, and
- Increasing social capital and promote good governance among communities - as in the Serbian case.

Thus, while local practitioners embraced the common characteristics and functions of community foundations, there were specific circumstances in their respective countries which made certain functions/roles of the community foundation more relevant than others.

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4 See March 2006 edition of Alliance Magazine
Their plight of adapting this organization to meet local needs and conditions has been supported by international funders (mainly private foundations in the US and Europe). While not all countries with community foundations began with external funding- the Beautiful Foundation in S. Korea is an example- many have benefited greatly from operational support and in some cases, contributions to endowments. Funders’ reasons for doing so have not been dissimilar to the goals of local practitioners- as quoted by Fuert (above), they too recognized the value of these organizations in promoting community development and helping to increase the flow of resources to citizen groups and CSOs. Following the leadership of the C.S Mott Foundation (promoting community foundations across the US and Eastern Europe), Charities Aid Foundation (in the UK and Russia), the Ford Foundation (on various continents) Hewlett Foundation and other donors have supported community foundations outside of N. America (see Annex 3 Figure 1 for more detail). Eventually, development institutions followed suit- with USAID in Bulgaria (mid 1990s) and more recently with World Bank offering matching private funds for a Global Fund in 2006 to nourish the growing movement of community foundations across the world.

While the role of funders has led to some debates about over-reliance on external funding and local sustainability concerns, (Forrester, 2004, 2005), it has also helped to galvanize the community foundation movement internationally- and not only with financial backing. The non-tangibles of their support has included promoting awareness of the concept and helping to rally local donors (such as with CAF Russia), as well as providing know-how, and linking local practitioners to national and international networks for exchange of practices. They have also helped establish ‘umbrella’ organizations (such as WINGS-CF Worldwide Initiative of Grantmaker Support Organizations, and Transatlantic Community Foundation Network, and the Community Philanthropy Initiative of the European Foundation Center) to facilitate global exchange and further institutionalize the community foundation practice with standards and principles in an effort to create some uniformity in the sector. These networks have been supplemented by learning and exchange programs for seasoned as well as emerging community foundation leaders (such as the Transatlantic Community Foundation Leaders program and the Center on Philanthropy and Civil Society Studies fellowship program).

As such, with a history of just over 90 years, the functional attributes and adaptability of community foundations have intrigued local practitioners and donors (both local and external) from all over the world. This suggests great potential for consideration in the Turkish context, as this report will explore in closer detail.

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5 See [www.wingsweb.org](http://www.wingsweb.org) for more
III. Turkish Context and Background

This section starts with a brief synopsis of the historical perspective of charity and civil society in Turkey, and ends with a view of current landscape and challenges which make community foundations a relevant option to consider.

*a. Historical Overview.* Much of the context which frames both the need and the potential feasibility of community foundations links back to the respective culture of giving and civil society in a specific country. In Turkey, creating institutions (called vakifs, or foundations) to help the needy and allocate private wealth for public good has been an integral part of the religious and cultural tradition since the Ottoman Empire (Late 14th century thru 1922). Despite common assumption, many of these foundations were established with religious motives but accompanied by a social purpose (Ural, 1970). These organizations were practically the sole providers of services (i.e. - schools, hospitals, etc.) and especially active in helping the poor and destitute. Foundations were sophisticated institutions, with a host of ‘economic entities’ (i.e. - caravansaries, hospitals, etc.) which re-invested revenue to the foundation for public benefit (CPCS, 2001). They were established mainly to help the poor and destitute, which gathered at their doors to receive support of benevolent and pious individuals.

Although this rich history is kept alive (there are over 40,000 ‘old’ foundations which continue to exist, and are administered in a complex manner by the government agency for foundations), the nature of foundations in Turkey has changed quite dramatically upon the establishment of the Turkish Republic in 1923, and throughout the modernization process (thru to 1945). The modernization process was infused with the strong state-centered ethos. Established with strong principles of a social welfare state, the government was considered the sole provider of services and controller of all power and activities, private and otherwise. The founding of a multi-party parliamentary system in 1945 marked the adoption of democratic principles in Turkey, it would

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6 Institutional means by which an individual/family designated the income from property to go toward foundation and/or upkeep of a particular charitable institution (CPCS, 2001)

take almost another 45 years for these principles to be fully extended to affect civic freedoms and other aspects of civilian life. This notion translated to the assumption that civic action existed on the basis of ‘duty’ toward the state and the modernization process, thereby significantly limiting individual freedoms and civic action. As a result, actions of private citizen organizations such as foundations and other CSOs were discouraged and eventually ‘squeezed out’ by state agencies and enterprises. With the ratification of the first ‘post-Republican’ law on foundations was in the late 1960s, a number of ‘new’ (as opposed to ‘old’ referring to Ottoman foundations) foundations were established with the initial fortunes of the industrialists—which, despite economic and political instabilities, remain among the strongest (in terms of assets) to date. These Turkish philanthropists are of the likes of the Rockefeller and Carnegie families, having earned their wealth in the industrialization years of Turkey and are still shining examples of Turkey’s ‘modern’ philanthropists.

Despite the important and ostensibly progressive modernization process, increasing amounts of social, economic and ideological tensions subsequently resulted in three military interventions (1960, 1971, 1980). Citizen groups and CSOs used associations (legal form for NGOs) to express ideology and as a result, the government began to view civil society as organizations that promoted civil disobedience and political dissonance. The last of the three interventions in 1980 resulted in a revised association law and other provisions in the constitution that effectively restricted and controlled civic liberties in all realms. While charitable organizations (foundations) continued to serve social purposes and needs, they faced a great deal of difficulty in the face of cumbersome bureaucratic procedures. On the other hand, civic organizations (associations) were hampered significantly and freedom of association was obstructed.

As a result, over the course of almost 50 years since the establishment of the Turkish Republic thru to 1980, both charitable foundations and associations have been systematically discouraged, leading to a great erosion of civic life in Turkey. Now, just over 20 years since the last military intervention, a significant transition has started taking place—coined by a recent independent commission as a ‘silent revolution’ (OSI Turkey, 2004). The Turkish government has committed to undertaking considerable reforms to adopt the fundamental tenants a participatory democracy, many of which are mandates of the Copenhagen Criteria (set of political criteria, part of Turkey’s EU accession negotiation process). These reforms have generated great focus on broadening civic space and improving relationships between the state and citizens. This has led to a re-vitalization

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of civil society, which is now positioned to take on a more prominent role in the course of Turkey’s social, economic and democratic development.

b. Challenges and Opportunities. Although this era of reform and civic revitalization is a crucially important milestone in the Turkish Republic’s young history, it also brings about a new set of challenges, and some points on how community foundations can help address these are described in greater detail below:

1. CSOs need for greater resources. Turkish CSOs are increasingly becoming key providers of services, and mobilizing to promote rights and democratization efforts. As the scope of these efforts increase, so do the corresponding need for financial resources. Recent studies (TUSEV, 2005, TUSEV, 200610) on philanthropy and civil society in Turkey suggest CSOs face great challenges in mobilizing participation and support of individuals (7.8% of the population is a member of a CSO; 1.5% a volunteer; 12% a donor). These studies also suggest that a lack of mechanisms to facilitate organized giving and increase the flow of resources to the sector pose serious risks to CSOs sustainability11. Community foundations can help address this challenge by cultivating new donors, facilitating funding from donors to CSOs, thereby increasing the flow of resources for CSO activities.

2. Mobilizing individual donors. Notions and traditions of giving and helping those in need are familiar in Turkey, but the practice of making donations to CSOs is a rather new concept. Recent studies indicate that individuals continue to provide rather small-scale assistance (average of 53 USD per year) mainly to close kin in need, rather than to CSOs which collectively work for the public good (see Box 3 below)12. In addition, ‘philanthropy’ continues to be regarded as something only the wealthy can do. This comes as no surprise, given that institutions which promote philanthropy (foundations) are only made accessible to the elite and wealthy which can invest enough capital to endow the institution (required by Turkish Foundation Law). For those who have this potential, the difficult and costly process is often a deterrent. For those that fall somewhere in between very small and significantly wealthy donors, the only option is to make a donation directly to a CSO- which can often be a time consuming and difficult process. Community foundations can help address this challenge by offering new options to donors which have philanthropic interests but choose not to establish private foundations and do not want to deal with the difficulties of finding the ‘right’ CSO to make a donation directly.

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10 Civil Society Index project, TUSEV, 2005 and Philanthropy in Turkey: Citizens, Foundations and the Pursuit of Social Justice, TUSEV, 2005 See Appendix for summary of key findings
11 See Annex 2 for summary of key findings from Civil Society in Turkey, TUSEV, In Press, 2006
12 See Annex 1 for summary of key findings from Philanthropy in Turkey, TUSEV, In Press, 2005
Box 3. Snapshot of Philanthropy and Giving in Turkey (TUSEV, 2005)

- 44% of respondents report making a donation, but tend to make them directly to the person in need (87%) as opposed to charitable organizations/CSOs (12%).
- People regard philanthropy as: Providing Assistance (%41), Sadaka (%36), Making a Donation (%33), Zekat (%33), Volunteering (%32).
- Donations tend to be given to relatives/people in need (87%) or through organizations such as NGOs and other institutions (%12). Main reason for this is attributed to the small amount of donation (%53).
- Factors that are important when making donations: Trust (%90), Transparency (%80), Tax Deductibility (%76).
- Preferred issues which merit the most assistance when making donations to foundations/NGOs: Helping the poor/needy (%29) Education (%16)
- A majority of the respondents in the public opinion study perceive the state as responsible for helping the poor (38%). Yet, almost one in two respondents assert that civil society organizations (53%) and foundations (39%) can make a positive contribution to the social and economic development of Turkey.
- Assuming that all direct aid reported pertains to the whole household, about 53 US$, or 0.9%, of yearly household income is given in direct aid (using 6,147 US$ as the yearly household income reported). The total of such aid for all 12.5 million households in Turkey sums up to 662.5 million US$ or 0.1% of GDP.

3. Facilitating grantmaking for government and businesses. Companies in Turkey are increasingly recognizing the importance of supporting CSO projects, yet their understanding of the sector is and skills as grantmakers are limited. The Government of Turkey (GoT) has never been an ‘official’ funder of CSOs, and as such are unfamiliar with grantmaking procedures and processes, also with the sector itself. However, new agencies are being established with a specific focus on CSO partnership (e.g. Regional Development Agencies) and existing agencies are revising and expanding CSO partnership and cooperation frameworks (local governments, line ministries, Turkey’s International Aid Agency ‘TIKA’, and other social service agencies). It is likely that budget allocations for joint projects with CSOs will increase substantially in the coming years, thereby requiring a new set of capacity, expertise and procedures for working with CSOs. Community foundations can help institutional donors by offering their experience and expertise in helping to manage the process of making grants and developing joint projects with CSOs.

In conclusion, while CSOs struggle to generate resources, donors struggle with lack of information, options and mechanisms to channel donations/grants to CSOs. The premise of this study is that Turkey would benefit greatly from employing a mechanism such as the community foundation, to manage the flow of resources to CSOs from individuals and institutions.
IV. Research Design, Question and Methodology

**Design.** The methodology of this study was designed to address the exploration of community foundation applicability for Turkey in 3 phases (Figure 2, below). Phase 1 - outcomes presented in this report - aimed to scan international experiences of community foundations and the implications for Turkey, with a broad sketch of a feasibility study to be designed and implemented in Phase 2. Phase 3 would encompass the detailed design stage of the community foundation in Turkey, based on the outcomes of the feasibility study.

**Research Questions.** The main research questions for Phase 1 are based on two main themes: learning from the experience of community foundations in the international context and building on these experiences to reflect on the potential of community foundations in the Turkish context, such as:

- What are the similarities in terms of contextual factors (mainly social, economic and political), which have led to the establishment of community foundations in other countries?
- What are experiences of community foundations in terms of fund development, grantmaking and convening?
- What are the relationships between community foundations and their key stakeholders?
- What are key operating challenges of community foundations?
- What are the key obstacles, risks, opportunities and implications of these experiences in considering the community foundation practice for Turkey?

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13 Please see Annex 3 for detailed information on study design, inputs/outputs and list of meetings.
Methodology. This study was largely based on a literature review of reports developed for feasibility plans, evaluation studies on the evolution of community foundations, and other key publications/literature about the community foundation movement with a specific view to the international perspective (see Annex 1 for more detail). The 28 seminars (part of the fellowship program) with leaders and experts in the field of community foundations and diaspora philanthropy, and respective assigned readings for each session, were an invaluable source of practical reflections and knowledge from the field.

Limitations. As with all studies, research has respective limitations. First, there is documentation with regards to reports that document strategies and thinking for planning and feasibility assessment of establishing community foundations in respective countries. Few are available\(^{14}\), which are nonetheless valuable for thinking through the Turkish plan. A similar lack of documentation exists with regards to the evolution of community foundations. Unfortunately, very few studies regarding how community foundations are evolving and their trials and tribulations have been published\(^{15}\). There is, however, an increasingly rich account of various experiences of community foundations across the world given the recent increase in exchange programs and events. The WINGS Global Status and the Community Philanthropy Initiative (CPI- of the European Foundation Center)\(^{16}\) publications are particularly useful as well as the Transatlantic Community Foundation Fellowship papers and Bertelsmann Transatlantic Community Foundation Network publications.

And finally, a disclaimer: This study is a source of observations, interpretations and deductions of what others’ have documented and as such, are not to be expressed on behalf of authors or experts on the subject of community foundations.

\(^{14}\) Poland, Slovakia, Macedonia, Egypt
\(^{15}\) UK, Russia, Slovakia and Trans-Atlantic Community Foundations Fellows/Network Reports
\(^{16}\) [www.efc.be](http://www.efc.be)
V. Key Findings

This section focuses on major themes and trends without undermining the diversity and idiosyncrasies of community foundations and their respective cultures and communities. Although community foundations share a number of common characteristics, (earlier mentioned), there is arguably as much variety in their approach among the 700 community foundations in the US as there are between those established in Russia or Mexico. As such, the key findings discussed in this report are a reflection- a celebration in fact- of that diversity, within which important lessons and approaches for Turkey are imbedded.

Key findings are based on community foundation experiences, lessons learned and implications for Turkey, which are presented around 4 main ‘clusters’: Contextual, Functional, Relational and Operational. As depicted by Figure 3 (below), each cluster addresses a number of related headings. Each heading is described in detail, beginning with a summary of the issue (reflecting lessons learned and practices in the sector) followed by an analysis of the implications for Turkey.

![Figure 3. Key Finding Clusters](image-url)
a. Contextual Cluster. This cluster groups together environmental factors which greatly affect the ability of the community foundation to function in a particular context: Culture of giving, defining community and legal/fiscal frameworks.

**Political, Social, and Economic Context.** Community foundations are living organizations and greatly affected by many variables. These organizations are focused on enabling non-state funding and actors to address needs of the public. As such, government policies and funding priorities have a great impact on the mandate and scope for community foundation work. Outside the US, most countries initiate a system in which a majority of basic public services are expected to be provided for by the government. Yet a global trend of increasing budget gaps is leading to a greater mandate for private sources to tackle public and community needs, thus validating the role of community foundations. Social and cultural attitudes toward civil society, and donations also play a critical role in shaping the role of community foundations (see below under ‘culture of giving’). Finally, economic factors such as a functioning market economy, capital market, vibrant private sector, banking and financial systems as well as the amount of wealth and employment in a given community all have important impacts on the feasibility of the community foundation.

**Implications for Turkey**

| Potential Obstacle/Risk: Though increasingly politically and economically stable, Turkey remains prone to rather drastic fluctuations, which can affect the i) operation of the organization ii) relations with government iii) investment climate and incentives for donors iv) investment climate for endowment and other funds. Social and cultural attitudes toward giving are still exhibit a proclivity toward individual donations and a general lack of knowledge around CSOs and community level activity may limit donor interests in organized giving. |
| Potential Opportunity: Despite fits and starts of the Turkish financial market, the country exhibits tremendous potential. Political will demonstrates great support toward enabling private philanthropy to address gaps in service provision. An increase in personal wealth and a current lack of philanthropic options suggests the community foundation can address an important need. |
| Implications for Feasibility Study: A comprehensive market analysis with regards to political dynamics (relations with government), investment climate and other economic metrics, as well as social attitudes (additional surveys on giving, focus groups, etc.) will be critical inputs for the assessment of feasibility and to ensure the organization is designed to succeed according to Turkey’s unique environment. |
Defining Community. Globalization has brought about many key changes in the way we view communities. More than ever, individuals and business are interacting and identifying across multiple geographic boundaries. Immigration and migration patterns are also changing the way we identify with our ‘communities’ - as they extend beyond geography to include ethnic identities. The community foundation movement all over the world is grappling with how these changes affect the basic tenants and functions of community foundations (Burnholz, Fulton, Kasper, 2005).

Implications for Turkey:

| Potential Obstacle/Risk: Difficulty drawing geographic boundaries for the community foundation, leading to scope creep; Or the complete opposite- strict definition of boundaries which may impede connections with a broader community. The challenge of determining where the first community foundation can be established and the feasibility of additional ‘affiliate’ funds (for other regions/cities) may deter potential donors and supporters. |
| Potential Opportunity: Increasing mobility of individuals and families (especially rural – urban migration), globalization of the market can benefit from a service which allows individuals and businesses to support the communities they feel most connected with (e.g. through the use of affiliate funds which can be set up for specific regions/cities); Several million Turkish Diaspora living in Europe (mainly Germany, France and Belgium) and the US can benefit from the mechanism; Setting up a community foundation in a large city such as Istanbul offers closeness to donors, access to more experts in the field, and greater potential to connect with rural migration associations. |
| Implications for Feasibility Study: Location of the organization will be a key factor in determining the strategy; How, and to what extent the organization will be able to serve across many different regions has important impact on the level of capacity/staff/expertise needed to do so. |

Developing a Culture of Organized Giving. Organized giving is a term used to explain the practice of making donations to organizations rather than directly to individuals in need. As such, attitudes toward organized giving from individuals have a substantial impact on the ability of community foundations to make their case and raise funds. For many countries outside of North America, this is not customary, and poses significant challenges in building support for the community foundation from individuals. Almost all US fellows that participated in the Transatlantic Community Foundations Fellows program between 2003-2005 noted how ‘grateful’ they were for the culture of giving in the USA, and observed the challenge their European colleagues face in promoting organized giving.

17 An exchange program between US and European community foundations, supported by the German Marshall Fund and King Baudoin Foundation in Belgium.
However, both fellows and other practitioners writing about these challenges do not seem to take into account the significant investment in creating products and services which target and serve donors in the US and Canada. In examining the international practice of community foundations, very few groups appear to have explored relationships with banks or the exploration of creating products to access individual donors. As such, what is deemed a ‘lack of culture’ may in fact be more of a ‘lack of strategies and tactics’ to further engage donors.

**Implications for Turkey:**

- **Potential Obstacle/Risk:** The practice of organized giving is rather new; Donors may be initially reluctant to utilize the community foundation; Lack of investment and effort to develop appropriate systems, products and services to target donors.

- **Potential Opportunity:** Market is open, no existing mechanisms to collect donations, creates new options for donors; The ‘Women’s Fund’ is an example of a recent initiative to raise resources from multiple donors and re-grant the funds to CSOs working on women’s issues, has attracted attention, and sets a precedent for similar innovative fund development mechanisms.

- **Implications for Feasibility Study:** It will be important to manage expectations around building a culture of giving; Community foundation should be designed to offer activities and programs that cultivate new donors (i.e. - education programs, materials, meetings, visits, etc.) to encourage more awareness and engagement; A specific focus on fund development and donor services directed toward individuals will help change attitudes and practices toward philanthropy in Turkey (see below ‘fund development’ and ‘donor relations’).

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**Legal and Fiscal Context. Fiscal** incentives (i.e.- tax deductions for donors) are an important part of the ‘formula’ for promoting individual giving. Average rates of deductions range from an average of 10-12% in Europe with a contrast of more than 50% for some forms of donations in the US. Yet according to community foundations in Eastern and Western Europe, as well as other parts of the world, fiscal incentives remain limited. Some community foundations have taken an active leadership role in changing legislation, such as the Togliatti Community Foundation in Russia (Kilmurray and Feldstein, 2004). As such, the community foundation practice itself has been observed to help advocate for better tax advantages, once the government has been able to ascertain its added value. Yet there is a strong sense that greater tax incentives would engage a broader segment of donors. In terms of legal structure, US laws differentiate between private foundations and community foundations (legally referred to as public charities). Public charities can offer more incentives for their donors, but are also required to meet a certain ‘public benefit test’ to ensure they are raising funds from a diverse group of donors on a regular basis (D. Reynolds, CPCS seminar, March 8, 2006).
Implications for Turkey:

Potential Obstacle/Risk: Foundation is a legal form in Turkey, but there is no differentiation among private and ‘public’ (in the public charity sense); Fund development (in terms of creating funds as mentioned above) and grantmaking (in terms of re-allocating funds to CSOs) are not familiar practices, and there are no specific regulations, which address these activities; Tax incentives for donors are not encouraging and certain procedures limit the number of CSOs donors can obtain deductions for their donations; Fundraising laws require frequent prior approval and detailed reporting, which may create administrative burden for the community foundation.

Potential Opportunity: Current legislation does not prevent the establishment of a foundation. Current focus on CSO law reform can take on tax issues to promote more incentives (some initiatives are already underway); Government has demonstrated significant political will to encourage giving in the past year, especially given the need for increased contributions for basic services (mainly, education, health and culture)- if support from the government for the community foundation model is obtained, it is likely that appropriate legislation to enable it will follow; Precedent of the ‘Women’s Fund’ proves that a mechanism which raises funds and makes grants is legally and fiscally possible.

Implication for Feasibility Study: The study should include a clear description of the functions and procedures of the community foundation in order to map legal and fiscal implications and gaps/hindrances in current legislation; Findings should be submitted to policy makers with a request to mobilize reform initiatives; If legislative reform is deemed to delay the momentum of community foundation establishment, it would be beneficial to determine current legal and fiscal provisions to develop a temporary solution without preventing fund development and grantmaking functions.

b. Functional Cluster- This cluster addresses experiences and issues around the key functions of the community foundation: Fund development, grantmaking, convening and community knowledge.

Fund Development. Fund development is not to be confused with fundraising: Fund development is a practice which aims to match donor interests with community needs through highly personalized solutions, where as fundraising is either a ‘mass market’ campaign or the process of submitting grants to institutions for specific projects (Monroe, 2001). Also known as ‘donor services’, community foundations employ a wide array of methods when engaging individual donors, the most common being the ‘fund’ concept- such as fund accounting, reporting, and investment management. As indicated in the table below, (see Table 1) a variety of different permanent and non-permanent ‘funds’ allow community foundations to offer donors several options. In fact the donor servicing and fund practices of US-based community foundations have been among the most valuable learning points for non-US community foundation practitioners (see Transatlantic Community Foundation Fellows/TCFF European Fellow reports). Permanent
funds are especially important in building endowments. However, community foundations, in both developing and developed countries (UK), are facing challenges in establishing these funds, given donor preferences to spend donations in a shorter time frame. Challenge grant initiatives - such as those in Slovakia, England, and Poland - appear to be useful in helping to build these funds as well as the capacity of community foundations to expand fund development activities (Forrester, 2004, Forrester, 2005).

In addition to the traditional fund structures, rapid changes in technology and the economy are changing donor interests. As a result, financial institutions such as Fidelity and Merrill Lynch have introduced ‘charitable gift funds’ which offer donors a convenient way to channel their charitable giving. In response to this potential ‘competition’, community foundations have embraced the ‘donor advised fund’ model, which is very similar to the charitable gift fund but managed by the community foundation as opposed to a financial institution (Figure 4).

Table 1: Fund Types

| Permanent Endowment Funds (only earnings on fund are available for use- principal is not touched) | Non-Permanent Endowment Funds (principal and earnings if they are credited to the fund are all distributed) |
| Donor-Advised- Enables donor to make periodic recommendations to the foundation with regards to charitable distribution | Donor-Advised Fund- Provides a pool of philanthropic capital that is not permanently committed and may be spent out over a period of time |
| Field of Interest- Supports a particular target population, such as youth, elderly, handicapped, women (can also be a fund for a specific geographic region) | Special Project Fund- Pooled money for special projects or needs of the community / community foundation |
| Unrestricted- General fund which can be used for grantmaking, operations and special projects | |
| Designated Agency Fund- To support a specific organization as long as it exists (e.g. museum, hospital, school) | |
| Scholarship Fund- To support individuals seeks education in a particular field of study or school | |
| Agency Endowments- Funds that a community foundation holds specifically to benefit a single named agency (often used to promote endowment building for other CSOs) | |

Despite the innovation and sheer success of these efforts in the N. American context, the practice of fund development - which is most frequently used to target individual donors and often referred to as donor services - is developing a bit differently overseas, and is facing some major challenges. To begin, as opposed to N. America, business and governments and to some degree foreign foundations and development institutions seem to comprise a majority of the donor base for community foundations overseas. This has led to some over-reliance on working with institutional donors rather than cultivating individuals.

While most community foundations overseas present the ‘weak culture of giving’, ‘inability to relate to the endowment/fund concept’ and ‘insufficient levels of wealth’ (quoted from reports on Slovakia, Russia and UK) as significant obstacles to fund development, very few seem to be exploring innovative mechanisms to reach new donors. Of all community foundation activities mentioned, very few report significant initiatives around donor cultivation and education, much less the creation of local practices around fund development such as those proliferating in the N. American context. This study observes that the main challenge is the lack of resources and capacity to invest in the technical infrastructure and skills needed to create such mechanisms.

On the positive side, donors and support organizations have begun taking notice of these difficulties by helping to increase community foundations’ capacity to become more self-reliant and build a stronger fund development practice. Challenge grants - offers of matching funds to
create incentives for local donors - by larger private foundations have proved to be somewhat successful in Russia, Slovakia and the UK in terms of getting community foundations to focus on fund development. Yet, this alone, does not seem to create more than a short-term campaign to raise funds. A more long-term and arguably more successful approach was the UK-based effort with support from the Esmee Fairburn Foundation. This campaign combined challenge grant schemes with capacity building grants for community foundations to help build their fund development practice including skill building of fundraising professionals as well as the strategic vision of the organization for fund development (Forrester, 2006). Marion Amartey, Head of International Development at Charities Aid Foundation, suggest that that CAF could ‘export’ its knowledge and experience in donor services and fund development to community foundations (telephone conversation, June 2006).

Community foundations may also benefit from undertaking more detailed market analysis around fund development products. According to Christopher Harris18, Program Officer at the Ford Foundation, community foundations need to analyze the market conditions and various factors which will affect the strategy and design of the foundations’ financial instruments. In addition to effective market analysis, products/initiatives around fund development require appropriate marketing strategies to create messages which resonate with local donors.

**Implications for Turkey:**

| Potential Obstacle/Risk: May not be feasible to immediately offer donors the option to have the foundation hold their funds (see below, Donors), mainly due to concerns around trust; Legal and fiscal provisions, as well as economic indicators (i.e. - investment climate, etc.) may impede the range of ‘products’ to offer donors; Professional advisors and financial institutions are not familiar with philanthropic services and may oppose the idea; On the other extreme, they may affirm the idea to the point where they look to ‘cut-out’ the community foundation of the picture, and take on the full transaction themselves. |
| Potential Opportunity: Private sector and Turkish business people are highly entrepreneurial- the current trend of corporate social responsibility and eagerness of businesses (especially banks) toward giving programs may pose a effective opportunity for partnership in the area of fund development; Working with banks and institutions to hold funds may help address potential ‘mistrust’ related issues on behalf of individuals and institutions. |
| Implications for Feasibility Study: The study should produce a detailed market/economic analysis and design of the fund development function and the myriad of options possible in Turkish context. This should be conducted in close coordination with banks and advisory service firms, and include a. Turkish, as well as foreign banks, (e.g. Fidelity, Merrill Lynch, Citibank, HSBC, etc.) and professional advisor firms (Ernst and Young, PriceWaterHouse Coopers). |

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18 CPCS seminar, 15 May 2006
**Grantmaking.** Grantmaking is one of the three pillars of community foundation functions. Most community foundations outside of N. America\(^\text{19}\) seem to be making significant progress in developing expertise around grantmaking, and using innovative methods to increase visibility of the community foundation in the process of awarding grants. In Russia, some community foundations organize public ceremonies when making grant decisions; the Brazil Foundation convenes their grantees regularly to not only meet some of the donors but also to facilitate relationships among CSOs. In terms of grant size, most community foundations appear to be making multiple small grants rather than fewer large grants. They attribute this, mainly, to both the nascent stage of development of CSOs (smaller grants are easier for them to manage) as well as the opportunity to increase interaction with a number of CSOs rather than only a handful. Often times the community foundation is seen as an endorser of lesser-known CSOs; thus, even a small grant helps to increase the ability and credibility of smaller organizations in getting started and attracting future funds from other donors.

With regards to decision making, community foundations are employing participatory procedures in decision making; one TCFF fellow recognize that while in the US program officers tend to be decision makers for grants, non N. American (in this case, European) community foundations tend to have more participatory mechanisms (committees, etc.).

**Implications for Turkey:**

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<th>Potential Obstacle/Risk</th>
<th>Implications for Feasibility Study</th>
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<td>Grantmaking may raise questions and concerns, especially regarding the fairness and transparency of the process; Lack of systems to support due diligence of potential grant recipients (e.g. GuideStar(^\text{20}) - a database of basic information about all registered CSOs in the US) to compile information about CSOs and gather initial information about eligibility; Donors may initially shy away from social justice oriented projects, given their propensity to support more service-delivery oriented projects.</td>
<td>The study should address issues around designing appropriate procedures to ensure transparency and accountability of the grantmaking process. In addition, feasibility of developing due diligence systems should be explored (i.e. type of information needed, source of information, database, etc.); CSOs are still in their early stages of development, grant size and additional assistance needed in the application process should be considered (see below ‘Working with CSOs’);</td>
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\(^{19}\) There are some examples of German community foundations which are not grantmaking at all.

\(^{20}\) [www.guidestar.org](http://www.guidestar.org), a database of information on CSOs in the US
Transactional versus Transformational Roles: Community Foundations as Conveners. One of the most frequently cited ‘developments’ in the field of community foundations outside of N. America has been their critical role as conveners. The diverse range of groups and individuals that both fund, and receive funding from, the community foundation makes it a natural convening ground around issues of common concern. The report ‘Beyond Grantmaking’ prepared by TCFN (2002) shares a host of case studies of European community foundation efforts in this realm. In a speech made at a conference for Italian community foundations (Gamba, 1998), Peter Hero from the Silicon Valley Community Foundation in California noted among critical success factors the importance of convening. He suggests that in the beginning, this is perhaps more important than focusing solely on raising an endowment.

Another relevant theme to the role of community foundations as conveners is the link to promoting social capital. Lewis Feldstein and Thomas Sander (2001) write extensively about the important role community foundations play by educating/catalyzing the community, grantmaking (also mentioned above); capturing knowledge (mentioned below in ‘community foundations as knowledge bases) and finally, measuring social capital.

Yet often times in their pursuit to ‘serve’ donors, many community foundations fall into the practice of focusing only on the transactional function (passing grant to “X” CSO as deemed by “Y” donor). However, as a growing amount of studies and literature on the sector points out, the transformational function of community foundations is also critically important. This means extending beyond the transactional operation of transferring funds from donors to CSO. Rather, it emphasizes the convening role of the community foundations in educating donors and working with communities and CSOs to collectively identify key issues and needs which merit specific attention and channel resources in this direction.

Looking again to reports of US-based TCFF fellows between 2003-2005, many note the impressive efforts of European community foundations to work on social justice issues and highly commend their ‘social change’ roles. Indeed one of the most well-known examples of this is the Community Foundation of Northern Ireland which has, since its inception, focused on re-building social capital in a fragmented society. In the US and Canada, community foundations have been mobilizing around issues such as housing, environmental, and/or migration.

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21 A term coined by several thinkers to refer to the norms and networks of civil society that enable citizens and their institutions to be more productive. See Putman, 1995 for more.
The Global Community Foundation Practice: Experiences, Observations and Implications for Turkey

### Implications for Turkey:

| Potential Obstacle/Risk: | The grantmaking and fund development process may dominate the time and capacity of the staff, leaving the convener role unfulfilled. Alternatively, this may take a great amount of effort and distract the staff from its other roles. Donors may prefer a more transactional involvement and chose not to be actively involved in specific issues or initiatives. |
| Potential Opportunity: | The neutrality of the community foundation may provide a safe meeting place for various groups to discuss common areas of interests. Given its position in working closely with donors and CSOs, the community foundation may be well placed to bring actors with similar interests and objectives together. |
| Implications for Feasibility: | Given the critical need for convening and creating policy level reforms for social and economic development, the transformational work of the community foundation will be particularly valuable and important in the Turkish context. These are also areas in which donors tend to have less direct involvement, in which community foundations can help promote awareness and engagement through convening and donor education. The potential to convene stakeholders must be a focus point of the feasibility analysis. This will be a key factor in determining both the location/space (where all three sectors are willing to come to the table) and in the governance structure of the organization. |

### Community foundations as knowledge banks and program centers.

An increasing number of community foundations are recognizing the importance of collecting and publishing research about critical issues facing their communities and societies. This is a significant role, and helps to raise awareness of citizens around problems and issues, as well as increase the visibility of the community foundation as an organization which aims to increase the quality of living. Though less common in developing countries, many foundations in the US and Canada are initiating the development of “quality of life” indicator reports (together with universities and think tanks). Some examples are the ‘Vital Signs’ initiative of the Community Foundations of Canada, and a number of community foundations in the US including Boulder, Colorado and Silicon Valley in California. These reports collect data from various sources (government, university, think tanks, etc) and compile results, which identify main trends which merit attention- such as healthcare, employment, housing, education and other critical issues. These studies are invaluable for the community foundation and all stakeholders. For the foundation, it guides program objectives and priorities, informs the grantmaking process, and is used to convene different stakeholders around key issues. CSOs and other private/public agencies benefit greatly as these results are used to guide and inform program strategies.

Many community foundations also have ‘operating programs’ in which the foundation is the main implementer. While there is a great variety in types of programs, some of the most common are...
around specific thematic or community issues (i.e.- health, education, environment, etc.), CSO technical assistance, and youth philanthropy. Youth philanthropy has become particularly more prevalent in many countries as one of the main focus areas of the community foundation. While these programs can be critically important, many experts note that this requires careful consideration. As in the Russian context (Patten, et. al. 2006), operating programs can often distract the community foundation from the main function of fund development and grantmaking. It can also make them inadvertent competitors with other CSOs for programming funds. In addition these activities can, if not strategically aligned with the overall mandate, cause some ‘mission creep’ and drainage of resources which are outside of the foundations’ main priority areas.

**Implications for Turkey:**

**Potential Obstacle/Risk:** Research requires funding, and highly technical teams, which often times, is not prioritized. Lack of resources and staff to produce reports may hinder the community foundation from producing such studies. On the other hand, an abundance of resources and demand for operating programs may distract the community foundation from its main role as fund developer and grantmaker.

**Potential Opportunities:** The need for issue-based research is growing; a number of foreign foundations and international development agencies rely on these publications. They may be willing to support the community foundation in these efforts.

**Implications for Feasibility Study:** While it may not seem as a critical role for the community foundation at first, the ‘quality of life’ report can be a way to increase visibility, mobilize interest and send a clear message to the public about the value of the organization. This can help to galvanize donor interest in the organization.
c. **Relational Cluster** — This cluster addresses issues regarding community foundations’ relationships with multiple stakeholders: Government, private sector, CSOs, foreign foundations, individual donors and international organizations.

**Relationships with governments.** Governments are important stakeholders and partners for many community foundations outside of N. America. To begin, their buy-in for the model to take start in a specific country is observed to be important for its future success. Of the feasibility reports available, (mainly Poland, Slovakia, Egypt) many of the initial studies have included consultation with authorities around the initial idea.

Governments can also be active partners for community foundations. There are three main vehicles whereby governments engage with community foundations: as donors, founders/board members and grantees. The nature of the context (many countries have a social welfare government) is certainly a factor that leads to close partnerships with local government and municipality authorities. As the funds to support CSO projects increase, government agencies are often active donors to community foundations. Governments view them as a useful advisor and source of expertise on the third sector and CSOs. In many cases, government officials sit on the governing boards of community foundations. In fewer instances, some community foundation grants are allocated for infrastructure projects of the local government. In each of these cases, there are some potential risks for the community foundation, which have been observed through experiences (mainly documented in Russia and Slovakia). One is the potential loss of autonomy, or at least the perception of this from the public. Their participation may, if not handled carefully, compromise grant decisions (not working with certain donors and/or CSOs based on political differences). Conflicts of interest can also occur (such as funding their own infrastructure projects). In addition, excessive closeness to government can affect the community foundation’s ability to be objective in advocating on policy issues that are in opposition to the current position of government authorities.

As such, the role of government in community foundations is critical from a number of perspectives, and dependent greatly on the conjuncture of overall relationships between civil society and the state, as well as regional and/or local interactions and relationships.
Implications for Turkey:

**Potential Obstacle/Risk:** Local governments (appointed) and municipalities (elected) often have tense relationships which prevent broad based cooperation; they may view community foundations as useless intermediaries due to their preference to manage their own giving activities and CSO project partnerships; Government official participation in decision making organs of the community foundation may lead to an imbalance of power in the organization, thereby leading to a perception of lack of autonomy; CSOs lack trust in governments and their role as funders also makes CSOs fear co-option; On the other hand, government officials may try to dominate its function; demand for re-granting government funds may distract the community foundation from fund development with other donors; may threaten neutrality and credibility.

**Potential Opportunity:** Governments are increasingly keen to partner with CSOs but lack capacity and knowledge about the sector. The community foundation can be a key advisor and broker of relationships. Community foundations as grantmakers for governments can help neutralize this concern by making the grantmaking process more transparent and guarded from political influences. Government participation in decision-making entities of the organization may present an opportunity to promote cooperation between sectors.

**Implication for Feasibility:** The study should include detailed discussions with government officials and agencies at various levels, to determine the most appropriate relationship with the community foundation. The design of the organization and governance structure should be developed to address potential concerns of CSOs about government funding and involvement in the organization.

**Relationships with Private Sector.** Businesses are essential donors for community foundations outside of N. America. Community foundations can offer deeper expertise in grantmaking and act as a critical advisor in helping to manage their giving programs (such is the case in Russia and Slovakia).

Businesses are also important partners for the community foundation –especially in helping to recruit and cultivate new individual donors. Financial institutions, banks, and professional advisors are important stakeholders in the community foundation and require tailored relationship-building and training opportunities. Peter Hero from the Silicon Valley Community Foundation often holds regular lunches with these individuals to keep them in close contact (Peter Hero, statement).
**Implications for Turkey:**

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<tr>
<th>Potential Obstacle/Risk</th>
<th>Potential Opportunity</th>
<th>Implication for Feasibility</th>
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<tr>
<td>Companies lack knowledge about the sector and the craft of grantmaking and tend to work with Public Relations (PR) companies to help them identify and design CSO ‘projects’. As such, PR companies may see the community foundation as competition and try to block the idea. On the other hand, businesses may be so keen for this service that they dominate the organization with their needs and distract the community foundation from its other important role of fund development with other donors. In addition, professional advisors and banks may not be keen to work with community foundations initially.</td>
<td>Working with community foundations will not only be more cost-effective for companies but also more rewarding. Community foundations will inherently have more expertise about the sector than a PR company and will be better positioned to inform and advise on grantmaking practice. In addition, the ‘outsourcing’ of this effort to community foundations will alleviate the overhead cost of doing this work properly within the company. The community foundation could be positioned with banks and professional advisors to be attractive for their future client relationships.</td>
<td>The feasibility study should include detailed discussions with companies to determine the appropriate set of services the community foundation can offer. Companies are likely to continue their relationships with PR companies for corporate communications of their giving programs, even if the community foundation provides useful advisory services. As such, PR companies should also be consulted as part of the feasibility process. In addition, banks, financial institutions and professional advisors should be included in the feasibility analysis to determine the potential relationship and opportunity for collaboration.</td>
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**Relationship with CSOs.** CSOs in many developing countries are still in the early stages of development and often need technical assistance in formulating ideas, preparing grant proposals and working with other donors. A survey of the community foundation practice (especially outside of N. America) reveals that technical assistance for CSOs is for many a natural and fundamental aspect of their work. This is especially true in countries where ‘CSO’ support centers are lacking. However, this assistance requires significant resources and attention.
Implications for Turkey:

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<tr>
<th>Potential Obstacle/Risk: Many CSOs are still learning how to work with ‘funders’ (i.e. - preparing grant proposals, implementing projects, conducting evaluations, etc.). This may require the community foundation to initially undertake more technical assistance in the grant administration process. Lack of systems that provide basic information about CSOs - tax records, annual reports - may create additional work load in the due diligence process.</th>
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<td>Potential Opportunity: Community foundation can build partnerships to facilitate the technical assistance process with other CSO development centers; Community foundation can add significant value in helping to strengthen CSO capacity; Community foundation can pave the way for development of new information systems (e.g. Guidestar) which can eventually be used by other donors and organizations seeking partnerships with CSOs in Turkey.</td>
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<td>Implications for Feasibility Study: With regards to technical assistance, the study should address the level of technical assistance that CSOs will require, and potential for cooperation with other organizations. With regards to developing systems to support due diligence, the feasibility study should examine the implications of designing a system to gather basic information about CSOs. Ministry of Interior officials should make tax records and annual reports public on an annual basis.</td>
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Working with foreign funders. As discussed in the previous section (see Community Foundation Practice), many reports highlight the important role of US and European foundations in helping to support institutional growth of community foundations. In the UK, a partnership between the C.S. Mott Foundation (Michigan, USA) and the Charities Aid Foundations (England) helped start the community foundation movement; in Russia, Charities Aid Foundation helped to promote the practice and played a key role in the establishment of community foundations. As such, it is not only financial support but the visibility and leverage that these donors bring in the process.

Implications for Turkey:

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<tr>
<th>Potential Obstacles/Risks: Currently very few foreign donors in working in Turkey; Local donors may be put off by over-involvement of foreign funders; a general ‘suspicion’ around external funding of CSOs is prevalent.</th>
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<td>Potential Opportunities: Funders can provide financial support for institution building and inspire local donors with their practices; Community foundation could be a beneficial partner to foreign foundations which find it difficult and/or expensive to hire program staff, by sharing its deep knowledge about the sector and grantmaking expertise.</td>
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<td>Implications for Feasibility Study: Donors and support organizations should be kept abreast of the feasibility study and if possible, be actively involved in the process. Outcomes should be circulated among different organizations to map how additional support can be obtained for future establishment.</td>
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**Relationships with individual donors.** As discussed in the above section on fund development, working with individual donors is a critical aspect for the community foundation. Yet, surprisingly, the literature review on community foundation for this study revealed very little about specific experiences with donors (high net worth and others) outside of N. America. The UK report on the community foundation challenge grant (Forrester, 2005) provided a detailed report on the increasing trend of restrictive funds (donor advised, non permanent) as opposed to permanent funds. Critical success factors for UK community foundations in this process has been increasing focus and capacity on donor services, marketing and offering a wider range of products to donors. Aside from conducting specific market research on the best ‘product’ and strategy to deliver these services, attention should be paid to donor education and campaigns which encourage organized giving.

**Implications for Turkey:**

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<th>Donors (High Net Worth Individuals- HNWIs)</th>
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<tr>
<td><strong>Potential Obstacle/Risk:</strong> High net worth individuals in Turkey have a variety of mechanisms that enable them to give to their chosen cause or institution- as such, they may not view the community foundation as a useful or necessary alternative. Some of these donors also desire a high level of visibility and control and may feel that this will be lost when working with an intermediary.</td>
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<td><strong>Potential Opportunity:</strong> A new generation of HNWIs accumulating wealth are less keen then their grandparents or parents in establishing a foundation that requires significant overhead and administration. They also resemble a new generation of ‘social investors’ who seek to pool resources for more innovative efforts around social change. The community foundation may be a viable alternative for this segment of HNWIs. In addition, the community foundation will be positioned to have the expertise to provide philanthropic advisory services.</td>
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<td><strong>Implication for Feasibility:</strong> The Turkish study should include a targeted market study to examine giving and investment interests of this donor segment. This will help inform the design of services, fees and 'products’, which will attract HNWIs and position community foundation as a viable alternative. Tight linkages with professional advisors will be important to educate them about the community foundation and foster cooperation. Finally, prospects for donor education and engagement programs will be important ‘supportive’ functions for outreach efforts.</td>
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**Implications for Turkey:**

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<th>Donors (Medium to Low Range)</th>
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<td><strong>Potential Obstacle/Risk:</strong> Medium to low range individuals may potentially be likely to view the community foundation as an appropriate vehicle for the wealthy rather than themselves. They may be likely to see this intermediary as unnecessary given the amount of funding they wish to allocate. Instead, these donors may prefer to give directly to the institutions they know and support. On the other hand, the community foundation may find it too resource intensive to work with these donors given the potentially small return in monetary terms.</td>
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<tr>
<td><strong>Potential Opportunity:</strong> Research findings from giving studies in Turkey indicate that donors are willing to give but lack options and awareness on where to give, and feel that their donations are too small to make a difference. There are currently no intermediary organizations (such as United Way) to collect and re-distribute medium to small donations in Turkey. The community foundation may very well address an important need and serve as a vehicle to inform potential donors about how and where contributions can be best spent. Giving circles may be an appropriate function for this level of donor.</td>
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<tr>
<td><strong>Implication for Feasibility:</strong> The study should include targeted market analysis to examine interests and behaviors of this donor segment and design appropriate services, ‘products’, fee structures and donor education programs to attract this donor segment and position community foundations as a viable alternative.</td>
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**Working with International Development Organizations.** Institutions such as the European Union, UNDP, and World Bank are key actors in regional and local development projects. Many have considered community foundations as critical partners in their development efforts. Community foundations’ convening and grantmaking roles are particularly useful for these organizations, which often face challenges in identifying partners and local actors. They are increasingly important funders of CSO projects and aim to facilitate relationships between public, private and third sectors.

**Implications for Turkey:**

| **Potential Obstacle/Risk:** International development organizations may view the community foundation as redundant to existing public agencies as well their own initiatives which have a similar function of convening donors and promoting local project development with CSOs. |
| **Potential Opportunity:** Community foundations can be positioned as important partners for these organizations which often lack a ‘neutral’ counterpart in the third sector which can not only convene different actors, but can also offer expertise on the sector and assist in grantmaking and technical assistance at the regional and local level. |
| **Implication for Feasibility:** Detailed discussions with these actors should be included in the study as they will be well positioned to provide feedback on needs as well as important linkages with existing government/inter-government development policies and priorities. |
**d. Operational Cluster** - This cluster addresses key issues affecting the operation of community foundations: Overhead and operational programs, governance and staffing, technology and marketing/communications.

**Overhead and operational programs.** As discussed by Shannon St. John in a recent article (Alliance, March 2006), community foundations in N. America generally cover overhead costs by using a portion of fees generated through donors’ named funds (see Fund Development) and through the endowment fund. However, the challenges around fund development outside of N. America leaves community foundations with a very limited amount of unrestricted funding to cover costs, as most donors are keen to see that a majority of their funding goes directly into project funding. Instead, community foundations try to stay afloat by using overhead allocation from grants (from project funds) and support from external funders. This causes difficulty in the long run as efforts are focused on sustaining funding from external funders rather than focusing on local donor mobilization, as in the case in England’s community foundations (Forrester 2005) as well as those in Slovakia (Forrester, 2004) and Russia (Patten et. al, 2006).

Another related issue is the operational programs of community foundations. A review of the community foundation practice in some countries concludes that taking on operational projects can ‘distract’ organizations from their core functions. This can also create competition with other fund-raising and implementing organizations (Forrester 2004, 2005 and Patten, et. al, 2006).

**Implications for Turkey:**

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<th>Potential Obstacle/Risk</th>
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<td>Covering overhead costs through fee generation (from donor funds) may not be feasible in the immediate future- may take from 3 to 10 years for this to be possible; Efforts to cover costs may distract the community foundation from its local fund development tasks; The operation of an organization such as this requires highly capable staff (likely resulting in higher than average salaries for the CSO sector); Donors typically tend to shy away from allocating funds to operational costs, which may leave the community foundation without adequate resources to fulfill its functions.</td>
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<th>Potential Opportunity</th>
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<td>Operational costs can be kept at a minimum as long as effective planning and scope of work is defined up front. There are also a number of different strategies to cover operational costs such as deploying the role of donors (i.e. - other foundations, international organizations), which are willing to provide institutional support. Another is the development of service fee structures and other avenues to diversify income to cover operational expenses.</td>
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<th>Implication for Feasibility Study</th>
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<td>Strategies to generate income (especially unrestricted) for the community foundation should be developed and pursued early on in the process. Here, foreign funders can be useful; their grant support can be channeled toward seed funding income generation activities instead of only requesting direct operational support. The multiplier effect of this funding will help the community foundation achieve sustainability rather than only cover costs in the short term.</td>
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**Governance and Staffing.** Governance is a critical issue for every institution. A community foundation should reflect a governance structure which allows for representation from diverse actors in the community (whether defined by geography or otherwise). The role of the Executive Board is essential, yet many countries struggle with lack of time and resources allocated to the foundation by Board members. One of the most common reasons is the lack of understanding governance practices. Another is the specific tasks of the Board; whereas in N. America Board Members are generally there to provide and raise resources, boards of community foundations in other countries tend to be less involved in this respect. Many US fellows in the TCFF program noted this as a particular weakness and potential threat to the effectiveness of community foundations outside of N. America.

Staffing is yet another crucial component in organization design. While grantmaking and project officer positions seem to be well staffed, community foundations outside of N. America are facing a lack of staffing and skills for fund development (raising funds from individuals and for endowments in particular). According to a recent review of UK community foundations’ progress with a challenge grant to increase endowment funds, this is the one area which tends to be overlooked since most staff costs get covered for grantmaking but fund development overhead needs to be funded from community foundation unrestricted dollars which are generally limited. These reports suggest that in order to be successful at fund development community foundations must allocate the resources and ensure the proper strategies and skills exist (Forrester, 2006).

**Implications for Turkey:**

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<th>Potential Obstacle/Risk: Bringing together different stakeholders and actors in one governing structure can be very challenging, especially in a context where such initiatives are still rather new; Board members are not necessarily donors and do not always help with fundraising; Finding staff with existing skills in fund development and grantmaking may prove challenging. Investing in technology will only inflate overhead costs, which may increase difficulty in funding.</th>
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<td>Potential Opportunity: The potential power of an organization with a diverse set of board members can be harnessed to maximize linkages and resources, if they are guided correctly.</td>
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<td>Implication for Feasibility Study: The study should include a very detailed analysis of the appropriate governance structure and make-up; Founders and board members should be required to provide a certain amount of support every year to the community foundation.</td>
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Technology, Marketing and Communications. The use of technology is an important factor in determining community foundations' ability to manage donor and CSO relationships, as well as increase visibility and access. To start, a web presence is essential. In addition, working with donors, financial advisors and institutions and managing funds and endowments requires expertise and technological support to manage information. On the other hand, working with CSOs and grantees to track grants and projects also requires significant information management. There are several software options available for community foundations (mainly in the US and Canada) tailored for community foundations, donor, fund and grant management. One of the most common is FIMS (Foundations Information Management Systems).

Marketing is another core competency for community foundations (Command, Mersereau, 2001). Yet, very little is allocated to these expenses. Many of the studies in other countries show a serious challenge with visibility of community foundations, which poses a host of other related challenges for the organization.

Implications for Turkey:

| Potential Obstacle/Risk: The community foundation will not allocate enough resources for technology; PR and communications strategies and budgets will not be sufficient in increasing visibility. |
| Potential Opportunity: There are a number of technology companies which can be asked to donate their services in kind to develop appropriate databases; communications and PR firms, which can be invited to be part of the community foundation process, may be willing to contribute their services and expertise. |
| Implication for Feasibility Study: A detailed marketing and communications plan should be part of the strategic plan for the community foundation. PR/communications consultants should be identified early on in the process to design the public launch the community foundation. |

The following section builds on these key findings to put forth a set of recommendations around next steps for assessing the feasibility of community foundations in Turkey.
VI. Recommendations

Based on the key findings discussed in the previous section, the main recommendation for next steps are to implement a feasibility study to assess the landscape in Turkey and determine the design of a community foundation. This section presents the justification, purpose, guiding principles, conceptual framework and proposed methodology of the feasibility study.

Figure 5. Objective: A mechanism which can….

- Promote the practice of organized giving and philanthropy
  - Make it accessible for multiple groups (not only the wealthy) by employing different mechanisms such as:
    - Giving Circles, Funds
- Provide donor support to governments and businesses which need philanthropic management advisory services
- Act as a convener for the increasing number of stakeholders seeking to interact and partner with the sector
- Increase the flow of resources to CSOs- especially around social justice issues AND increase the depth and breadth of participation of Turkish citizens in the pursuit of social change

a. Justification. As this study put forth, there are a number of inherent benefits of the community foundation practice for Turkey, by way of creating a mechanism that can enable fund development, grantmaking and convening of stakeholders to achieve the stated objectives put forth in Figure 5 (left). This study concludes that there are many similarities between Turkey and other countries that have already implemented the practice locally.

b. Purpose. The purpose of the feasibility study is to assess the:

- Contextual and environmental factors
- Functionality needs (fund development, grantmaking and convening)
- Relational aspect (level of interest and potential for cooperation among key stakeholders (public, private and non profit sectors)
- Operational aspect (structure, resources and availability, and CSO and donor readiness).
c. **Guiding principles.** This feasibility study should be anchored in the following guiding principles:

**Consultative and Informative.** The feasibility and assessment process at all stages should reflect the ultimate objective of this organizations’ intent to enable donors and CSOs as well as serve critical community needs. This study should be inclusive of a broad group of stakeholders, and be positioned not only to ask for reactions but also to share information regarding new issues and approaches and mechanisms. While a number of methods will be combined to gather information, this study should weigh heavily on interaction with people in the field. In addition, supportive actions such as site visits to other community foundations which are deemed as good models for Turkey should be scheduled for key stakeholders and champions.

**Comprehensive and Analytical.** The community foundation practice is a highly complex one, and greatly reliant on social, economic, and political forces in the environment. This study should be based on an analysis of specific metrics (market analysis) to acquire maximum level of information to determine design and function.

**Objective and Reflective.** Throughout the feasibility study it is important to remain open to the variety of possibilities. Experience in this sector indicates that most successful initiatives are ones that are highly compatible with the local realities and opportunities. A reflective aspect should be incorporated to regularly discuss the various data gathered and discuss the implications of this on the design.

**Innovative and Forward Thinking.** The community foundation practice is constantly evolving in the way it engages donors. This study should look broadly at the number of options in designing mechanisms that aim to maximize the assets of Turkey, especially given the dynamic and entrepreneurial private sector and financial sector.

d. **Framework.** The proposed conceptual framework for the feasibility study should be built upon the analytical clusters utilized in the key findings section (contextual, functional, relational and operational). Figure 6 (below) depicts a conceptual framework for examining these factors through key stakeholders, and builds on the ‘implications for feasibility’ comments in the previous section.

The concentric squares indicate the main dimensions to be assessed with each stakeholder group. There are four main stakeholder groups that require consultation in the feasibility study:
Government (local and central, agencies, etc.), Businesses (potential donors as well as partners including financial institutions, banks and PR companies), community members (individual donors and potential beneficiaries), and finally, CSOs. Table 1 in Annex 4 provides an initial list of the different types of informants that can be considered for interviews and focus groups.

The context should address primarily the issues mentioned in this report, including the culture of giving, scope of community, and legal/fiscal environment. The relational dimension should look to understand relationships between different stakeholders in an effort to assess cooperation potential. Perception of needs will be important to shedding light on both the main needs of potential donors as well as those of the community and CSOs that serve them. This will also be important to provide input on the function and program focus of the community foundation. Finally, the attitudes dimension should aim to uncover perceptions toward the value of the community foundation practice in Turkey.
e. Methodology. The methodology consists of 5 steps: Forming the working group, determining location and scope of study, preparing the detailed design of the field study, implementing the study and preparing final report, and assessing the final report for decision on feasibility.

Step 1- Forming the task force. The first step in the process will be the establishment of a multi-stakeholder task force, including representatives from Turkish CSOs, government, private sector, community, and potential individual donors. These members should be experts and leaders in their respective fields. Legal and fiscal experts and professional advisors will be key roles in the working group. The group will need the following: a clear statement of purpose, clearly defined roles and responsibilities for each member, a facilitator and note-taker, and a defined workplan and schedule. The group should review this study to help initiate a discussion around how to approach the feasibility study in Turkey.

Step 2- Determining Location and Scope of Feasibility study. The first task of this group will be to discuss the scope of the feasibility study, which will depend on whether it is determined that the organization should be operate at a national, regional, or local level.

- National/Country Level: Ireland, Scotland, France, Belgium and several other countries have opted to establish community foundations at the national level. These are often located in capital cities or large cities of the country, and serve the entire country through a variety of funds and programs. In the US, a similar model is a community foundation at the state level (such as Arizona), or large cities (such as New York and San Francisco). For Turkey, the national-level community foundation could be the ‘flagship’ operation, and eventually expand to have affiliate funds for other geographic regions and facilitate the establishment of other community foundations in the future (if that is deemed necessary).

- Regional/Local Level: Russia, Slovakia, UK, Germany and Mexico are among the countries that deemed it more appropriate to have regional or local community foundations. These serve a specific geographic area with a general range of population from 50,000 to about 500,000. It is also observed that there are not many community foundations in large cities (established only to serve that geographic region).
Step 3- Detailed Design. Once factors around location have been settled, the detailed field study plan and budget can be developed. The conceptual framework will be flushed out to determine the appropriate persons/organizations to interview as well as the scope of technical studies to be undertaken (primarily market analysis for funds and individual donor mechanisms).

Step 4- Implementation of Study. The feasibility study will utilize a combination of research activities listed below. The final report should present findings in a manner that will enable the working group to determine if in fact the community foundation practice is feasible and in what form/context it can be established.

- **Desk Research**- Economic indicator reports, development reports, publications about government agency programs and projects which overlap, legal and fiscal framework analysis, etc.
- **Interviews**- Semi-structured interviews with key informants
- **Focus Groups**- Facilitated focus groups especially to assess donor market potential and fund product design
- **Market Analysis/Financial Analysis and Modeling**- Quantitative and qualitative assessment of economic environment for endowment and fund feasibility
- **Site Visits**- For core group of initial funders/founders to have a hands-on experience with community foundations
- **International meetings and learning exchanges**- Attendance by core feasibility team members to continue learning from experiences abroad
- **Conferences/Symposium**- To gather key potential stakeholders and discuss community foundation concept and feasibility

Step 5- Review feasibility study findings and determine next steps. Upon receipt of the final report, the working group will convene to discuss the key findings and implications for the future establishment of the community foundation in Turkey. If in fact it is deemed feasible, a new work-plan and schedule can be prepared to begin preparation of the strategic design document for the new community foundation. This may be in the form of a ‘business plan’ with sections that address structure (governance, committees, staff), function, fund raising plan, operations and necessary resources (budget).
VII. Conclusion

Community foundations are expanding rapidly in the global context, in both developed and developing countries. This is indicative of a growing need of communities all over the world to create new ways of reaching donors and generating resources for CSOs. On one hand community foundations offer donors a flexible, yet permanent set of options beyond establishing private foundations or making one-time donations. On the other, CSOs benefit from access to a broader base of donors and ultimately to a larger pool of resources channeled through a local grantmaking entity. The entire community benefits from the outcomes of this partnership, which ultimately aims to get more resources in to the hands of CSOs working to improve the quality of life in Turkey.

However, the potential success of this mechanism in Turkey rests on its ability to be contextually, functionally, and operationally relevant. There are a multitude of risks, opportunities, and implications for feasibility discussed at length in this study. These initial observations must be followed up with a more detailed field study and feasibility assessment, realized with the leadership of a task force comprised of committed individuals and experts from a broad range of sectors. The framework for the feasibility study proposed in this report will determine, with the input of multiple stakeholders and various experts, the specific design of a community foundation mechanism according to the local context. Ultimately, this detailed analysis will yield critical information upon which a sustainable community foundation practice can be established in Turkey.
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The Global Community Foundation Practice: Experiences, Observations and Implications for Turkey

Annexes
1. Detailed research methods and design
2. Highlights from recent studies philanthropy and civil society in Turkey
3. International Trends (tables)
4. Feasibility Study Details
### Annex 1: Details on Research Method, Inputs and Outputs, list of meetings

#### Table 1. Design

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Objective/Outcome</th>
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</table>
| **Phase 1: Initial Assessment and Feasibility Design** | Report which provides an overview of trends of community foundations outside the US and Canada and explores the applicability of concepts, practices and functions of community foundations in Turkey.  
Proposal for a detailed feasibility design |

**Activities in Phase 1**

- Literature Review of Feasibility Reports  
  Examine various approaches and methods for determining community foundation feasibility
- Literature Review of Evaluation Reports  
  Examine progress and challenges of community foundation developments
- Review of Community Foundation Literature  
  Examine key issues facing community foundations
- Review of Community Foundation Documentation  
  Examine how different community foundations function; program areas; organizational structures
- Prepare Detailed Feasibility Design  
  Determine key questions and issues which need to be examined  
  Develop basic methodology for implementation of feasibility study  
  Develop initial budget for feasibility study
- Preparation of Report  
  Examine structure and function of community foundations  
  Examine current trends and issues of community foundation experiences outside of US and Canada  
  Juxtapose outcomes against Turkish sector backdrop  
  Prepare Detailed Feasibility Design Plan and Budget
- Presentation of Report/Discussion with International and Turkish experts  
  Circulate report; conduct symposium with international experts and Turkish stakeholders in October 2006  
  Initiate thinking around key issues and needs  
  Discuss draft feasibility design proposal and review/modify as needed  
  Obtain funding and develop feasibility team, timeline for feasibility implementation

**Phase 2: Implementation of Feasibility Study**  
Produce a detailed report on the feasibility of community foundations in Turkey

**Activities in Phase 2**

- Conduct field study in Turkey  
  Meetings with key informants; focus groups; other relevant data gathering activities
- Conduct field study internationally  
  Meetings with key informants; other relevant data gathering and interest-building activities
- Prepare final report  
  Synthesize research findings with a presentation of key recommendations on the feasibility of community foundation in Turkey
- Dissemination of report  
  Circulate report among key interested parties; act based on recommendations
Table 2. Input and Output of Secondary Data

<table>
<thead>
<tr>
<th>Type of Data (Input)</th>
<th>Information Yielded (Output)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Articles and publications on trends in community foundations (by theme and topic as well as global issues)</td>
<td>Issues, trends, challenges, opportunities regarding the roles, functions and structures of community foundations</td>
</tr>
<tr>
<td>Feasibility Studies and Plans (prepared in initial stages of conceptualization of the community foundation practice in various countries)</td>
<td>Considerations for feasibility; definitions of feasibility; methodology in determining feasibility</td>
</tr>
<tr>
<td>Evaluation Studies (prepared to evaluate progress and evolution of community foundations in various countries)</td>
<td>Factors which contribute to the growth and/or are obstacles to the success of community foundations</td>
</tr>
<tr>
<td>Meetings and Visits</td>
<td>Discussion on role of supporting organizations and donors in the international context.</td>
</tr>
<tr>
<td>Seminars (Fellowship program)</td>
<td>Presentations from practitioners in the field regarding the functioning of their community foundations; and the challenges.</td>
</tr>
<tr>
<td>Documentation of respective community foundations (web sites, annual reports, etc.)</td>
<td>Information on income, assets, activities, governance, etc.</td>
</tr>
</tbody>
</table>

Method of analysis
Data collected during was categorized according to subject and topic, e.g. common challenges, opportunities, trends and issues.
ANNEX 2: Overview of Key Outcomes of Research on Philanthropy and Civil Society in Turkey


This study consisted of 4 main components: Overview of historical evolution of foundations from the Ottoman era, quantitative analysis of economic parameters of public benefit foundations, qualitative analysis by way of 30 in-depth interviews with Turkish foundations, and a field survey of roughly 460 foundations and 1200 individuals in a public opinion survey. The objective of this research was to examine: “…the structure of philanthropic institutions as having emanated from both Ottoman and modern political, socio-economic and cultural frameworks; the relationship between philanthropic institutions and the state as seen through a new paradigm of democratic governance; and the link between philanthropic practices and democratic outcomes inclusive of pluralism, social justice, and social and human capital.”

Results from this study provide a wealth of valuable insights on a range of issues, and especially with regards to the operational strengths and weaknesses of foundations and perceptions of public opinion with regards to philanthropy and giving. A brief highlight of the key findings include the following:

**Philanthropy and Giving (public opinion survey with approximately 1200 individuals):**

- 44% of respondents report making a donation, but tend to make them directly to the person in need (87%) as opposed to charitable organizations (12%).
- People regard philanthropy as: Providing Assistance (%41), Sadaka (%36), Making a Donation (%33), Zekat (%33), Volunteering (%32).
- Donations tend to be given to relatives/people in need (87%) or through organizations such as NGOs and other institutions (%12). Main reason for this is attributed to the small amount of donation (%53).
- Factors that are important when making donations: Trust (%90), Transparency (%80), Tax Deductibility (%76).
- Preferred issues which merit the most assistance when making donations to foundations/NGOs: Helping the poor/needy (%29) Education (%16)
- A majority of the respondents in the public opinion study perceive the state as responsible for helping the poor (38%). Yet, almost one in two respondents assert that civil society organizations (53%) and foundations (39%) can make a positive contribution to the social and economic development of Turkey.
- Assuming that all direct aid reported pertains to the whole household, about 53 US$, or 0.9%, of yearly household income is given in direct aid (using 6,147 US$ as the yearly household income reported). The total of such aid for all 12.5 million households in Turkey sums up to 662.5 million US$.

**Profile of Foundations (interviews with approximately 460 foundation managers):**

- On average, leadership and management incumbents tend to be male (83%), with a university education. Staff sizes are small with only 2 paid staff positions and 3 volunteer positions. Yet foundation management capacity is viewed as sufficient (%80).
- Foundation sample: Average number of founding trustees in a foundation is 35; average age of the sample of foundations is 15 years; operating areas are mainly Education (%31). Social Assistance, Art/Culture, Helping the Poor/Needy, Social and Economic Development (each around %10-%11)
- 49% report their financial resources to be insufficient; the average annual income of foundations is 380,000 USD (albeit skewed heavily by a handful of foundations with significant income greater than 1,000,000 USD per annum, such as hospitals and universities). Average income from donations is 140,000 USD, which tend to be unrestricted (%84) and collected irregularly (%67).

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1 Refer to proposal prepared by TUSEV April 7 2003
A majority of the foundations provide individual assistance such as scholarships and aid to needy (72%) and do not engage in ‘social justice’ related programming nor do they target larger groups or populations in their work.

Foundations are frustrated with over-regulation of the state and view legal frameworks to be restrictive (65%), especially with regards to taxation (14%), fundraising (13%) and establishing new foundations (13%).

Foundations feel the state should provide more incentives for foundations and philanthropy (33%) and be more effective in their auditing function (19%).

The above is only a sampling of the findings from this exceptionally detailed study. Yet even these brief points convey important messages regarding both the scope and style of individual giving. Perhaps one of the clearest messages which emerges is that individuals are not apathetic to social causes, yet are more inclined to give informally rather than through institutions. They express some degree of trust in the ability of foundations and civil society organizations to make important contributions to societal development and do not convey a sense of apathy about the needs of Turkish society.

Conclusions regarding the foundations sector are less encouraging; while what is included in this brief summary is only based upon the field survey of foundations, other components of the study (historical, qualitative and financial analysis of foundations) reinforce the fact that foundations do not exhibit a particularly strong inclination to address systemic challenges that lead to social injustice and are more likely to serve needy individuals than develop programs to address broader public issues. Lack of financial resources is only one of the many obstacles preventing foundations from achieving a larger scale of operation; lack of strong governance, management, and strategic program development and what seems like a lack of direction and a lack of vision regarding their potential impact are among the others.

In-depth conversations with foundations combined with survey outcomes suggest that the majority of foundations do not contribute to creating new paradigms of governance and civic engagement, nor are they a catalyst for social change. Activities and orientations of these organizations remain astonishingly similar to their ancestors from the Ottoman era, which focused mainly on charitable assistance and service delivery.

In 2005, TUSEV implemented the Civil Society Index (CSI) project of CIVICUS. This study had a number of research components (please see Figure 1) and was based on a highly complex analytic framework of 4 dimensions (structure, environment, values and impact) and 74 respective indicators. This research project was based on a pre-design methodology, which was adapted to the Turkish context. Inputs for this study relied more on secondary data where it was available, and primary research activities that were predominantly qualitative in nature. Key findings of this comprehensive study include:

**Structure of Civil Society (Participation, Inter-linkages, Representation, Capacity):**

- The level of depth and breadth of civic participation in Turkey is significantly low- 7.8% of Turks report CSO membership; 1.5% report volunteering. The levels are especially low for disadvantaged groups such as women, rural populations, and the poor.
- CSOs experience hardships with regards to obtaining financial support given both lack of fundraising skills and the scarcity of Turkish grant sources from foundations, private sector and government.
- CSOs report limited communication and cooperation with other CSOs both within Turkey and with other international counterparts and networks. CSOs from all regions report a lack of support centers that serve to strengthen skills and provide guidance in their development. Contrary to popular belief, this research does not suggest significant regional disparities regarding the need for capacity building programs and related efforts.

**Environment of Civil Society (Relationships with other sectors, legal and fiscal environment, socio-economic and cultural factors):**

- A recent history of economic crises, high inflation, ethnic conflict and severe economic disparities combined with low social capital are perceived to create adverse conditions for the development of a strong and vibrant civil society in Turkey.
- Dialogue between the state and civil society is increasingly improving; yet relationships with the private sector remain quite limited, especially with regards to dialogue and financial support.
- Although recent changes in legislation indicate a positive trend, CSOs continue to experience interference from government officials.
- CSOs report a positive impact of the EU and pre-accession process on the development of civil society in terms of legal frameworks, and promoting certain values. The most significant and positive effects were perceived to promote a more enabling environment (reform of CSO laws) and increase of CSOs ability to promote more democratic values.

**Values (Degree to which civil society promotes values in society and practices these values within the civil society sphere and in organizations):**

- CSOs in Turkey are most active in promoting values of environmental sustainability and non-violence. CSOs are seen as taking an active role in promoting democracy, however, they report a lack of good governance, such as transparency (especially financial), accountability and decision-making in their own organizations.
- The opposite of this is true with regards to gender equity- CSOs are reported to be rather weak in promoting these values within their own organizations, with a majority of management and leadership positions being held by men and no safeguards to promote women’s participation.

**Impact (Degree to which civil society plays a role in various areas and their relative impact on policy issues):**

- CSOs in Turkey take on a particularly active role in environmental protection and social service provision. In terms of policy impact, CSOs were observed to have an important impact on policies regarding human rights and Penal Code reform (especially with regards to
women’s rights). However, CSOs, especially those working on rights-based issues, feel they are still not given enough space and voice in policy related matters.

- Social policy and national budgeting were areas in which emerging efforts of CSOs were observed. Yet, with the dynamic context of Turkey, these are two areas in which increased activity will likely take place in the coming years. More disconcerting are the extremely low levels of activity and impact on holding the state and private sector accountable.

In conclusion, the CSI study yields a number of valuable insights regarding the current state of civil society in Turkey, and some hints about its future trajectory. What is especially compelling is the shift in perspective of CSOs, which express a great desire to mobilize greater participation of citizens. They view this as a fundamental factor that will affect their ability to achieve desired outcomes. Also compelling is the recognition of the need to further efforts in institutionalizing not only organizations (through capacity and skill building, increasing transparency and accountability) but also the sector (through umbrella organizations and platforms).

Annex 3: Tables and Figures regarding Global Trends

Figure 1: Support Organizations and Donors

<table>
<thead>
<tr>
<th>Region/ Organization</th>
<th>Global</th>
<th>Latin America/ Caribbean</th>
<th>Africa</th>
<th>CEE</th>
<th>Russia</th>
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<th>Canada</th>
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Notes:
1. Mostly donors which provide technical assistance, operating support, training.
2. With specific regional/country focuses depending on office location.
3. Support through research, information sharing, networking, convening ORs.
Figure 2 Global Trends in Community Foundation Growth

Annex 3 Figure 2

**Global Trends in Community Foundation Growth**

Number of community foundations by region

Source: 2005 Community Foundation Global Status Report, WINGS CF 2005
# Annex 4: Feasibility Study Details

Table 1 Categories of potential interviewees:

<table>
<thead>
<tr>
<th>TYPE OF INTERVIEWEE</th>
<th>SECTOR</th>
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<tbody>
<tr>
<td>Mayor</td>
<td>CENTRAL &amp; LOCAL GOVERNMENT</td>
</tr>
<tr>
<td>Deputy mayor</td>
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<tr>
<td>Treasurer</td>
<td></td>
</tr>
<tr>
<td>NGO Liaison Officer</td>
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<tr>
<td>Other key local government officials</td>
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<tr>
<td>City Council chairperson</td>
<td></td>
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<tr>
<td>Key councilors (finance, public policy, education etc.)</td>
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</tr>
<tr>
<td>Regional government officials and agencies (responsible for development, labor market, welfare, etc.)</td>
<td></td>
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<tr>
<td>Central government officials (ministries regulating CSOs, working closely with CSOs, finance, etc.)</td>
<td></td>
</tr>
<tr>
<td>CEOs of major companies (national/holding level and regional/local level)</td>
<td>BUSINESS</td>
</tr>
<tr>
<td>CEOs of companies known for philanthropic/public activity</td>
<td></td>
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<tr>
<td>Presidents of business associations</td>
<td></td>
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<tr>
<td>Chambers of Commerce</td>
<td></td>
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<tr>
<td>Banks/Financial Institutions</td>
<td></td>
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<tr>
<td>Professional Advisors</td>
<td></td>
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<tr>
<td>Presidents of the largest or other key NGOs in the community</td>
<td>THIRD SECTOR</td>
</tr>
<tr>
<td>Leaders of major local initiatives</td>
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<tr>
<td>Leaders of NGO federations and cooperation centers</td>
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<tr>
<td>Current grantmaking foundations (foreign)</td>
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<td>EU, World Bank, UNDP</td>
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<td>Medium-Low Donors</td>
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3 Adapted for Turkey- italics are added for Turkish context, this is based on Polish study and review of other studies