

Partnering with local government:
Accelerating the achievement of community foundation sustainability

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PARTNERING WITH LOCAL GOVERNMENT

Accelerating the achievement of community foundation sustainability

Abstract

Community foundations are one of the fastest growing forms of philanthropy worldwide, almost doubling in number in the last ten years. However, most community foundations do not achieve sustainability until after seven to ten years and this is a major challenge for the movement.

The aim of this research was to identify and test a range of partnership opportunities with local government that might be successful in helping community foundations accelerate the journey to organizational and financial sustainability.

The academic literature was reviewed for information on community foundation sustainability and the characteristics of successful and unsuccessful working with local government. A range of partnership opportunities was identified which was then tested in field research with community foundation leaders worldwide.

The results revealed a clear and consistent group of practical opportunities through which local government could support the start-up and survival of community foundations worldwide, as well as some opportunities that were more context-specific in nature. Whilst highlighting many of the challenges for a community foundation in closer working with local government, the research proposed a range of strategies that would maximize the potential for successful partnership and mutual benefit.

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2 Introduction

2.1 Background

Community foundations are one of the fastest growing forms of philanthropy worldwide. The first community foundation began operations in 1914 in Cleveland, USA and the most recent Global Status Report indicated that there are now 1,680 community foundations worldwide, a figure that has almost doubled in the last ten years (Worldwide Initiatives for Grantmaker Support, 2010a).

St. John (2007) argues that most community foundations do not achieve sustainability until after seven to ten years. Considering the community foundation growth figures for the last decade this suggests that almost half of the community foundations in the world will not yet have reached sustainability. Consequently achieving sustainability¹ is one of the most prominent issues in the community foundation movement worldwide.

Over the last decade, eleven community foundations have been launched in New Zealand, with the support of the Tindall Foundation, and these currently hold US\$6.3m under management (Worldwide Initiatives for Grantmaker Support, 2010b). Only one of these eleven community foundations is expected to achieve a level of sustainability in the next two years. Realistically, it is unlikely that majority of these foundations will achieve sustainability in St. John's seven to ten year time-frame on current performance.

Auckland Communities Foundation was launched in August 2010 with eight new founding funds and it has received considerable financial and non-financial support from the newly created Auckland Council². The new Auckland Council covers a similar area to the newly formed Auckland Communities Foundation and there are amicable and close links between the Council and the Foundation. The new Mayor of Auckland, Len Brown, was previously mayor of Manukau City Council (a financial supporter of Manukau Community Foundation). He has recently announced the commencement of a fund in the Auckland Communities Foundation with his wife, Mayoress Shan, and he is open-minded around the opportunities to use Council leverage and resources to accelerate the growth of the Foundation.

2.2 Research Aim

The aim of the research was to address the research question

“Which local government practices and policies could accelerate community foundations towards achieving operational sustainability?”

The research specifically sought to identify:

¹ See below pages 7-8 for more detailed information on the definition and issues regarding foundation sustainability

² In November 2010, the seven existing city and district councils and the Auckland Regional Council were dissolved and a new ‘super-council’ called the Auckland Council was established. The area covered by the new Council is the largest urban area in New Zealand and the most populous with 1.4 million residents (of a total national population of 4.4m).

- a detailed portfolio of financial and non-financial partnership opportunities for emerging community foundations to explore with local government authorities for the purpose of accelerating achievement of organizational sustainability.

3 Literature Review

3.1 Process

The academic literature was examined to determine a wide range of possible methods for local government to support the growth of community foundations. This literature review included the identification of:

- Defining the theoretical and practical nature of “sustainability” for community foundations
- Identifying reasons for success and failure in partnerships between local government and community foundations.

3.2 Community Foundations

Foundations are asset-based, independent, self-governing, nonprofit-distributing and public-serving organizations (Anheier, 2001, p. 27). Community foundations are a subset of foundations and specifically manage funds for donors and seek to build an endowment from a variety of sources in order to sustain their activities over the long-term. This distinguishes the community foundation model from other types of foundations which are usually created based on an endowment from a single source (Anheier, 2001, pp. 41-49).

In a comprehensive definition, the Council on Foundations (2012) describes a community foundation as *“a tax-exempt, nonprofit, autonomous, publicly supported, nonsectarian philanthropic institution with a long-term goal of building permanent, named component funds established by many separate donors to carry out their charitable interests and for the broad-based charitable interest of and for the benefit of residents of a defined geographic area”*.

3.3 Local government, community foundations and civil society

Local government is highly contextual and its structure, services and underpinning ideology (e.g. capitalist, socialist) varies significantly around the globe. In some cases local government might have highly constrained spending patterns providing basic services. At the other end of the spectrum local government can provide a wide range of additional community and cultural development services.

Despite this variety of models, local government and community foundations have a shared interest in the development of civil society (“communities made up of empowered individuals taking responsibility for addressing local needs and problems” (Daly, p. 4)) and it can make sense for them to assist each other where possible in enacting this at a local level.

The relationship between philanthropy, public sector and the market “has always been at the forefront of debates around civil society” (Jochum, Pratten, & Wilding, 2005, p. 6). Former Ford Foundation president Franklin Thomas saw philanthropy as the “research and development arm of society” whereby new ideas were tested and if successful, would be embraced by federal government who would assume responsibility for their widespread implementation through government agencies. (Letts, Ryan, & Grossman, 1997, p. 3).

From the Foundation perspective, it could be argued that the philanthropic role is to strategically blend the building of civic capacity of others while being willing to exert the foundation's own influence as necessary (Auspos, Brown, & Sutton, 2008, p. iv).

Community foundations have an important role to play in bringing together civil society and governments (Kunická, 2005, p. 16; Parnetti & Turitz, 2000, p. 172). "Community foundations bring innovative ideas and skills to public authorities in both the design of policies and the delivery of services to the public. Their collaboration also enables community foundations to access information and resources that increase their effectiveness. It also ensures that both public and private institutions are working together in a shared community towards common goals, avoiding duplication of effort and ensuring maximum impact" (Kunická, p. 16).

From the local government side, independent funders like community foundations are an attractive partner and collaborator because they can build partnerships across sectors, give government a "human dimension", ensure all the public money gets to the recipient, help to leverage public funding and are free of short-term mindset of elected bodies (Kunická, 2005, p. 5-6).

3.4 Community Foundation Sustainability

St John (2007) defines sustainability as "a combination of operational, programmatic, and financial characteristics that enables an organization to continue to accomplish its mission on an ongoing and stable basis".

While sustainability for community foundations can include organizational viability, program effectiveness, financial security and enduring impact), and St John has differentiated between self-financing, financial sustainability and operational sustainability, "inevitably in looking at sustainability it is financial security and predictability that are uppermost as concerns for staff and boards" (Humphreys, 2006, pp. 2-3).

In financial terms, the challenge for community foundations is, firstly, to identify available sources of financing in order to meet the needs for start-up funding as well as for initial operating capital and, eventually, endowment. Secondly, they need to ensure that the leadership of the foundation has "links to these sources of financing and credibility with them" (Dulany, 1992, p. 8).

There appear to be two main viewpoints of what financial sustainability for a community foundation might look like – the ability to cover the reasonable operational costs of a community foundation from a variety of reliable and predictable revenue sources (St John, 2007) or the ability to reach the "take off point" after which the foundation is large enough to serve its community and grows accordingly to meet local needs (Struckhoff, 1977; Leonard, 1989).

In her work, St John identified a large range of potential income sources that could make up the revenue portfolio of a community foundation specifically to meet operating expenses (these have been included in some detail as they provide the basis for many of the opportunities shown in Section 3.X):

- Gifts and Grants - direct contributions received to support the work of the organization.
 - Annual gifts programs - contributions received from an organized Annual Gift campaign
 - Community donors - gifts and grants received from the defined community (including individuals, businesses, foundations, government and other community donors)
 - Donors outside community – e.g. diaspora givers, national/international agencies and businesses
 - Special fundraising events

- In-kind gifts and volunteer services – reduce costs of service and employment.³
- Self Financing/Earned Income:
 - Investment income (Passive Earned Income)
 - Earnings from operating endowment - income the organization receives for its operations/administration from an endowment set up for that purpose or from an endowment that is unrestricted but is used to support the organization rather than make grants to other not-for -profits
 - 'Float' - short-term income on funds awaiting transfer.
 - Administrative fees - a standard charge on individual grantmaking funds (usually a % charged on assets or on transactions or both).
 - Administrative Fees on endowed grantmaking funds
 - Administrative fees on non-endowed grantmaking funds
 - Other administrative fees
 - Other Self-Financing/Earned Income
 - Membership fees - fee from members in return for some kind of product/service (differs from Annual Gifts because members receive something of value in return).
 - Operating revenues from project grants - administrative or 'overhead' portions of gifts or grants given to it for running programs.
 - Fees for services - revenues received for work, usually in a contractual relationship with a client.
 - Revenues from soft assets – e.g. intellectual property such as licensing agreements, patents etc.
 - Revenues from hard assets - revenue from physical assets such as buildings, vehicles, etc.
 - Business enterprises - Income-earning business ventures run by the CPO to support its operations;
 - 'social enterprise' - mission related
 - ancillary business enterprise – 'not mission-related'

This broad array reflects St John's belief in the importance of creating “a broadly diversified revenue base”, maximizing “renewable sources” and particularly targeting unrestricted revenues.

In 1977, Struckhoff identified that past a certain point (estimated as roughly US\$5m in assets) most community foundations grew well and many very rapidly (Struckhoff, 1977). This “take-off point” concept assumes that this asset level would provide sufficient fees for core staffing, secure lower investment fees and be able to “convince donors of its permanence” (Leonard, 1989, p. 100). This concept is still popular although figures of US\$20m – US\$30m are more often proposed as the required take off point today (St John, 2012).

In order to get to the take off-point, Leonard (1989, p. 91) contended that the three most important aspects for a community foundation were “driving force of personality, credibility with the wealthy, and the right territory.” Leonard also considered the potential models for growth that could be adopted by a new community foundation. She classified three key community foundation roles – grantmaking, donor services and community leadership. In the start-up phase it would be unlikely that a community

³ *The main costs of a typical community foundation would include: salaries; marketing, sponsorship and printing costs; administration; rent and other office outgoings/costs; events and hospitality; telephone; travel; legal and accounting fees; and research fees.*

foundation could focus effectively on more than one, maturing foundations could focus on two and fully developed foundations (past the take-off point) all three. Grantmaking and community leadership models tend to lead to slow growth, but donor services can bring rapid growth at the expense of highly restricted fund purpose. Maturing community foundations that bring together donor service and grantmaking can be innovative granters and attract a wide range of donors and rapid growth can compensate for restricted funds. This combination appears superior to grantmaking with community leadership (which often need grants to keep them going) and donor services and community leadership (where the drive for flexible donor service compromises the organization's desire for long term unrestricted capital).

3.5 Successful working with local government

Local and state governments worldwide already assist community foundations in their steps towards sustainability through funding, contracts, partnerships and advocacy, although direct financial support is certainly not commonplace (Malombe, 2000, p. 18; Mersiyanova & Yakobson, 2010, p. 44). Since the development of philanthropy is not core business to local government "if no instructions are provided to government authorities, they are very unlikely to independently decide on providing support to the foundations" (Mersiyanova & Yakobson, 2010, p. 40).

Collaborative work between the philanthropic/not-for-profit sector and the public sector can be highly complex and usually requires more advanced skills and attitudes than single organization operation challenges (Butterfoss, Goodman et al. 1993).

A meta-analysis of papers suggests that the most important factors for partnership success are as follows:

Purpose and Commitment - One of the most important elements in the formation of effective cross sector partnerships is the articulation of a clear mission or guiding purpose (Butterfoss, et al., 1993). This 'direction setting' is seen as critical (Gray, 1985). Roberts and O'Connor reinforced the importance of partners coming together voluntarily around a shared commitment (2008). Das and Teng see the importance of goal setting as one of establishing a control mechanism and a basis for accountability rather than an aspirational dream (1998). When considering essential "*alliance drivers*", Austin focuses primary attention on strategy, vision and values alignment and he argues "*the more centrally aligned the partnership purpose is to each organization's strategy and mission, the more important and vigorous the relationship appears to be*" (2000, p. 81).

Leadership - Strong leadership in person *and* in process are deemed important in the development of effective partnerships (Dowling, 2004; Majumdar, 2006). Linden argues for shared leadership, driven by a champion for the initiative with the credibility and clout to keep effective collaboration a priority (2002). Not only does this mean that the right people with the right leadership skills are at the table but that there is an "*open credible process*".

Relationships and trust - Effective partnership is highly unlikely without the right people and the right relationships (Nowland-Foreman, 2008; Shaw, 2003). Stable partnerships are founded on strong personal connections and a culture and capacity built upon mutual respect, understanding and trust (Mattessich, et al., 2001). These relationships need to be supported by open and frequent, formal and informal communication links (Austin, 2000; Majumdar, 2006; Mattessich, et al., 2001).

Funding and Other Resources - Obtaining the financial resources is often a key priority for collaborative groups (Mattessich, et al., 2001). Strong partnerships require adequate stable funding (J. Roberts & O'Connor, 2008), but they also require sufficient staff focus and skills if they are to be successful. They also require time and should not be rushed as *“the goals are more easily attained when pursued with patience and persistence”* (Mattessich, et al., 2001). The allocation of adequate management infrastructure to the collaboration is another important resource (Dowling, 2004) that enables concerted decision making among stakeholders (Majumdar, 2006), effective control mechanisms (Das & Teng, 1998), a solid business and technical blueprint and a stakeholder management system (Gossain, 2002).

Formalization - *“The most common reason for collaboration meltdown is disagreements and uncertainty about the operating norm”* (Lukas, 2005). The importance of formalizing plans, roles, policies and responsibility is critical as complex multi-party collaborations always have a danger of dissolving into unstructured, unfocused and uncoordinated arrangements (Nowland-Foreman, 2008). Formal contracts can be a good way to enshrine partner commitments (Courtney, 2006; J. M. Roberts, 2004).

Examples where public sector support has effectively supported the development of community foundations include Bulgaria where most of the community foundations receive support from local authorities. This support ranges from financial and in-kind to technical. Some community foundations use offices in municipal property buildings, which are provided to them rent-free or at low cost (Kunicka, 2005). In 2009, US\$734k was raised from donors (although the foundations have not been successful in building endowments with the largest standing at only US\$15k).

The Community Foundation for Ireland was set up with an initial government grant of 300,000 Irish Pounds (Kunicka, 2005) and assistance from Atlantic Philanthropies and Charles Stewart Mott Foundation. Endowed assets of CFI have grown to US\$35.5m by 2009. Strong links to a number of corporations in particular led to substantial funding from that sector initially, but has since broadened to incorporate a number of large family funds (Worldwide Initiatives for Grantmaker Support, 2010a).

3.6 Unsuccessful working with local government

For community foundations, public sector support can be very powerful but it is certainly not without its challenges and options need to be weighed carefully against potential loss of autonomy. *“Reliance on public funding can put community foundations under “political stress” and affect their facilitating role at local level, e.g. if they are perceived as too close to public authorities”* (Kunická, 2005, p. 12).

Community foundations value their independence and as Anheier asserts (2001, p. 3) *“self-governance implies that foundations must have their own internal governance procedures and enjoy a meaningful degree of autonomy.”*

Substantial power differentials within partnerships can be a major barrier to success (Gray 1989; Mintzberg, Jorgensen et al. 1996; Drumwright, Cunningham et al. 2004). Where one partner has more power, the dependant partner may use a variety of tactics to protect its assets and balance its dependence (Heide and John 1988). Power inequity problems can relate to individuals as well as organizations. Kanter argued that many collaborations are jeopardized because managers *“worry more about controlling the relationship than about nurturing it”* (1994, p. 96), and Mintzberg et al suggested that often the *“real barriers to horizontal collaboration may be vertical”* (1996, p. 64) as the skills that have enabled people to succeed in climbing a hierarchy may impede them from encouraging horizontal collaboration.

There do appear to have been a number of examples where public sector involvement in a community foundation has not been successful. In South Africa, for example, the development of the Greater

Durban Community Foundation (GDCF) initiative was very much led by the Metro Council. From the outset the danger of “Durban Metro Council and big business ‘hijacking’ it” was seen as a challenge (Legodi and Leat, 2001). In this case it appears the operations of the community foundation were dependant on the funding from the municipality. The problem with this approach was that the community foundation lost its independence from government in terms of governance. There was very little sense that GDCF was in fact a ‘community foundation’, instead it was regarded more like another municipal department with limited powers and flexibility to do grant-making, strengthen the civil society or promote philanthropic giving. The result was that this foundation struggled to gain support and was subsequently renamed eThekweni Community Foundation and relaunched in 2007 (with downplayed linkage to Durban Metro Council).

In the UK, the community foundation movement has been used extensively to distribute government grants to local communities. This has distorted the structure of many foundations and paradoxically the community foundations “are as dependent on public and quasi-public sources of funds as the voluntary and community organizations and groups which they paradoxically exist to support” (Daly 2008, p. 223). As government funding for granting in these areas is now declining, many foundations are shedding the jobs they created to administer the granting programs.

4 Determining the Opportunities

A range of partnership opportunities were identified by:

- analyzing the literature on sustainability and government relations
- examining known experience of local government partnerships with community foundations
- assessing the revenue and cost profile of community foundations
- considering the activity profile of modern municipal authorities

Following conversation with relevant local government officials and academics, ten financial and five non-financial opportunities were finalized for further investigation:

Opportunity in brief	What it means	Source of opportunity idea
FINANCIAL		
Direct support grants for operational spending	Annual grant direct from local government to cover operational expenses such as salaries, premises, etc.	Direct experience in NZ, Australia, South Africa.
Advertising revenue novation (reallocation)	Revenue from advertising signage on local government land reallocated to Community Foundation. Direct payments from advertiser to Foundation. Income intentionally waived by local government to support promotion of regional generosity.	Direct experience in NZ.
Match funding of private donations to community foundation	Dollar for dollar matching (or similar) to reward money raised from general public.	Direct experience from Mexico, Dublin, Ireland and Frederick County, Maryland, USA (Struckhoff, 1991).
'Pass through' granting to community (fee-based)	Community foundation grants local government funding in a certain field of interest (e.g. community development) or certain area outside local government expertise (e.g. social loans for community economic development concepts)	St John (2007). Direct experience in NZ, Australia, Mexico, Tanzania, South Africa, UK, Canada, Russia, USA.
Local government contribution of funding to community foundation projects	Local government provides some or all of the funding for a community foundation-identified charitable project.	St John (2007). Direct experience in NZ, Australia, Mexico, Tanzania, South Africa, UK, Canada, Russia, USA
Funding of community foundation research	Provision of funding for research into areas of community need (as well as possible provision of expertise) in return for access to information and use.	Community foundation cost profile. Direct experience in LowCountry community foundation in USA and Australia.
Subsidies on services/premises	Provision of discounted or free accommodation, expenses, transport, etc.	Community foundation cost profile and direct experience in NZ, Australia, Russia and UK.

Asset reallocation (land, property or 'dormant' funds).	Donation of assets which could provide community foundation balance sheet strength or revenue earning potential e.g. community centre building with room for paying tenants or business enterprises.	Local government activities and St John (2007) on revenue sources. Direct experience in Australia and Russia.
'Privatization' compensation funding	The payment of a compensation (restitution settlement) into charitable funds for the community in return for commercial advantage from taking over a local government service e.g. toll road, power supply, water, etc.	E.g. Oil overcharge funds in Struckhoff (1991). Direct experience in Czech Republic.
Philanthropic consulting services to local authority government	Local authority pays community foundation for using its unique expertise to undertake consulting work e.g. conducting feasibility studies, strategic review, governance and management advice, grantmaking guidelines etc.	St John (2007) revenue sources. Direct experience in Australia.
NON-FINANCIAL		
Promotion of annual 'giving day', CSR awards, etc	Campaigning alongside city branding/vision	Direct experience in UK, Russia and Australia.
Referral of key prospects/contacts	Encouragement to start funds	Direct experience in Russia.
Payroll giving fund for local government staff	Local government encourages staff to commence donor advised fund within CF and promotes widely as a vehicle for staff philanthropy. (This is categorized as non-financial as no money would come directly from local government.)	Direct experience in Australia.
Community foundation Board representation	Local authority nominates some Board members of community foundation	Direct experience in South Africa, USA, NZ, Australia, etc.
Use of local government officer expertise	Free of charge use of local government officer expertise (might be a fixed term secondment).	Local government activities and community foundation cost profile.

5 Field Research Methodology

5.1 Key Issues in Field Research Methodology

A number of key issues were identified that influenced research method, design and techniques.

Large number of questions - The desk work identified 15 opportunities and these needed to be individually explored in depth.

Complexity – Many of the identified opportunities were complex at a conceptual or practical application level. Open-ended questions – Since many of the opportunity ideas proposed were anticipated to be relatively novel to respondents, it was important that open questions be used to add depth to answers and assumptions.

Sensitive questions – It was hoped that, in some cases, respondents might be prepared to supplement their information with examples from their experience. Since this was likely to draw upon negative as well as positive cases, it was important that the research methodology provided an environment where the information could be safely shared.

Sampling of the community foundation sector – Over 1,680 community foundations worldwide with highly diverse characteristics in terms of their size, geographical coverage, culture, stage of development, areas of activity, number and type of donors and beneficiaries and range of approaches.

5.2 Field Research Method

In light of the issues outlined above and because the study would be drawing on intuition, opinions and judgment of respondents, it was determined that an exploratory, qualitative approach would be most appropriate.

5.3 Field Research Techniques

Consideration was given to using focus groups or structured interviews or semi-structured interviews. Focus groups were discounted due to the difficulty in presenting the opportunities in an easy publicly expressible format (Jankowicz, 2005), lack of control over question sequencing and the desire to seek interview subjects from across the world. It was also decided that individual interviews would allow more diversity of opinions that could be triangulated in the analysis phase. The approach that was finally used had elements of both structured and semi-structured interviews, since it had a clear and ordered set of questions (particularly the ones centered on the 15 opportunities under investigation) but also allowed for open discussion, development of themes, linking of issues and ideas in a relatively free form way particularly towards the end of the interview.

5.4 Field Research Questions

Using the research question, hypotheses and results of the literature search as an anchor, a structure for the interview was designed that took the respondent through a step-by-step qualitative research process;

1. Framing questions establishing political context and stage of development of culture of philanthropy
2. The unprompted views of the respondents on possible opportunities were gathered.
3. All opportunities were ranked for potential effectiveness.
4. Opportunities identified as high potential were explored in depth to build a fuller picture including possible explanations, examples, strengths, weaknesses, other comments and linkages.
5. Broader discussion on the value of community foundations working with local government.

5.5 Respondent Sampling

'Purposeful sampling' was used to identify informed senior respondents from the community foundation sector. An internationally diverse range of respondents was selected to prevent individual cultural bias. The final range of interviews included respondents from Australia, Canada, Mexico, Russian Federation, South Africa, Tanzania, United Kingdom and Unites States,

6 Results

6.1 Overall Ranking of Opportunities

Each respondent rated the individual partnership opportunities as conceptual ideas and on the likelihood of them working effectively in their own communities and countries. The results have are shown below in *Table 1: Overall ranking of opportunities*.

		"In Concept"		"In my place"	
1=	'Pass through' granting	3.00	2.45	'Pass through' granting	1
1=	Asset reallocation	3.00	2.40	Local authority funding to projects	2=
3=	Subsidies on services/premises	2.90	2.40	Subsidies on services/premises	2=
3=	Local authority funding to projects	2.90	2.20	Match funding of private donations	4
5	Match funding of private donations	2.85	2.00	Asset reallocation	5=
6	Direct grants for operational spending	2.65	2.00	Promotion of annual 'giving day', CSR awards, etc	5=
7	Promotion of annual 'giving day', CSR awards, etc	2.60	2.00	Use of local government officer expertise	5=
8=	Use of local government officer expertise	2.50	1.60	Funding of research	8
8=	Funding of research	2.50	1.50	Community foundation board representation	9
10	Payroll giving fund for local government staff	2.30	1.45	Direct grants for operational spending	10
11	'Privatization' compensation funding	2.20	1.30	'Privatization' compensation funding	11
12=	Referral of key prospects/contacts	2.00	1.20	Referral of key prospects/contacts	12
12=	Philanthropic consulting services to local government	2.00	1.00	Philanthropic consulting services to local government	13=
14	Community foundation board representation	1.80	1.00	Payroll giving fund for local government staff	13=
15	Advertising revenue novation (reallocation)	1.70	0.80	Advertising revenue novation (reallocation)	15

Table 1: Overall ranking of opportunities

Conceptually, the strongest opportunities from the viewpoint of the respondents were 'pass through' granting arrangements and asset reallocation, followed by local government subsidies on premises and other services and local authority funding to projects. Match funding, direct grants for operational spending and promotion of philanthropy through annual giving days and awards also ranked well. At the bottom end of the scale, there was low support for advertising revenue arrangements and dedicated Board positions for local government dignitaries or staff, perhaps because these are examples closely tied to the circumstances of time and place.

When respondents reflected on the likelihood of success of the opportunities in their own context, the scores across the board were lower, as quite understandably a good idea does not necessary work in all places. Interestingly, the favored opportunities were very similar with the top six opportunities the same (albeit in a slightly different order). These consistently strong ideas are explored in more detail in Section 6.2.1 below. At the bottom end of the rankings, advertising revenue arrangements, payroll giving funds for local government staff, philanthropic consulting services to local government and the referral of key prospects rated particularly low.

6.2 Analysis of Opportunities

6.2.1 Top six opportunities by ranking

'Pass through' granting to community

Ranking 1= *in concept* and 1 *in context*

There was broad support for the concept of community foundations conducting 'pass through' granting arrangements for local government for a fee. It was felt that this work gave foundations good profile as well as important grantmaking experience and consequently provided them with additional credibility when they sought funding from other donor sources for their communities. In addition, it was felt that in many cases community foundations were better placed to undertake this work due to *"the necessary expertise with specific groups at a community level"*. One respondent claimed this was *"one of the very best ways for a foundation to work effectively with local borough"*. Many examples were cited where this kind of granting was taking place with Australian community foundations notably active in this area with successful granting programs in the cities of Ballarat, Glenorchy and Jeelong amongst others. Whilst this approach is also common in Russia, the community foundations there often could not secure a fee for this activity.

Asset reallocation (land, property or 'dormant' funds)

Ranking 1= *in concept* and 5= *in context*

Many respondents were familiar with examples of where the local government had transferred substantial assets to foundations to give them credibility and balance sheet strength. Where the asset provided ongoing revenue opportunities this was seen as even better. Typical respondent comments included *"this is a fabulous opportunity that community foundations should definitely explore"* and *"this is a huge way in which local government could show its support"*. Examples ranged from Boroondara in Australia to Riga in Latvia where the Valmiera Region Community Foundation took over a building where in addition to its offices it was able to base a childcare program and an affordable housing project. Asset transfer had also occurred in the UK and in Canada and community foundations felt that the opportunity still existed at a local level. Interestingly, the significantly lower *"in my place"* ranking suggested that the reality of finding city treasurers prepared to transfer assets might be challenging.

Subsidies on services/premises

Ranking 3= *in concept* and 2= *in context*

The provision of low or no rent premises for community foundations as well as picking up running costs such as copiers or meeting rooms was seen as a highly sensible and pragmatic way in which local government could help community foundations to minimize their cost profile during the early days of start-up and survival. One typical respondent comment was *"it is a very good idea to support office space for meetings and operations in council owned premises"*. Many examples were provided of these type arrangements including Auckland New Zealand, Ballarat and Melbourne in Australia and numerous small towns across Canada where *"in every case local government provides some element of support"*. In Russia, a new law is currently under consideration which would force local government to support the NFP sector (including community foundations) by providing low/no rent premises and other support.

Local authority contribution of funding to community foundation projects

Ranking 3= *in concept* and 2= *in context*

There was strong and consistent support for local government to be one of a range of funders that could be engaged in contributing to community foundation projects and campaigns. This 'blended' approach to funding whereby private, public and philanthropic money could support community projects was seen as a positive model although, at face value, a different approach to the more traditional roles of philanthropic organizations testing ideas and government rolling them out. One respondent claimed *"it is a good idea and goes a long way to creating a platform for co-funding"*, another said *"it is a very good idea and one where community foundations can add great value to communities"*. The development of the waterfront in Winnipeg was a good example of this 'partnership working'.

Match funding of private donations to community foundation

Ranking 5 *in concept* and 4 *in context*

Match funding (or challenge funding) was strongly supported as a high potential area. It was felt that one of its strengths was the way in which it recognized and rewarded the contribution of both parties. Respondent comments were glowing: *"for me this is the most important support that local government can provide"*, *"leverage to grow private donations"*, *"it conveys a unified vision and mission"*, *"in this way local government validates the philanthropic undertaking and brings leverage"*, *"in my opinion this is one of the most important opportunities"* and *"this is an excellent idea that is particularly effective if local government has a budget line for a particular cause that is appropriate for broader community support and input"*. One respondent had analyzed their foundation's experience on two major match funding projects and recognized a massive uptake in private giving. On one project a \$500k matching from government brought in \$1.4m of private funding for scholarships. On another in the arts area when the foundation compared match-funded and normal funds, the match-funded ones grew on average five times the rate. Examples were seen across the world including USA, Canada, Lord Mayor's Charitable Foundation in Melbourne, Australia and Sarata in the Ukraine.

Direct support grants for operational spending

Ranking 6 *in concept* and 10 *in context*

The idea of local government providing direct grants to cover a community foundation's operational spending brought a diversity of opinions. In general, and particularly outside the USA, it was seen as a good way to get community foundations started. However, it was agreed that there needed to be a very clear link to purpose and, importantly, a clear and measurable set of key performance indicators (KPIs). *"I think that this can be good when trying to get a community foundation on its feet but it is certainly not relevant for established foundations"* claimed one respondent. Another pointed to its success saying *"our foundation got off the ground because two of the three local councils gave us core funding for three years"*. Another added *"it can help a community foundation to survive"*. Examples ranged from tax contributions in Chihuahua in Mexico to surplus funding in a local government apprenticeship program of AU\$1m per annum for three years supporting the start of the Inner North Community Foundation in Melbourne. However, as could be interpreted from the idea's low context ranking, there were also people who were strongly opposed to this approach mainly on the grounds of it building dependency (*"a hand-out not a hand-up"*) and the concern that it might actually take money from the deserving that the community foundation existed to support.

6.2.2 Commentary on other opportunities

The remaining 9 ideas are summarized below:

Promotion of annual 'giving day', CSR awards, etc.

Ranking 7 *in concept* and 5= *in context*

There was broadly positive support for this concept as long as “*the person at the council promoting the concept is a credible and trusted person*”. From Russia to the USA, officials were always happy to support charity days and philanthropy and events such as National Philanthropy Day.

Use of local government officer expertise

Ranking 8= *in concept* and 5= *in context*

There was a polarization of opinion on this idea with some very strong supporters (“*this is a fabulous idea that gives a broader perspective to both parties*”, “*I am a big fan of secondment*” and “*this could be very helpful in the development of public policy on both sides*”, “*helps with big picture thinking*”) and some similarly strong minded detractors (“*I would not expect to gain anything from their insights*” and “*they would not be interested to learn*”).

Funding of community foundation research

Ranking 8= *in concept* and 8 *in context*

Whilst there were a few prominent examples of where local government had supported community needs research (for example *MacroMelbourne* in Australia and “*Together for Beaufort*” a partnership between local government, the Community Foundation of the Lowcountry and United Way on a community assessment and scorecard), it was generally felt that local government would be happier to provide expertise analysis and data than funding (and that this had significant value).

Payroll giving fund for local government staff

Ranking 10 *in concept* and 13= *in context*

This was only seen as worth pursuing where United Way was not strongly established. Where the United Way model was embedded it was felt that community foundation approaches would be “*seen as hostile*”. The Lord Mayors Charitable Fund and Hobsons Bay Fund within the Australian Communities Foundation were good examples of what could be achieved.

'Privatization' compensation funding

Ranking 11 *in concept* and 11 *in context*

Whilst it was recognized that this was already happening in the Czech republic, and a couple of respondents felt it had potential either in the shape of stock donation or fund establishment, the general feeling was that it would be “*hard to catch*” and unlikely to occur.

Referral of key prospects/contacts

Ranking 12= *in concept* and 12 *in context*

A low interest idea that many people felt highly nervous of– “feels like ‘insider trading’ somehow” whilst recognizing that it “definitely already happens”.

Philanthropic consulting services to local authority government

Ranking 12= *in concept* and 13= *in context*

With the exception of Australia where it was already working, most felt that this idea held little merit because either local government would not trust the community foundation to provide high quality services in this area or that they would expect it for free. The level of opportunity was felt to depend on “*how authoritative the community foundation is in the community*”.

Community foundation Board representation

Ranking 14 *in concept* and 9 *in context*

There was significant nervousness about having local government officers or elected officials serving on community foundation boards although in many countries it was common. Respondents said “*foundations need to give very careful consideration to what roles these officials play to make sure ethically sound – it is not appropriate for them to be Chair or head granting committees*”, “*there has to be a very clear distinction between their municipal government and foundation roles*”, “*these need to be real roles for real people not ceremonial roles for people who have no real interest or enthusiasm to bring along*”, “*our board of trustees was dominated by the municipal council [] - it did compromise governance matters, and robbed the foundation of its identity as a ‘community foundation’*”. It was felt that it might be better not to have ‘set aside’ positions for local government representatives but to keep a look-out for the right person who could be brought on to the Board.

Advertising revenue novation (reallocation)

Ranking 15 *in concept* and 15 *in context*

This was felt to have no potential as it required local government to forego income that they had probably already budgeted for.

6.2.3 Contextual sensitivity

By comparing the rankings for partnership ideas that were seen as good in concept with those that would be specifically effective in a certain country or community, it was possible to pull together two interesting lists: one list that contained ideas that were likely to be of interest universally and another list that contained ideas that were good in theory but required a specific environment to work:

Consistently good ideas	Context-specific ideas
- Subsidies on services/premises	- Payroll giving fund for local government staff
- ‘Pass through’ granting	- Direct grants for operational spending
- Use of local government officer expertise	- Philanthropic consulting services to local government
- Promotion of annual ‘giving day’, CSR awards, etc.	- Asset reallocation
- Match funding of private donations	

Table 2: Partnership ideas with low and high contextual sensitivity

It would seem wise to conduct appropriate groundwork on context-specific ideas in particular as they appear to be more vulnerable to local circumstance.

6.2.4 Financial or non-financial partnership opportunities

When financial and non-financial ideas were compared in the ranking table it can be seen that the financial partnership concepts tended to rank higher in most cases.

	"In Concept"		"In my place"		
1=	'Pass through' granting	3.00	2.45	'Pass through' granting	1
1=	Asset reallocation	3.00	2.40	Local authority funding to projects	2=
3=	Subsidies on services/premises	2.90	2.40	Subsidies on services/premises	2=
3=	Local authority funding to projects	2.90	2.20	Match funding of private donations	4
5	Match funding of private donations	2.85	2.00	Asset reallocation	5=
6	Direct grants for operational spending	2.65	2.00	Promotion of annual 'giving day', CSR awards, etc	5=
7	Promotion of annual 'giving day', CSR awards, etc	2.60	2.00	Use of local government officer expertise	5=
8=	Use of local government officer expertise	2.50	1.60	Funding of research	8
8=	Funding of research	2.50	1.50	Community foundation board representation	9
10	Payroll giving fund for local government staff	2.30	1.45	Direct grants for operational spending	10
11	'Privatization' compensation funding	2.20	1.30	'Privatization' compensation funding	11
12=	Referral of key prospects/contacts	2.00	1.20	Referral of key prospects/contacts	12
12=	Philanthropic consulting services to local government	2.00	1.00	Philanthropic consulting services to local government	13=
14	Community foundation board representation	1.80	1.00	Payroll giving fund for local government staff	13=
15	Advertising revenue novation (reallocation)	1.70	0.80	Advertising revenue novation (reallocation)	15

Table 3: Overall ranking of financial (green) and non-financial (blue) opportunities

However, the respondents were not quite so definitive in their preference for financial partnership support when asked to compare them. Although one respondent stated a clear preference for financial support since "councils have resources but not always the best expertise", the vast majority saw a benefit in gaining financial **and** non-financial support. As they said:

"The major challenge for community foundation in the early days though is to have money to pay for organizational capacity, to employ staff and have in kind support for premises etc. However, I believe it is equally important that they have ability to work together [with government] to identify and solve community need."

"I prefer a 50:50 balance. A community foundation cannot show relevance without financial strength. However, non-financial support can build credibility and understanding."

"Both financial and non-financial methods are certainly more likely to give credibility to a community foundation and make it more sustainable in the long run."

"Non-financial support will never lead to sustainability but it is important to "lather 'em up before you shave them" – you need to build the relationship and credibility before you start looking into broader financial relationships."

"Both are very important and which has most positive effect will depend upon the specific community and community foundation. It may well be that promotion and publicity opportunities are more valuable than money in some cases."

One respondent concluded “*all community foundations and all cities are different, so it is hard to say which is best. You have to be alert to opportunity wherever it may come from.*”

6.2.5 New partnership opportunity ideas

Perhaps surprisingly, few other new partnership working ideas were proposed by respondents during the research, which suggested that the initial list was reasonably broad and comprehensive. One idea that did emerge was the importance in one country of local government providing a solid legislative framework for community foundations to operate removing the confusion about what was charitable. Another suggestion was the use of local government allocated advertising time and sites to promote the community foundation at no cost.

6.3 The pros and cons of closer working with local government

When respondents were asked if, on balance, closer working with local government was a good idea, the result was a highly qualified ‘yes’ (see *Table 4: Rating working with local government*). (This was a small sample and so raw percentages need to be viewed in that context). Although 40% of respondents felt that would be neutral, only a very small proportion felt the effect would be negative.





On balance what do you think the effect of a closer partnership have on the growth of foundations in your local situation?		
Highly favourable		10%
Favourable		45%
Neutral		40%
Unfavourable		5%
Highly Unfavourable		0%

Table 4: Rating working with local government

A good example of ‘neutrality’ of opinion is characterized in this statement from a North American community foundation CEO: “*to be fair I would never make closer working with local government one of my top five strategies, so for me it is strictly opportunistic – a specific judgment of whether that particular opportunity will serve my community without impinging on my independence*”.

On the positive side, respondents pointed to the complementarity of the relationship and the importance of having all parts of a functioning society contributing to civil life - “*community foundations can take risks, government cannot*”, “*you cannot ignore local government opportunities as they have a critical role in social service delivery but they need help in making that work*”, “*I think closer working with local government is a really good idea that is often overlooked*”, “*closer working is obviously a good idea, it’s not always going to be perfect but it can help a foundation to make a big and relevant impact in its local community*”, “*it is always a good idea - the more creative that community foundations can be with how they identify resources, the stronger is their potential for impact in the community at large*”, “*the benefits of closer cooperation certainly outweigh all other possible threats to the development of a community foundation*”, “*a community foundation needs to have good relations with all segments of society in its operational area*”. One respondent specifically praised her experience of local government embracing a wider vision of capacity building: “*I credit my local municipal government with having the right attitude and values. They truly believe in*

partnership, they understand that they cannot achieve everything alone and they are committed to capacity building with other sectors rather than simply trying to carve out a bigger piece of the action for themselves”.

In addition to pump-priming, funding the sharing of ideas seemed highly attractive: *“the obvious places to work are on a policy and publicity level, when money gets involved it is more tricky”* and *“the public policy angle for community foundations is becoming more important. The foundation and the government have the same goal and same constituency – enhancing the local quality of life for everyone in the community”.*

On the more negative side the main concerns were as follows:

Loss of independence

The most common concern was that the community foundation would lose its ability to challenge and critique if it was too closely tied to local government. It was felt that too close an association could certainly damage the public trust so essential for the foundation to carry out its three roles of donor service, grantmaking and community leadership.

Typical respondent comments:

- *“Municipalities need to know and reminded constantly that community foundations are autonomous and independent organizations from direct control by local municipalities.”*
- *“It is really important that community foundations are seen as independent and critical that local government does not influence granting to further its own agenda.”*
- *“A community foundation should be independent and any close affiliation could lead to less public trust. If you are too close to government you cannot ask the challenging question.”*
- *“You have to be very careful to not allow levels of government involvement get out of control. Transparency is essential.”*
- *“The risk is that you lose your independence – you cannot become the political slush fund or owe favors to City Hall.”*

Loss of fundraising momentum

Another common concern was that financial support from local government would remove the fundraising urgency from within the organization, as they did not have to ‘thrive to survive’.

Typical respondent comments:

- *“Could remove the energy to build the donor base.”*
- *“An over-dependence on local government would be unwise as community foundations need to have a diverse base of funders.”*
- *“May stop some donors contributing if too close.”*
- *“An overwhelming reliance on government funding would be very counterproductive to broader fundraising.”*

‘Blurring’ of roles

It was felt that there was a potential danger of the roles of government and philanthropy becoming mixed thereby minimizing the impact of both.

Typical respondent comments:

- *“It is a good idea, only if roles, responsibilities and obligations shall have been clearly defined and drawn”*

- *“Need to be careful about role delineation – where should each other’s jobs start and finish.”*
- *“Only accept government money if very specific mission or purpose to be carried out otherwise it becomes fraught with danger. Local government and philanthropy should exist in separate realms.”*

Political change

Many respondents were concerned that relationships with local government could be derailed by political fortunes and that a close working relationship with one administration could be severely jeopardized by a change in elected officials. It was strongly advised that community foundations seek out strong functional support and be careful to maintain an apolitical stance.

Typical respondent comments:

- *“These relationships take a long time and can therefore suffer from a lack of continuity due to the political cycles.”*
- *“It is a constantly changing picture and your support might change with the next election.”*
- *“It is critical that any relationship is held with an entire office rather than one person – otherwise it is very vulnerable to change of staff, change of policy or election results.”*

Bureaucracy

Many respondents found that the ‘costs of compliance’ of working with government were very high and even had to take on staff in order to meet the heavy reporting regime. Others referred to the highly bureaucratic mindset of local government and the inherent delays and confusion that came with it.

Typical respondent comments:

- *“In my experience the opportunity costs of working with Government are higher than with other sources as government processes are frequently bureaucratic and burdensome.”*
- *“Government always wants to control.”*
- *“The bureaucratic processes can lead to large costs of compliance.”*
- *“They’ll take over and try and control because it is in their nature – it’s their default setting.”*
- *“The bureaucracy can be exhausting.”*

6.4 Where are these ideas most likely to work?

When the results of the field work were examined by country, there appeared to be some parts of the world that were more prepared to consider closer working with local government than others, although when the pragmatic individual partnership ideas were explored all respondents saw some opportunities for their local areas.

Most enthusiastic support for closer partnership came from developing countries in Africa and Central America and from New Zealand and Australia. The results from all the countries represented in the field work were compared using Hofstede’s country characteristics tool but no discernible and consistent pattern emerged⁴.

It appears that countries with longer traditions of formal philanthropy are more likely to be hesitant about these types of relationships with local government, perhaps as the separate domains have been

⁴ Data sourced from www.clearlycultural.com/geert-hofstede-cultural-dimensions retrieved on 20/3/2012

established over many years and become embedded. In countries where the formal philanthropic culture is at an early stage there appears to be more flexible attitude to examining all sources to get a community foundation underway. For example, Tennant et al (2006) commented on the blurring of sectors in New Zealand in their Comparative Nonprofit sector Report: *"In such a small country, the particular closeness of relations between the nonprofit and state sectors creates both challenges and opportunities. There is a tradition of dialogue and the nonprofit sector has not been backward in taking a stand on critical issues facing vulnerable populations, the country as a whole, and sectoral groups. At the same time, many parts of it, most especially those delivering social services, have become significantly dependent on state funding. Tensions have increased along with this dependency."*

Another potential reason for this is that where the community foundation movement has become well established it does not require local government to assist its development as there are private foundations and other community foundations ready to step in to help with contacts, advice and funding support.

Therefore it seems most appropriate for these ideas to be explored with newer foundations and in areas of the world where the philanthropic culture is still relatively adolescent. 'Social' economies (where local government has a larger role) rather than 'market' economies (with a focus on small government) would seem to be more likely to consider these arrangements.

7 Conclusions and Recommendations

7.1 Overall conclusions

Whilst closer working relationships with local government are clearly not a panacea for the start-up and growth challenges of community foundations, they certainly should be considered because a) they can provide funding and support as part of a diverse funding base and b) because foundations and municipal authorities share a common interest in the quality of life of all their citizens and it would be dogmatic for either to ignore the insights and expertise that come from the other.

Strategic relationship

These relationships tend to work when they are initiated, championed and maintained through a strategic leadership alliance at the top of local government and community foundation. As one respondent put it *“in these partnerships it is the strategic leadership that is critical. Leadership in the community foundations needs to create bridges to the council constantly to help them to appreciate the contribution the foundation can make and the complementarity of the two organizations.”* Asking for advice (in both directions) is often a good way to start the relationship and a match of values and personality are important. The CEO and Chair of the foundation need to play a significant role in defining boundaries and responsibilities.

Equality, respect and mutual benefit

For any of the practical ideas to work each party needs to be equal in perceived status (which is often difficult for fledgling foundations and gargantuan local governments!). The truth is, however, that local government and the community foundation are bringing quite different skills sets and perspectives ‘to the party’ and it is important that attention is focused on looking for appropriate ways to work where their relative strengths are leveraged.

Some of the strongest partnership ideas recognize this distinction in mutual strengths. For example, match funding and challenge grants are a good way in which a local government concern and the public purse are linked with private philanthropic funders – neither party would have been able to secure the other half of the funding with credibility.

‘Pass through’ granting is another good example of where local government uses some of the specific skills of a community foundation (grantmaking, community understanding and evaluation) to provide a better result for a key community.

Community needs research funding (and the data and analysis work that accompanies it) is another good example of local government and the community foundation bringing complementary skills to bear.

Stage of development

These local government partnership relationships seem to be more important at the start-up and survival stages of community foundation development than the sustainability stage, in fact it is strongly contended that local government relationships alone will never give community foundations true financial or operational sustainability as even the strongest support can evaporate after the next election.

When considering the 15 partnerships ideas under investigation against the key stages of a community foundations development, a time series of opportunities can be constructed to help guide assessment of options (see *Diagram 1: Potential partnerships opportunity timeline*). This diagram displays the partnership opportunities in the order of conceptual strength and then provides an indicative effectiveness guide for each idea at the three key stages of community foundation development. The diagram suggests that there are some ideas that are worth considering at any stage of development with a willing local government partners. These ideas include ‘pass through’ granting, local authority funding to community foundation projects, match/challenge funding arrangements, local government promotion of philanthropy and use of local government officer expertise including secondment and internship opportunities.

Some ideas are better suited to the start-up and survival phases of community foundation growth. These include asset reallocation, subsidies on premises and services and funding of research. Direct grants for operational spending can definitely be used in the early stages of community foundation establishment, but they need to be phased out as foundations grow and carry KPIs or milestone arrangements that ensure that community foundations do not lose the drive to develop diverse income streams including, most importantly, private donor contributions.

Many of the ideas at the bottom of the table are highly context specific, and whilst they should not be ignored, they

should be approached with caution. With regard to local government representation on the Board, it seems wise not to ‘set-aside’ board positions for specific positions, e.g. the Mayor or his or her nominee but to look for the “right person” in the administration who can provide the local government perspective but is not highly politicized or hostage to political fortune.

	Start-up	Survival	Sustainability
‘Pass through’ granting	Positive effect	Positive effect	Positive effect
Asset reallocation	Positive effect	Positive effect	Possible positive effect
Local authority funding to projects	Positive effect	Positive effect	Positive effect
Subsidies on services/premises	Positive effect	Positive effect	Possible positive effect
Match funding of private donations	Positive effect	Positive effect	Positive effect
Direct grants for operational spending	Positive effect	Possible positive effect	Unlikely positive effect
Promotion of ‘giving day’, CSR awards, etc	Positive effect	Positive effect	Positive effect
Use of local government officer expertise	Positive effect	Positive effect	Positive effect
Funding of community foundation research	Positive effect	Positive effect	Possible positive effect
Payroll giving fund for local government staff	Possible positive effect	Positive effect	Positive effect
‘Privatization’ compensation funding	Possible positive effect	Possible positive effect	Possible positive effect
Referral of key prospects/contacts	Positive effect	Possible positive effect	Possible positive effect
Philanthropic consulting services to local government	Unlikely positive effect	Possible positive effect	Possible positive effect
Community Foundation board representation	Possible positive effect	Possible positive effect	Possible positive effect
Advertising revenue novation (reallocation)	Possible positive effect	Possible positive effect	Unlikely positive effect

Key:

Positive effect	Positive effect
Possible positive effect	Possible positive effect
Unlikely positive effect	Unlikely positive effect

Diagram 1: Potential partnerships opportunity timeline:

Fundraising Urgency

It is critical that local government support enhances the community foundation's focus on bringing new funds into the community and does not lead to a lack of fundraising urgency with other sources. Communities, and community foundations, need diverse sources of funding if they are to succeed.

This requires strong internal discipline within the foundation. The centrality of funds development needs to be held at the Board level and enacted through motivated senior staff with experience of, and commitment to, fundraising. As outlined above, KPIs and milestone arrangements can help community foundations to drive for new funds. The principle of "no stone unturned" is a good one for community foundations. This approach allows community foundations to be open-minded and opportunistic about developing a strong operational and financial footprint and ensures that they keep vigilant for opportunities inside and outside the partnership with local government.

Community foundations need to keep their relationships and activities with local government under regular review. If these partnerships start to look bad from a cost-benefit analysis and more impact could be made elsewhere the foundations has to have the discipline to move its focus to other funding avenues.

Independent and strong

"It is essential that a community foundation is strong in defending its autonomy, vision, mission and objectives against possible invasion by private and public sector organizations, including local municipalities."

Once a community foundation loses its independence, it loses its supporter base, its credibility as a community champion and its soul.

However, whilst a closer relationship with local government brings with it the potential for a loss of independence, a series of simple (but practical) steps can help to minimize the threat:

1. Be staunchly apolitical. Community foundations should clearly communicate their apolitical stance at every opportunity. This does not mean that the foundation has not got a view; it just means that it comes from representing community interests rather than following political doctrine.
2. Get it in writing. As one respondent stated "*rules of the road are essential as this interface as it is a very tricky area*". Clear contracts and memoranda of understanding are an important part of enshrining the purpose and principles of partnership.
3. Be transparent. If relationships are honest, visible and public then they can be very effective. If they are hidden then they have the potential to derail the relationship and the reputation of the foundation.
4. Don't take what you don't need. Community foundations should be very careful about accepting funding that it does not require, particularly as this is likely to be coming out of the same budget that is supporting the community ventures that the foundation itself is looking to build.

Summary

In conclusion, I believe that closer working with local government has perhaps not received the attention it has deserved. For a fledgling foundation in an environment where the philanthropic territory is not clearly delineated it can provide a range of opportunities to get a community foundation underway. These relationships are certainly complex and do require strong and principled leadership if

they are to achieve their aims. However, community foundations have more in common with local government than we perhaps care to admit. Our shared commitment to our communities and civil society means that we have a strong basis for co-operative mutually beneficial relationships.

7.2 Generalization

This research has drawn together a portfolio of opportunities that could be assessed for their suitability to help community foundations achieve sustainability. Whilst the results have been drawn from the international community foundation movement and are specifically related to the relationships with local government it is conceivable that this work could be useful in other contexts.

The most obvious lines of further application of this work would be in relation to:

- Not for profit organizations seeking to work with local government where many factors would be similar.
- Other funders (aid and private foundations) seeking to establish and grow new community foundations.
- Community foundation relations with central and state governments

7.3 Further Research

During the course of the research further avenues of study were suggested by respondents or signaled by the data collected.

The main areas for further research include:

- A more comprehensive quantitative analysis of these opportunities.
- A cost-benefit analysis for the use of specific opportunities.
- A series of case studies analyzing the impact of the use of these opportunities.
- Case studies of best practice in these areas of inter-sectoral work.

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