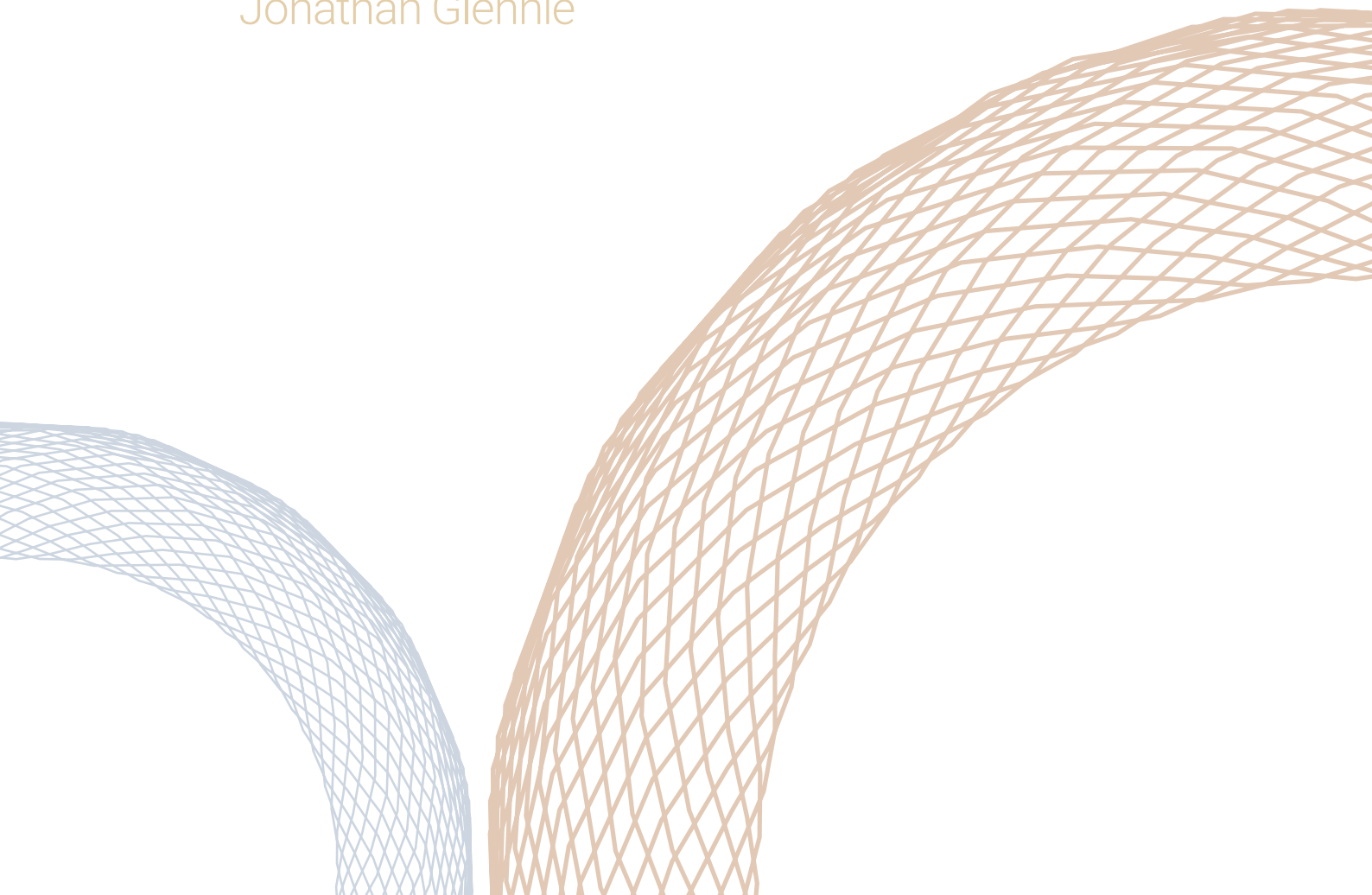




From billions to millions

How community philanthropy is helping
to finance the SDGs

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One page summary

Community philanthropy is a growing sector across the world, but its progress has gone largely unnoticed in the world of mainstream ‘development financing.’ This is unfortunate for two main reasons. First because there might be a significant amount of money at the community level that is already being, or could be, mobilized for the SDG effort. And second, perhaps even more importantly, because the quality of that money in terms of its unique characteristics make it a resource worth focusing on. At a time when all the stops are being pulled out to find funds to meet the SDGs, this unique source of finance is being overlooked.

Community philanthropy shares some characteristics with public money, some with private money, and some with more regular philanthropy. But the unique characteristic of this money is that it is *drawn directly from* and *spent directly* on a particular community (typically, but not exclusively, a geographical community). This means it suffers much less from the typical problems associated with other types of development finance e.g. lack of local knowledge and leadership, accountability to faraway decision-makers, patronizing attitudes, short time horizons, project approaches limited by thematic narrowness and inflexibility and fostering of dependency. We look at four areas where community philanthropy has an intrinsic advantage over other external forms of finance (including domestic public finance from far-off capital cities). Furthermore, because community philanthropy straddles the global north and south – both have strong community philanthropy traditions – it is a perfect accompanier of the new universalist SDG vision which takes us beyond developed/developing.

At least in theory, then, community philanthropy is an important source of finance (although it is important to caveat that in practice, just like all sources of finance, experiences and impact differ based on context and management). Why then does it remain largely ignored by mainstream development finance, with no mention in the major recent texts of the last few years. Probably because of its limited scale, especially in less wealthy countries – at current levels it is unlikely to make large dents in the SDG wish-list. But that could change if major development finance organizations and thinkers got behind the approach.

The paper ends with two sets of ideas/recommendations, first for the community philanthropy sector, and second for those working in development finance:

Community philanthropy sector

- 1 Set out a growth plan
- 2 Demonstrate evidence of impact
- 3 Produce estimates of size
- 4 Link to the SDGs
- 5 Link better the international development sector

Development finance sector

- 1 Fund wisely (do no harm!)
- 2 Support research
- 3 Engage
- 4 Visibilize

1 Introduction

What is community philanthropy?

Community philanthropy is unlike any of the myriad other forms of development finance in one crucial regard: it means marginalized communities wielding *their own* resources for *their own* well-being. There are many different definitions of community philanthropy, but this characteristic is central to all of them.

In a sense, therefore, community philanthropy is quite similar to individual or household spending, in that the money belongs to and is spent by and on behalf of the individuals/families/communities involved, the difference being that in the case of community philanthropy there is a collective approach which goes well beyond individual spend and benefit.

The use of the community's own assets not only sets community philanthropy apart from all other types of development financing, it also sets it apart from other types of community organizing and civil society activity. While there are many types of community organizations which work for the good of their communities, community philanthropy is founded on the collective use of a community's own *physical* assets, and particularly its money (i.e. not just capacities and knowledge) which is spent, normally, via grants.

It is not easy to come up with a perfect or commonly accepted definition of community philanthropy, but a recent attempt has it that community philanthropy is, 'locally driven development that strengthens community capacity and voice, builds trust, and most importantly, taps into and builds on local resources, which are pooled together to build and sustain a strong community.'¹ The term 'community philanthropy organization' is used by some as a loose term to refer to diverse organizations that share certain key characteristics. While the term 'community' usually refers to a geographical community,

¹ Dana R.H. Doan (2018) An Operational Definition of Community Philanthropy For Research and Practice, Paper prepared for the ARNOVA Conference. Austin, November 2018. See this paper for other definitions and discussion of the concept.

it doesn't have to – other kinds of community (e.g. based around identity) have set up community philanthropy organizations.²

An important caveat: while community philanthropy is centred around a community's own resources, money from external sources can also complement locally-sourced funds, an issue we will discuss in this paper.

Purpose of the paper

Community philanthropy has existed as a recognizable and definable concept for some decades, and its roots go back centuries. There is evidence to suggest that community philanthropy is increasing fairly rapidly in importance around the globe.³ Meanwhile a substantial community of practice has emerged around the world, and there is a growing academic literature and policy discussion of the area.

However, in the parallel world of development finance, where policy makers, influencers and bureaucrats discuss how to finance the Sustainable Development Goals (SDGs), community philanthropy barely merits a mention. In fact, most people working in development finance have not even heard of it.⁴

This is surprising for a number of reasons. First, because of the urgent calls to pull out all the stops to gather the finances required to meet the very ambitious SDGs – one would have thought that this growing movement would have been tapped for the funding it might offer. Second, because the specifics of community philanthropy – the characteristics that make it special – would appeal to many of those working in development finance who recognize the problems associated with most other types of financing. Community philanthropy responds successfully to many of the critiques of outside interventions.

At the same time, it is not that surprising at all. As the world is urged to shift its vision 'from billions to trillions' in the now-ubiquitous words of the World Bank's 2015 think piece, focusing down on the (generally) much smaller sums involved in community philanthropy may seem to some like a low priority.

The purpose of this paper is to redirect the gaze of the development finance community. Rather than just looking for the big bucks, it should be equally interested in the small bucks: from billions to millions. The *quality* of the resources found and managed at community level could sometimes outweigh (or certainly complement) the *quantity* of mega financing available from other sources.

2 The term 'community foundation' is also used in connection with community philanthropy – it is one of the organizational forms taken by the wider concept of community philanthropy. Other forms include women's funds, LGBTQI funds, environmental funds, and grassroots grantmakers. It is not the intention of this paper to discuss definitional questions in any detail. The term 'community foundation' has a particular legal definition in the US i.e. long-term assets pooled and held by and for a community.

3 See the *Community Foundation Atlas* for more data: <http://communityfoundationatlas.org/>

4 Based on a non-scientific survey of colleagues with a long history of work on development finance and the FFD process. Hardly anyone I spoke to in the world of development finance and the SDGs was even aware of the concept of community philanthropy, and those few that were had very limited knowledge.

This paper will look at some of the reasons community philanthropy deserves more attention in development finance circles. In the rest of this first section we have explained briefly what community philanthropy is, and why this paper is being written. In *Section 2*, the paper sets the global context. There is a renewed ambition for change at the global level, exemplified by the SDGs, but this coincides with well-recognized political and empirical barriers. The bulk of the paper is *Section 3*, which sets out the main characteristics of community philanthropy which make it special, including the way it is able to respond to the perennial challenges associated with development finance, such as ownership, accountability, short-termism and siloed thinking, among others. *Section 4* then looks at size, effectiveness and influence. While community philanthropy should in theory be making a strong impact, given its unique characteristics, what is the evidence that it actually does so? Finally, in *Section 5*, we look briefly at any implications and suggestions for those working on the SDGs, and development finance more broadly, but who may not yet be supporting this important sector.

2 The global context

By acclaiming the SDGs in September 2015, the countries of the world gave a new set of instructions to themselves. The SDGs were ground-breaking and paradigm-shifting for a number of reasons, including:

Ambition While the Millennium Development Goals (MDGs) focused, understandably, on extreme poverty, the SDGs are much more ambitious. On the one hand, they cover a range of issues not contemplated in the MDGs, such as climate and environment issues, infrastructure and urban issues. And on the other hand, they take the MDG issues (e.g. health and education) and ramp up ambition on them. No longer is the world just concerned with primary healthcare, for example, but long and healthy lives for all; no longer just primary schooling, but secondary and tertiary as well.

Universality For this reason, the SDGs now apply to all countries in the world, not just the poorest. All countries (low income, middle income, and even high income) have problems to be solved, challenges to be overcome, whether high levels of inequality, unsustainable consumption, or unfair health and education services. We are all now developing, in this sense.

Beyond aid During the MDG era there was a strong (and misguided) emphasis on foreign aid as the main way wealthy countries could support poorer ones. Today, aid is considered less important, and a range of other financing measures have risen up the agenda, both domestic and international, public and private. The challenge for the international community is to help promote all types of finance and support, not just aid.

From billions to trillions

These three shifts in approach have clear implications for the quantity and type of financing required to meet the SDGs, and the world has tried to come up with a bolder approach to financing the goals. In Addis Ababa, in April 2015, a few months before the SDG agenda was acclaimed in New York, a financing Action Plan was drawn up: the Addis Ababa Agenda for Action.⁵ The World Bank (along with the IMF and the regional development banks) contributed a relatively short discussion paper called 'From Billions

⁵ https://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf

to Trillions: Transforming Development Finance.⁶ This catchy title has since become part of the development lexicon, with most people agreeing that the scale of ambition implied is more or less correct. In other words, to achieve the SDGs the international community needs to stop thinking in terms of billions of dollars, and start working out how to find the trillions of dollars that will be needed. (While not explicit in the paper, in most people's minds the 'billions' referred to the money generally thought to be available from aid, while the 'trillions' would need to come from private and domestic sources.)

This is, of course, self-evident. Official Development Assistance (ODA) will never be anywhere near big enough to pay for the SDGs, even were it desirable for it to do so, so the strong focus on ODA which dominated MDG thinking (despite efforts to move the debate 'beyond aid') does need to be balanced with a widening of the search to all kinds of investment. All appropriate sources of funds need to be maximized if the world is going to have a chance of meeting the SDG targets, including tax (the need to raise domestic resources in a more effective manner), private sector sources, and philanthropy.

Having said that, in the frenzy to find the big bucks, it is important not to overlook one very obvious point: not all money is the same. Different types of money have different characteristics.

Size isn't everything

\$100 of one kind of money (e.g. household expenditure) could be much more effective for a particular task (e.g. acquisition of medical supplies) than the same amount of another kind of money (e.g. foreign direct investment). This may appear obvious, but it is worth dwelling on a little.

The differences between public, private and philanthropic money are well understood by the general public in their own countries. While private spending is primarily interested in benefitting the spender (be that a household or an investment firm), the primary purpose of public spending should be to benefit society as a whole. Private finance does a poor job at financing public goods, does not a priori focus on delivering government priorities and certainly doesn't link strongly to human rights. Most notably, private capital is driven by the possibility of profit. It therefore tends to concentrate in specific sectors (such as natural resource extraction and exploitation of comparative advantage in labour-intensive industries) as well as in certain countries (middle-income and resource-rich countries) where expected returns on risk are higher. Public finance covers areas where private financing is either insufficient or impossible. A significant amount of public spending is needed in any well-functioning state to provide public goods, things that wouldn't be available if we were all just left to our own devices. Meanwhile philanthropic monies, including basic charity, also has its place and is important in certain contexts.

6 Development Committee (Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries) (2015) *From billions to trillions: transforming development finance post-2015*

But this fundamental distinction between public, private and philanthropic funding is often overlooked in discussions around development finance. Private finance is frequently touted as a substitute for insufficient public resources for development, despite the fact that several areas crucial for social development by their nature attract insufficient private financing.⁷ And philanthropic money is also sometimes offered as if it can substitute for national or local government support, when the accountability mechanisms are very different.

This issue of accountability is at the heart of the matter – most people the world over are very sceptical of distant institutions, be they foreign or simply in a far-off capital city, because it is hard to hold decision-makers to account, or influence policies and spending decisions. The more local the organization, the higher they are likely to score on accountability. But even local organizations may not have decision making processes that really respond to community preferences. This is one of the areas on which community philanthropy is unique.

In short, no-one would make the mistake of saying that it wasn't important whether a local hospital was paid for by public, private or philanthropic funds – each different option (or mixture of options) would come with its unique set of pros and cons. Indeed, community philanthropy often blends different types of money combining e.g. small, high trust, high social capital funds with other funds with higher dollar-value but lower value in terms of social capital.

The unique characteristics of community philanthropy

So as we look to finance the SDGs, it is not just the *quantity* of the money raised that we should be concerned about, but also the *qualities* of that money, the specific characteristics that make it more or less appropriate in specific circumstances. Table 1 (below) sets out eight broad types of development finance available to support the SDGs. These potential sources of funds can be split into domestic and international, and then further split between public, private (for-profit), philanthropic (i.e. non-governmental but not for-profit) and household level (i.e. a family's own spending on its well-being). There is, of course, plenty of overlap between some of the sources listed in the table – the finance ecosystem is vast and complex, and no simple table can do it justice.

⁷ These include financing for social services, long-term investments (in particular in infrastructure, including health facilities and systems), high-risk investments (such as building insurance) risk pools, research, science and new technologies and financing for small and medium-sized enterprises) and financing for global public goods (such as preserving the global commons and dealing with communicable diseases). International capital flows are also highly mobile and have become shorter-term in orientation.

Table 1 Potential sources of funds for the SDGs

	Public	Private (for-profit)	Philanthropic	Household
Domestic	<ul style="list-style-type: none"> ■ Government budget ■ Natural resource revenue streams ■ Sovereign wealth funds (domestic investment) ■ Specific sovereign bonds ■ Conditional cash transfers ■ National savings 	<ul style="list-style-type: none"> ■ Illicit capital flight (including transfer pricing) ■ Licit capital flight ■ Domestic bank equity ■ Domestic investment ■ Public-private partnerships (PPIs) ■ Social impact bonds 	<ul style="list-style-type: none"> ■ National/local charities ■ National/local foundations ■ Corporate philanthropy ■ Individual giving ■ Community philanthropy 	<ul style="list-style-type: none"> ■ Household spending ■ User fees
International	<ul style="list-style-type: none"> ■ ODA (grants and concessional loans, debt cancellation/swaps etc) ■ Non-concessional official loans (OOF) ■ South-south cooperation ■ International taxes, carbon levies, etc ■ Export credits ■ Sovereign wealth funds (foreign investment) ■ Climate finance (public) 	<ul style="list-style-type: none"> ■ Portfolio investment ■ Foreign market loan ■ Foreign bank equity ■ FDI (including mergers and acquisitions) ■ Innovative eg advance market commitments, risk financing ■ Social impact bonds ■ Climate finance (private) 	<ul style="list-style-type: none"> ■ International NGOs ■ International foundations ■ Corporate philanthropy (multinational) ■ Individual giving 	<ul style="list-style-type: none"> ■ Remittances

Source Developed by author, not comprehensive

In each of these eight boxes one can find a range of possible sources of funds and all of these are discussed at length in the main documents detailing how money will be raised to pay for the SDGs. All except one. Community philanthropy, highlighted in the table, merits not a single mention in the seminal development finance documents related to the SDGs. Neither the foundational document, the Addis Ababa Agenda for Action (2015), nor any official report since (including the Inter-agency Task Force’s recently published Financing for Sustainable Development Report 2019⁸), mention it at all. All these documents drew on the most senior experts in the field of development finance – but community philanthropy is simply not on their radar. Even a major and comprehensive investigation into global philanthropy published in 2018 by the OECD only mentions community philanthropy in passing, and there is no entry on community philanthropy in the paper’s otherwise exhaustive glossary of terms.⁹ There is no mention of community philanthropy on the webpage dedicated to philanthropy by the Inter-agency Task Force.¹⁰

It is not hard to work out why this area is so overlooked. In a world where we are being encouraged to raise our sights ‘from billions to trillions’, the money available from community philanthropy may appear to offer fairly slim pickings, and researchers and

8 <https://developmentfinance.un.org/fsdr2019>

9 Visit <http://www.oecd.org/development/philanthropy-centre> for this otherwise interesting report. The following data and analysis is shared, but has been questioned by interviewees for this present paper as possibly ‘based on a misunderstanding of what they are calling community foundations’: ‘Domestic foundations work a lot with governments at the sub-national level – particularly community foundations, which are defined by their limited geographical scope. Some governments seem to privilege working with these actors. In Kenya, community foundations make up 50% of the foundations that collaborate with the government, while in Mexico the corresponding figure is 36%. The operational expertise of these foundations in a community can make them valuable partners for a national government. In contrast, in India, small foundations, including those with limited geographical scope, tend to have a harder time getting government buy-in. The latter tend to focus their partnering on international and corporate foundations.’ It is just about arguable that while there is no explicit naming of community philanthropy as a distinct category in these documents, it might be implied in the other categories listed as it often combines elements of e.g. individual and corporate giving etc. However, it is certainly not present as a specific organizing strategy to maximize disparate elements into a coherent proposition.

10 <https://developmentfinance.un.org/encouraging-philanthropic-engagement-transparent-and-accountable>

institutions direct most of their attention (and reports) to the areas where most money will come from.

But this is unconvincing for two reasons. *First*, because it reveals the blind spot we warned of above, i.e. the fallacy in much development finance thinking that all dollars are more-or-less the same. In this understanding, there is a gap in development budgets that needs to be filled from whichever source is most readily available. But this is to overlook the unique characteristics of different types of money. And *second* because other relatively small sources of funds have received wide discussion. Ideas such as social impact bonds are the focus of many events and conferences at the heart of the development finance sector, even though they are small in quantity. Tiny funds multiplied by many millions can of course mean huge amount of money, as happened in the microfinance revolution. This could just as well be the case for community philanthropy – if it attracts support and attention.

In sum, the characteristics of community philanthropy – which we will explore in more detail in the next section – are what make it a unique type of development finance. This is the crux of the case for placing community philanthropy at the heart of the SDG financing agenda. It is not only the appropriateness of a particular source to address an issue but what comes along with it, such as relationships and trust. Value cannot just be measured in monetary terms; it has intangible aspects as well. While relatively small in quantity (at the moment), the qualities and possibilities of this type of money are potentially extraordinarily high.

3 What's so special about community philanthropy?

According to some methodologies, problems can be divided into simple, complicated and complex.¹¹ There are few today who doubt that the challenges clustered together under the term 'international development' are complex i.e. ever-shifting, context-specific, human-centred.¹² And many of the critiques of 'foreign' interventions can be applied just as appropriately to interventions from domestic entities, including national and local governments, and private companies and civil society organizations, whose interventions are in some ways external i.e. made by an outside person or organization on behalf of an 'other.'



'What was initially thought to be a simple process is in fact an incredibly complicated, intricate, and complex system that I've codified and organized into a few easy-to-follow rules that are more difficult to implement than you think.'

Cartoon copyright of andertoons.com

External interventions into local communities, whether foreign (from abroad), domestic (from another part of the country) or even fairly local (from another part of a city or region), face similar inherent challenges. These challenges are well-known and include issues of local leadership, knowledge and capacity, as well as the 'project' nature of interventions which has inevitable consequences for the type of impact they can hope to achieve. A great deal of literature and many policy initiatives exist to help practitioners

11 Simple problems would include something like baking a cake – follow a relatively simple recipe and you get the same result every time. Building a space rocket is often used as an example of a complicated problem – much harder than baking a cake, but ultimately if you follow the instructions you should be able to repeat the process. Complex problems are problems which morph due to evolving contexts. Bringing up children is a commonly used example – but basically most things in community development are pretty complex as they have to do with human personalities and politics. A further level of problem is sometimes added, namely chaotic or anarchic, where cause and effect are even harder (perhaps impossible) to understand. <http://noop.nl/2008/08/simple-vs-complicated-vs-complex-vs-chaotic.html>

12 Ben Ramalingam's 'Aid on the edge of chaos' is probably the go-to text for this, and the work on Doing Development Differently, led by Matt Andrews, among others, is an attempt to respond to this realization.

mitigate these problems. Most notably, perhaps, the Paris Agenda on Aid Effectiveness¹³, now morphed into the Global Partnership for Effective Development Cooperation¹⁴, sets out rules of thumb and indicators of good practice. More recently the Doing Development Differently movement has emphasized the importance of adaptivity in the face of unique, complex and always changing contexts.¹⁵

The argument of this paper is that just as external interventions face these perennial challenges *inherently* (i.e. by their very nature), so community philanthropy appears to address them *by its very nature*. In theory, at least, the common problems associated with development interventions should be easier to resolve with local leadership and systems approaches (which are made more possible with, among other things, longer term time horizons). In this section we will look at some of the critiques of external interventions and at how community philanthropy is potentially different. We divide our analysis into four main areas (all of which, inevitably, overlap):

- Local knowledge, leadership and accountability
- Long-term, holistic and flexible
- Respect and dignity
- Transfer costs

It is important to make clear that, in reality, organizations going under the name of community philanthropy can often fail to live up to their high promise. It is inevitable that political and technical challenges occur in grassroots organizations just as they do in any other. According to Dana Doan, a researcher into community philanthropy, 'many organizations that strive for community-led development encounter situations that test their commitment to this approach. Such tensions arise, for example, as soon as they accept outside funds. Or, as they start to fill their Board of Director positions with elite members of their community.' She argues that these tensions can be dealt with by community philanthropy organizations with an established and explicit mission and/or set of core values, which provide guidance for directors and staff for building, overseeing, and implementing community philanthropy strategies and interventions.¹⁶

This paper does not claim that community philanthropy is a perfect response to the complex challenge of development – that would be absurd. However, it does argue that in theory this form of development finance should be of a higher quality than many others on key indicators such as ownership, impact and sustainability. On that basis, the paper argues that those working on development finance should invest more energy in understanding community philanthropy better, helping develop its potential, and overcoming barriers to growth in the sector.

13 <https://www.oecd.org/development/effectiveness/parisdeclarationandaccraagendaforaction.htm>

14 <http://effectivecooperation.org/>

15 This is a broad community but much of it is centred around the Overseas Development Institute in London. <https://www.odi.org/publications/10631-doing-development-differently-two-years-what-have-we-done>

16 Personal communication.

Local knowledge, leadership & accountability

The main problems associated with foreign development assistance, whether aid or other types of cooperation, are related with the fact that it is an external intervention. This is a chronic problem. Throughout the history of development aid this problem has been recognized and attempts have been made to mitigate it, but it cannot be removed from the equation. David Booth, an expert on aid governance, has said that, 'We don't know as much as we would like to about aid effectiveness. But one thing we do know is this – without local ownership, aid projects are likely to fail.'¹⁷

While the international development sector focuses more on the problems of foreign aid, and tends sometimes to idealize domestic and local interventions, the same problem exists to a good degree for interventions by national entities which are still external to the community intended to benefit. In some cases, international interventions may even make *more* effort to mitigate this problem than national interventions, and national barriers related to class and ethnicity may be *more* difficult to overcome than international ones.

External interveners usually have much to offer a beneficiary community, from thematic expertise to advocacy and political networks, from access to cash to new ways of doing things. But the most obvious disadvantage of external interventions is lack of local knowledge. The history of external development intervention, international and national, is littered with well-intentioned projects that haven't worked in the medium to long term, often because unexpected factors have been overlooked by people not fully cognisant of local contexts, whether geographical, cultural, political or social.

Major movements in development practice and theory have emphasised participation and ownership as crucial aspects of the development enterprise. The work of Robert Chambers has been seminal in this regard.¹⁸ The Paris Agenda for Aid Effectiveness placed national leadership, which it called 'ownership', at the heart of the challenge to spend aid better. USAID, among others, began a major programme of 'localising' its aid in part to respond to this recognized challenge.¹⁹

Related to the lack of local leadership/ownership/participation is the over-supply of external decision-making power, and an accountability eco-system in which the major donors, almost always based many thousands of miles away, are ultimately the ones who need to be satisfied with any intervention.

Another key aspect of the Paris Declaration was so called 'mutual accountability', a recognition of this fundamental problem and an attempt in good faith to mitigate it. But it has proven difficult. The more that accountability is allowed to shift to beneficiaries/ recipients, the more nervous funders become about ensuring the impact of their

17 Personal communication.

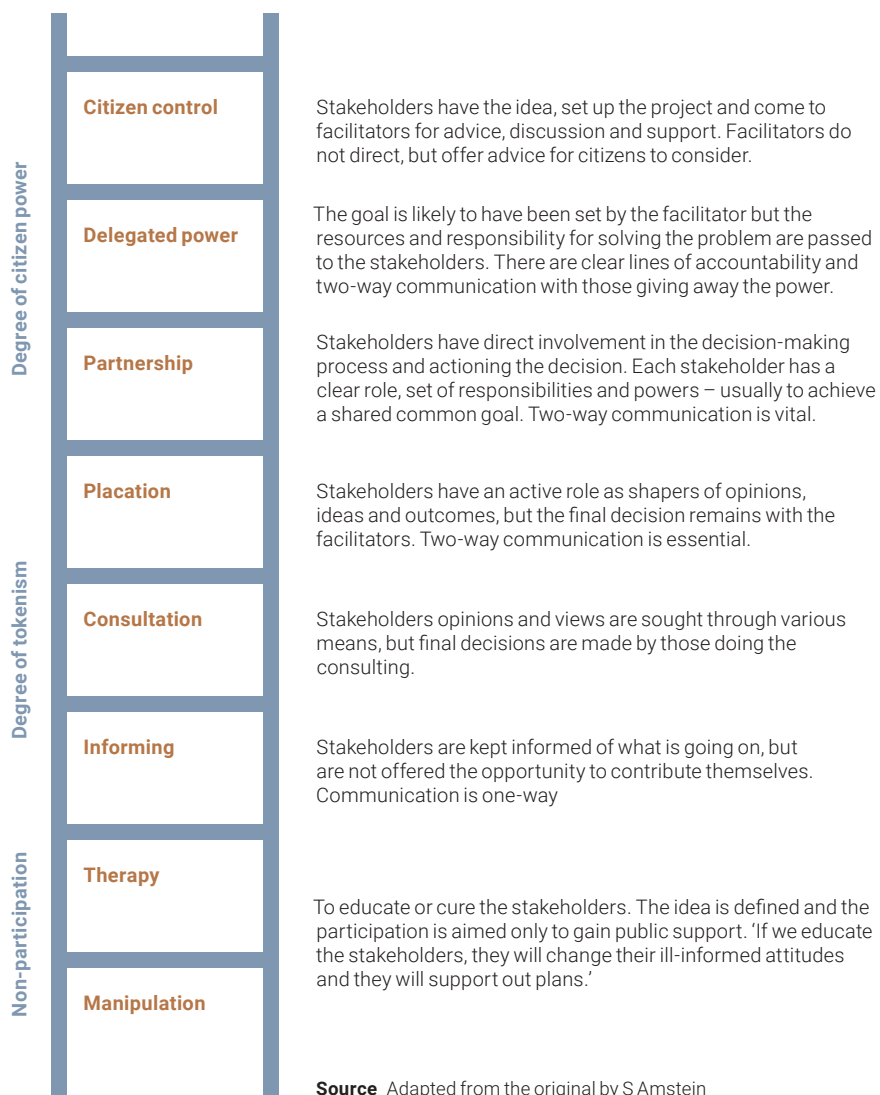
18 'Whose reality counts?' is his classic book on the subject: <https://www.amazon.com/Whose-Reality-Counts-Putting-First/dp/185339386X>. This is his personal site at IDS: <https://www.ids.ac.uk/people/robert-chambers/>

19 I led work at ODI to support USAID in this process: <https://www.odi.org/projects/2696-localising-aid-budget-support-southern-actors>

investment; the challenge of shifting the power away from sources of funds and towards local communities seems insurmountable.²⁰

The amount of control ceded by funders to communities can be plotted on a 'ladder of participation' developed by Sherry Arnstein in the 1960s, reprinted below.²¹ It ranges from non-participation i.e. where faux processes of consultation are used as means influence a particular outcome, through tokenistic approaches, up to aspects of genuine decision-making power and finally reaching full citizen control i.e. where externals may facilitate and advise community-led activities, but have no significant sway over final decisions.

Figure 1 Arnstein's Ladder of Participation



20 Dana Doan has written a paper (as yet unpublished) looking at variations and interpretations of levels, depths, and purpose of constituent engagement referencing other scholars/practitioners.

21 Originally published as Arnstein, Sherry R. 'A Ladder of Citizen Participation,' *JAIP*, Vol. 35, No. 4, July 1969, pp. 216–224

While Arnstein does not focus very much on the funding side, the assumption tends to be that the money will arrive externally and that some funders will be sufficiently enlightened to grant citizen participation as high up the ladder as possible. And, indeed, in international development there are examples of attempts to carry out citizen-controlled projects, although the majority take place lower down the ladder, and there are still many examples of tokenism and non-participation, including manipulation.

The slogan that many supporters of community philanthropy have latched onto in recent years is #ShiftThePower.²² This motto, which seems to be the fundamental plank pulling all the various models of community philanthropy together, suggests a future in which local people exercise decision-making power over their own futures, working with but not for external agencies who are there to support, not to lead. But when money comes from outside, political realities are such that pressure from the public and media in source countries almost always outweighs the influence exerted by recipient countries or communities. However much practitioners on the ground would like to shift the power/control up the ladder of participation, their political reality means that major decisions, and even minor ones, are made at headquarters leaving little autonomy 'in the field.'

Even a project theoretically operating at the top of Arnstein's ladder (which are, in practice, very few) cannot escape this conundrum, because the decision regarding renewed or expanded funding will still depend on external reviews of outcomes, if the funding is from an external source. This is unavoidable. Indeed, it is basic due diligence – funders need to be able to justify budget priorities to their own stakeholders (a board, the public etc.) and require criteria on which to prioritize and account for funding, particularly when it is publicly sourced. In reality, then, it is arguable that full citizen control is impossible when the financial viability of the project depends on external funds/decisions. On this reasoning, external funds can be a *part* of a project genuinely controlled by local people, but cannot be the main part, because by definition ultimate control would then be removed from local citizens.

Community philanthropy, then, could be a means (perhaps the only means) for a community to reach the top rung of the ladder of participation i.e. full citizen control. With funds sourced within the community, control is retained by the community. Additional external funds may be welcomed to support projects, but may need to be maintained at lower levels (perhaps significantly lower) than community-sourced funds, to maintain the shifted power balance. These external funds could be part of a blended fund to support specific activities or projects or as an incentive to unlock local contributions. The positive trade-off for refusing large amounts of money from external funders is continued control over the project and thus a higher likelihood of project impact (according to the theory that more ownership is likely to lead to more impact).

Alternatively, and innovatively, different measures of 'value' could be allocated to different resources, meaning greater weight accorded to smaller, community contributions. According to one expert interviewed for this paper, it is less about refusing funds and

²² The Global Fund for Community Foundations has particularly pushed this motto:
<https://globalfundcommunityfoundations.org/what-we-stand-for/shiftthepower/>

more about demonstrating that local money provides strong ground upon which external money can build, meaning that overall costs might prove to be lower, both because less ground-work will be required to set up particular programmes and also because horizontal accountability would be baked in from the start, which might take the pressure off external demands for accountability and transparency and lower the costs associated with it.²³

It is worth, again, adding the caveat that, in practice, community philanthropy is also faced with political challenges to do with power and accountability. Powerful members of a community are able, for instance, to assert control of community projects. The larger a project, the more likely these issues will emerge. Measures are required in any project to mitigate this risk. The #ShiftThePower strapline is appropriate even here, because power needs to be challenged at every level in a system, and no organization type is immune. Indeed, the idea of building a global community philanthropy movement has partly been inspired by the need to keep the issue of power front and centre, aware of the threat of parochialism and aware that 'local' is not simply and necessarily better than 'external' if an unequal status quo is reinforced at the community level. The point of this paper is not that political problems cannot emerge in community settings, but that one of the major critiques of external interventions is substantially mitigated by the sourcing of funds internally rather than externally.

Long-term, holistic and flexible

'Projects' are, by definition, short term, and even 'programme' approaches are necessarily time-limited. There tends to be an agreement between a beneficiary and a funder (or funders) to support a particular aspect of an overall challenge for a time-limited period. If things progress satisfactorily there may well be a further tranche of money released, but this depends also on the financial and political realities of the funder.

Projects also tend to be aligned to one central sector (such as health), or a small number of related sectors (such as health, sanitation and gender). They are seldom able to address the complex and inter-related problems of a community. The SDGs, far more so than the MDGs, imply a cross-thematic, holistic approach i.e. if you want to improve health you don't just work on health, you need better roads, better telecoms, better education, better jobs, better governance etc. But external organizations are not generally capable of being so broad in their outlook. Nor are they generally strong at working together with other organizations that might complement them – harmonization was a key principle of the Paris Declaration on Aid Effectiveness and was very difficult to achieve, as the incentives to harmonise do not tend to trump counter-incentives to seek leadership and impact-attribution.

Finally, projects tend to be linear, rather than flexible. Despite talk of new models, the LogFrame, or versions of it, remains the dominant project management tool in development. Funders tend to want to see results closely related to what they were

²³ Personal communication

expecting to see when the project was agreed. Attempts are underway to persuade and incentivize external interveners to be more flexible and adaptive, in recognition that this has been an inherent problem that is hard to overcome.²⁴

So while most external interventions struggle to be long-term, holistic and flexible, community philanthropy has the potential to be different. Important problems are generally not resolved within a three or five-year project cycle, but over longer time horizons. *By its nature* community philanthropy is a long-term proposition, with the idea of building a sustainable resource held by and for the use of a community to serve its changing needs. It is about decades not years.

Community philanthropy organizations are also more likely to bring issues together and understand their inherent linkages, deliberately embracing diverse issues and the connections between them, even if the concept is as loose as 'well-being', an increasingly popular area of research among economists and politicians. Rather than a thematic approach, they can more easily take a holistic approach, often geographical. The issue at hand is generally not a sector but the community itself, its changing nature, needs and challenges, and the quality of community relationships. The real agenda of a community philanthropy organization may be to act as a kind of glue that fills gaps and bring different parts together. Data from the Global Fund for Community Foundations (GFCF) suggests that community philanthropy organizations proactively seek to build reserves and endowments as a way of committing to a long-term view. While normal NGOs and external players are expected nowadays to have exit strategies, community philanthropy organizations do quite the opposite – they build for a permanent future.

Lastly, community philanthropy organizations can be better positioned to be flexible when required. When projects are externally-funded, even fairly small changes in policies, action plans or budgets generally need to be approved by the relevant external partner, a problem avoided when the relevant accountable body is local.

In short, some of the development industry's best brains are currently engaged in working out how to integrate flexible working practices and 'adaptive management' in a sector associated with rigid linear planning. Community philanthropy approaches could help move this kind of thinking much further, as the structure of community philanthropy, and its emerging norms and practices, tend to favour such instincts.

Respect and dignity

The world of international development today focuses even more than previously on 'impact' and 'results', somewhat to the detriment of process and systems. The end goal tends to be significantly more important than the means to the end and, furthermore, 'concrete' issues are easier to measure and report on than complex issues of process. In this context it is becoming even more difficult for one of the most

²⁴ For instance, DFID and USAID's Global Learning for Adaptive Management (GLAM) programme 'will make available technical assistance to DFID, USAID and partners to develop this 'adaptive management' approach, as well as build an evidence base to understand links between the use of adaptive management and more effective, efficient, relevant and sustainable development interventions.' <https://devtracker.dfid.gov.uk/projects/GB-1-205148>

important non-concrete issues in international development to receive the attention it deserves: dignity.

A major study of aid beneficiaries conducted in 2012 found that people tend to be grateful for the efforts made by aid donors but left upset and undermined by the way help is offered.²⁵ Their dignity as leaders and players in their own right is undermined by the arrival of external experts who take decisions about significant interventions without enough consultation of and respect for local people. This is a constant theme encountered by the study's authors wherever in the world they carried out their research. There may not be a deliberate attempt to undermine the dignity of beneficiaries, but that is often the consequence of a particular way of operating inherent in the aid process, where outsiders have different sets of values, ways of working and accountability patterns.²⁶

And, again, while the research focuses on international aid, this is not just an issue for foreign interveners; people from other parts of the same country (often city-dwellers visiting country areas or slums) exhibit similar patronizing attitudes. Indrajit Roy, a researcher at Oxford University, tells the story of a community of landless labourers in Bihar, considered 'untouchable' by the elite classes. Their habitations are congested and lack water and sanitation. But they have resisted attempts to relocate them to another settlement, not because they don't realise the need for change, but because of the way they have been treated by local officials. Change, says one of his interviewees, is when we can look our landlords in the eyes, as equals, not as inferior.²⁷

Both the reliance on external interventions, and the nature of project-type interventions, has led inevitably to significant levels of dependency in many communities around the world. This issue extends well beyond feelings being hurt; dependency is both a financial reality and a psychological limitation.²⁸ Constantly being treated as recipients and dependents can create long-term experiences of inferiority with concrete consequences. The need to emerge from patronizing language and attitudes is not simply a desirable/ additional extra, it is a fundamental priority for those engaged in development and social justice.

These aspects of dependency can be overcome as communities take back control over their own futures, which is at the heart of the community philanthropy model. By positioning power in the hands of the beneficiaries themselves i.e. by making the beneficiaries and interveners the same people, the problem is substantially overcome. The simple fact that community philanthropy focuses on what communities have (their assets) rather than what they lack (the gaps) – which is what the development finance

25 Dayna Brown, Isabella Jean, and Mary B. Anderson, *Time to Listen, Hearing People on the Receiving End of International Development*, 2012. <https://www.cdacollaborative.org/publication/time-to-listen-hearing-people-on-the-receiving-end-of-international-aid/>

26 For more on dignity see also this great report on dignity and development <http://www.psjp.org/resources/dignity-and-development/>

27 Indrajit Roy, 2013, Development as Dignity: Dissensus, Equality and Contentious Politics in Bihar, India. November 2013, *Oxford Development Studies* 41(4) https://www.researchgate.net/publication/262869332_Development_as_Dignity_Dissensus_Equality_and_Contentious_Politics_in_Bihar_India

28 The work of Deborah Brautigam is some of the best on this issue. See this for a more recent study in Panama: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5900722/>. I also discuss institutional impacts of aid dependence in the fifth chapter of my book *The Trouble with Aid* (2008).

community tends to focus on – implies a different approach and a firmer respect for communities at the centre of their own development. Dignity is restored to the relationship with external actors. External actors are unable to patronize because they don't wield the finances or the power. They may be invited to engage, but it is at the behest of the project leaders, who are local community representatives, rather than the other way around.²⁹

This is not just a micro, local issue; it also has global relevance and brings us back to the paradigm shifts inherent in the SDGs. The community philanthropy approach was developed in the Global North as much as the Global South and remains today just as important an approach in wealthy countries as in poorer ones. As it grows across the world, it is playing its part in the breaking down of long-standing patronizing (usually post-colonial) attitudes in the development sector. Marginalized communities exist in all countries, and the old North/South, developed/developing divide is rendered less relevant (although the historic and present-day responsibilities of the North to redistribute funds to the South should not be affected – that remains a fundamental aspect of the global development bargain).

Transaction costs

While attempts have been made to reduce the administrative and transfer costs of foreign monies, the cost of sending money abroad, compared to using money already present, is significant. The Paris Agenda on Aid Effectiveness highlighted this problem when it called for untying of aid and better harmonization between the variety of aid donors.³⁰ Initiatives such as the idea of giving cash directly are also an attempt to reduce the operational costs involved in traditional aid.³¹

However, again, this problem is inherent when funds are externally sourced. It simply costs a fair amount of money to manage the transfer of money in an orderly and well-accounted way, and attempts to mitigate and minimize that, while welcome, cannot change that reality. So here, again, the idea of local sourcing of funds is attractive, in theory.

Some analysts have complained about the number of community philanthropy staff that get poached by INGOs and other international organizations for significantly inflated salaries. Community philanthropy organizations tend to operate in a more grounded local economy context, where salaries are lower, as costs are lower when there is no international beast to feed. While it is understandable the people are attracted by higher salaries, this is not the only context in which it has been noted that this can have a seriously negative impact on local capacity development.

29 The promotion of human rights is a case in point. Evidence from the field suggests that whether or not a particular group or community supports a human rights framing comes down in large part to how issues are framed. Shouting from rooftops about Geneva declarations is likely to be less effective than softer, community development approaches that encourage people to think differently and more empathetically about others.

30 See for example: <https://ideas.repec.org/p/unm/unumer/2012007.html>

31 See for example: <https://qz.com/africa/1388190/researchers-tested-conventional-foreign-aid-against-cash-in-rwanda-cash-won/>

It is worth noting here also the importance of non-financial contributions i.e. in-kind, whether material or in terms of human resources. While contributions from donors or capital cities tend to be monetized (i.e. a \$ sign is attached to all contributions including in-kind), these in-kind contributions tend to be undervalued when they are sourced locally.

In this section we have analyzed four clusters of problems that have dogged external development interventions, whether international or national, and that community philanthropy should in theory substantially mitigate:

- When money is sourced locally (in its majority) the intractable accountability conundrum is substantially resolved. Local money can also help shape the nature and use of external money by offering a 'co-investment' proposition rather than the power-unbalanced donor-beneficiary relationship.
- Flexible/holistic/long-term approaches come naturally when the community defines its focus and manages its activities.
- Attitudes and language are transformed when the community takes control, breaking decades (even centuries) of dependency attitudes, ushering in psychological breakthroughs for all involved.
- Transaction costs are reduced.

We have emphasized, and we do so again, that there are no magic bullets in complex contexts such as community development, and that problems of power/elite capture/representation persist in all organizations, not to mention the capacity issues that may exist in some contexts. However, on all four of these clusters of issues we argue that community philanthropy is more likely to be able to overcome classic development challenges.

4 Impact

In the previous section we saw how community philanthropy could potentially respond to many of the problems normally associated with development cooperation. Financing sourced from and managed by communities is likely to be of exceptionally good quality in general, and therefore its impact per dollar spent might be expected to be greater than other types of money, especially in the long term. Given this, and returning to the question that motivates this paper, why is the field of community philanthropy not better known in the world of development finance? And how could it make its mark on the mental map of those involved in efforts to finance the SDGs?

The answer is probably quite simple: community philanthropy is relatively small fry compared to the other sources of finances we saw in Table 1 (on page 10). In development finance, big is beautiful. This attitude is understandable, given the size of the SDG challenge. However, while the size of an intervention is relevant to its impact, the relationship between size and impact is not linear or necessarily positive. That is why so much emphasis is also placed on the effectiveness and efficiency of an intervention, rather than just its size, with ever more evaluations being commissioned to test impact, for relatively small as well as very large projects. While this is obvious it is worth restating because so much effort sometimes seems to be put into raising a certain *quantity* of money, that the type of money i.e. the characteristics that might make it most particularly impactful or appropriate for specific activities, seem to be often overlooked.

Having said that, size does matter as well! In particular, if a relatively successful model of intervention has been identified, efforts should be made to learn from it and see if it can be replicated on a wider scale. Note here the important difference between scaling up *particular projects* and scaling up a *sector/approach*. Scaling up a particular project could have detrimental effects on it, related to governance and funding and the issues discussed in the previous section, and therefore it has to be handled with extreme care. But scaling up a sector, imitating a model in a different context, is something quite different i.e. supporting and enabling other communities to develop community philanthropy models in ways that help them in their own particular contexts.

Does community philanthropy currently offer finance of a scale to be considered important for the 'billions to trillions' challenge laid down by the World Bank and other regional banks in their seminal 2015 think-piece? Or could it, if it were to build up gradually

over time? It is worth noting that the World Bank had a Community Foundation initiative for a number of years and a major report from 2000 by Joyce Malombe on the potential for community development foundations as a development strategy noted that donors 'see the role of the Community Foundation as pivotal in ensuring a greater impact on development, particularly poverty reduction.'³² If that is the case, why is the sector now so little discussed. And what might be the way forward? In this section we look briefly at:

- The size of community philanthropy today
- Evidence on the *effectiveness* of the sector's interventions
- The *influence* the sector is having on broader development discussions

Size

There are a number of reasons why it is not easy to quantify the size of the contribution that community philanthropy is currently making to financing the SDGs. One of them is definition. While 'community foundation' is a somewhat more specific term, referring to a particular organizational model, the concept of 'community philanthropy' is much wider. Many organizations might qualify as community philanthropy organizations that have never considered the concept and have no relationship with the movement, insofar as one exists in an organized fashion. In a sense, any community that raises and manages funds collectively is part of the community philanthropy tradition.

The nearest proxy we appear to have for the number of organizations engaged in community philanthropy is a survey carried out in 2014 as part of the Community Foundation Atlas project. According to the Atlas (the scope of which was by no means exhaustive) there were 1,858 community foundations.³³ This appears to be the latest estimate available. A separate report by the GFCF in 2014 drew on data from 110 organizations located in the global south as well as data collected through its own grantmaking to community philanthropy organizations. Most of these organizations (almost 75%) were created since 1990.³⁴ This implies there may have been a quadrupling in the number of community foundations in that 25-year period. According to another document published in 2010, around 70 new community foundations are being established each year.³⁵

How big are these organizations? Again, a difficult question to answer. The 2014 Atlas report surveyed 96 organizations and found that 83 had an 'endowment fund' whose median size was USD \$69,700 although the range went from highly established

32 Malombe, J (2000) *Community Development Foundations: Emerging Partnerships*. World Bank <http://documents.worldbank.org/curated/en/122551468315565805/Community-development-foundations-emerging-partnerships>

33 See the Community Foundation Atlas at: <https://globalfundcommunityfoundations.org/resources/the-community-foundation-atlas-a-snapshot-of-the-global-comm-html/>. Interestingly, only 60% of the almost 500 organizations directly analyzed actually use the term community foundation to describe themselves.

34 The Community Foundation Atlas: A snapshot of the global community philanthropy field. Find it at: <https://globalfundcommunityfoundations.org/resources/the-community-foundation-atlas-a-snapshot-of-the-global-comm-html/>

35 *More than the Poor Cousin? The emergence of community foundations as a new development paradigm*. Jenny Hodgson & Barry Knight, 2010. <https://www.issuelab.org/resource/more-than-the-poor-cousin-the-emergence-of-community-foundations-as-a-new-development-paradigm.html>

community foundations with funds of over USD \$1 million to very small ones with endowment funds of just USD \$200. The report offers the following summary of 110 organizations. It gives some idea of the relevance of community foundations by region.

Table 2 Survey of 110 community foundations in 2014

	Number of respondents in region	Median age	Median number of paid staff	Median annual income	Median grantmaking budget	Median number of board members
Africa	19	10	4	\$65,500	\$11,397	7
Asia Pacific	23	15	6	\$120,500	\$40,000	9
Central and Eastern Europe and Russia	45	9	3.5	\$74,820	\$19,231	6
Latin America and the Caribbean	19	12	5	\$525,000	\$161,300	9
Middle East and North Africa	4	5	4.5	\$433,277	\$90,000	6

Source The Community Foundation Atlas: A snapshot of the global community philanthropy field, 2014

A different study focused on Africa and carried out in 2012 found that of 19 African community foundations studied, only 2 had been in existence for more than 15 years (both in South Africa, one founded in the 1920s and the other in the 1980s), and only a few had annual budgets over USD \$500,000.³⁶

To extrapolate (in a highly unscientific way), assuming that there were 1,858 community foundations in 2014, and that 70 have been added each year in the five years since, there may be around 2,200 currently. If each of those were to have an annual spend of USD \$100,000 (very unscientific number) the annual contribution of community philanthropy would be in the region of USD \$220 million, which is a relatively small amount of money.

These numbers give some kind of idea of what we are talking about, but given the diversity of the organizations, and that this is only a fairly arbitrary snapshot, we are still left very much in the dark regarding the overall quantity of organizations and financial size. Of course, as soon as we open the definition to include all types of community philanthropy, including the many organizations that may not define themselves specifically in these terms, and that may not be on the radar screen of the few global organizations that track this, the number is likely to be much larger.

³⁶ See https://globalfundcommunityfoundations.org/wp-content/uploads/2012/10/A_DIFFERENT_KIND_OF_WEALTH.pdf

Effectiveness

We have argued in this paper that in terms of the type of finance it provides, community philanthropy is a more progressive/appropriate finance than most other options, for a range of activities and to achieve certain outcomes. But is it effective? It is one thing to have a good theoretical basis, quite another to demonstrate impact in practice. What is the evidence of impact from community philanthropy models, and is there any evidence that such models are indeed more impactful than other available models of community development?

If it is hard to quantify the size of the sector, it is no easier to quantify impact. Impact is, in any case, always harder to quantify than input – debates rage about the impact of particular projects and whole sectors of finance, so why would this sector be any different. However, there are increasingly developed tools to test impact and the community philanthropy sector does appear to suffer from a particular lack of checkable data in this regard – most of the information available is anecdotal and untested – and this could be related to the nature of the sector. Hodgson and Knight suggest that, ‘The absence of large and systematic studies could, in part, reflect the fact that community strengthening and community-led development – by virtue of its longer-term, transformative nature – is hard to assess.’³⁷

One might add that dignity and respect, a core part of the case for community philanthropy, are much harder to measure than concrete health, educational or material outcomes. The GFCF measure three social capital indicators in its attempt to measure impact based on data collected from grant partners: Assets, Capacities and Trust.

The anecdotal evidence that does exist, backed up in some cases by some quantitative analysis, is positive with regard to the impact of community philanthropy. Below we reproduce some of that evidence found in a number of reports surveyed for this paper.

Examples of the impact of community philanthropy³⁸

Russia An analysis of the impact of community foundations in rural Russia found that they encouraged better interaction and cooperation between local authorities and residents, bring new knowledge and technologies to deal with social issues, mobilize previously unaccounted for community resources, attract additional external resources, develop volunteering and responsibility for community development.

Romania 13,000 individuals use the Odorheiu Secuiesc Community Foundation’s (est. 2007) ‘community card’ as a loyalty card with business partners, thereby allowing this small rural community to make small regular payments that contribute to a community

37 From *New horizons for community-led development, Recommendations for Funders*, by Jenny Hodgson, Barry Knight & Susan Wilkinson-Maposa. 2019 <https://globalfundcommunityfoundations.org/resources/new-horizons-for-community-led-development-recommendations-f/>

38 Taken (edited but mostly verbatim) from three reports: *Community Foundation Atlas* at <http://communityfoundationatlas.org/>; *The case for community philanthropy, How the Practice Builds Local Assets, Capacity, and Trust – and Why it Matters*, 2013; and *When size matters: The phenomenon of community foundations in small towns and rural areas of Russia*, Larisa Avrorina & Yulia Khodorova – Moscow: CAF Russia, 2017 at <https://globalfundcommunityfoundations.org/resources/the-case-for-community-philanthropy-how-the-practice-builds-html/>

fund. The income generated through the community card currently is USD \$5,000 a month. This is local money.

Nepal In a country highly dependent on foreign aid, Tewa – the Nepal women’s fund – (est. 1996) has built up a network of more than 3,000 individual donors. A fundraising initiative raised almost USD \$2 million, 23 per cent of it from Nepali individuals.

Slovakia The Banská Bystrica Community Foundation supports groups that assist the city’s street children, has helped create organizations that aid the local Roma community, operates a Youth Bank to engage younger residents in philanthropy, and – in what its executive director, Beata Hirt, once called its greatest success – ‘has demonstrated to local citizens that they have enough energy and capability to solve their problems by themselves.’

Kenya The Makutano Community Development Association (MCDA) has a long list of achievements, including constructing nine dams and 17 wells and developing 10,000 acres of fertile land. Raphael Masika, a local leader who was instrumental in MCDA’s formation, explains the organization’s commitment to building long-term community capacity: ‘People in Kenya aren’t poor because they lack resources, but because they lack knowledge on how to use their resources.’³⁹

India More than 5,000 residents across 50 villages came together as members of the Prayatna Foundation. Under the principle of ‘local ownership of local problems,’ they mobilized residents, mostly Dalit and Muslim, to contribute their time, food, money, and other resources to successfully advocate for human rights, housing, employment, government accountability, and social justice. The organization has developed the skills of local leaders, forged connections between Hindu and Muslim communities, and promoted the power of collective action.

These reports give a flavour of the kind of impact community philanthropy organizations can have, but there is no robust evidence on the impact of the sector as a whole, either globally or in particular regions.

Influence

There is a growing body of practice within community philanthropy which is all about shifting power more broadly, not just within the confines of particular community philanthropy organizations. This has led to the use of the motto #ShiftThePower on social media. For instance, when devolved community level funds are created, they might fall under the umbrella of a national or regional organization that have the weight to engage ‘vertically’ with policy makers, funders, decision makers. Thus, organizations made up of multiple small contributions are understood to be new ways to deal with the question of governance and who holds power in the overall system.

³⁹ It is worth noting the support received by the MCDF is from the Kenya Community Development Foundation (KCDF).

It is worth noting that the emergence of community philanthropy has been characterised by some specific types of practice such as giving circles, participatory grantmaking and community contribution which mean that the DNA of these organizations changes and their centre of gravity shifts. The question of leadership stops being one of how enlightened it is, to one of how the whole nature of an organization can be changed.

Aware that only limited change can ever be achieved in specific geographies, many in the community philanthropy movement are therefore engaging with broader development debates in an attempt to change practices that have dominated for decades, but which may not respect the norms which community philanthropy advocates and embodies and may not, for that reason, be as effective as they might be. Assessing the impact of community philanthropy must now include an analysis of its advocacy impact as a movement, as well as more traditional evaluations of particular organizations.

In this section we have, very briefly, looked at the size, effectiveness and influence of the community philanthropy sector. It is clear that there is a dearth of evidence on all three of these areas. We can deduce that there is some clear growth in the sector, and that some of the impacts expected theoretically appear to be taking place in practice. But without more and better information it will be hard for the sector to breakthrough into the evidence-heavy world of development finance.

5 Next steps

In a sense, the relevant question is not so much whether there is *currently* a great deal of money available from this approach, but whether there *could* be if the approach was imitated even more in communities across the globe. What would the world look like if every community set up some form of community philanthropy organization? Might that transform development, not only in terms of money raised and available to spend, but in terms of accountability, governance and decision-making, those perennial and knotty problems that have never yet been overcome.

Global growth in the community philanthropy sector (in terms of number of institutions) is already underway according to analysts close to the sector, regardless of the relative lack of support from the international community (or, more specifically, the aid sector), although it is hard to get precise numbers.⁴⁰ According to Jenny Hodgson, Executive Director of the GFCF, this growth is somewhat related to changes in the external environment, such as shrinking space for foreign funding (including legal restrictions), and the aid exit strategies which are a core part of traditional development aid (especially as recipient countries reach so-called 'middle income' status).

So what is required from those that wish to support community philanthropy as an idea? How much faster could this approach grow, particularly if there were to be a concerted push to support such growth? And what might such a concerted push consist of? Might it be undesirable to grow too fast, given the delicate accountability issues involved?

Below we set out some summary recommendations, first for the community philanthropy sector and then for the world of development finance. More detailed and well-developed recommendations for donors can be found in two recent publications: *How Community Philanthropy Shifts Power. What Donors Can Do to Help Make That Happen* and *New Horizons for Community-Led Development, Recommendations for Funders*.⁴¹ These papers tend to look at the broader philosophy behind community philanthropy and, even more broadly, development approaches that centre community participation and ownership. Their insight is that even without directly supporting the

⁴⁰ Of course, there is some support for the sector from some key funding organizations.

⁴¹ *How Community Philanthropy Shifts Power. What Donors Can Do to Help Make That Happen*, by Jenny Hodgson & Anna Pond. 2018 <https://grantcraft.org/content/guides/how-community-philanthropy-shifts-power/> and *New horizons for community-led development, Recommendations for Funders*, by Jenny Hodgson, Barry Knight & Susan Wilkinson-Maposa. 2019 <https://globalfundcommunityfoundations.org/resources/new-horizons-for-community-led-development-recommendations-f/>

community philanthropy sector, the international development community can support the principles of empowerment and local ownership that underpin these approaches, and integrate such thinking more fully in their work and bureaucracies. However, the recommendations in this paper are specifically on how external actors can support the community philanthropy sector *per se* (while fully agreeing on the need for funders themselves to reorganise and rethink their own ways of working).

... for the community philanthropy sector

There is a strong case for the community philanthropy concept to be rolled out fast and wide as an important approach to sustainable development financing to complement larger and better-known approaches. For that to happen, actions are required of the community philanthropy movement (insofar as it exists as a coherent sector) as well as supporters in the international development sector.

- 1 Set out a growth plan** Given the size of the sector (relatively small) it still makes sense to think of it having the ability to make collective decisions to some extent. The sector needs to come to some kind of collective decision regarding what direction it wants to take. There are understandable concerns about the impact of rapid growth on the authenticity and coherence of the sector and method, and yet there is also a great desire to spread the word. Potential supporters tend to respond to clear asks, including clarity regarding what is not required. So some kind of plan for gradual growth is required, setting out what external support is needed, and explaining how crucial characteristics of community philanthropy will not be jeopardized. For the avoidance of doubt, growth of the sector does not mean growth of particular organizations, but rather the growth in number of organizations that self-identify or relate to community philanthropy as a development strategy, whether that means new start-ups or existing organizations that join the movement in some way.
- 2 Demonstrate evidence of impact** Assuming that some kind of request for support will emerge and evolve, the sector needs to improve its evidence base significantly. Even allowing for the fact that progress on issues such as trust, dignity and capacity are harder to measure than material outcomes, the evidence base at the moment is fairly weak compared with other sectors. Potential supporters (financial or otherwise), today more than ever, expect relatively verifiable data on impact as part of the due diligence they carry out.
- 3 Produce estimates of size** As well as evidence on impact, more evidence on size would also be useful as part of advocacy for the sector. As part of that, tighter definitions might be required to enable quantification of different types of organization that fit under the community philanthropy umbrella.
- 4 Links to the SDGs** To help their case in the development finance/international development sector the community philanthropy sector could consider linking its narrative more closely with national, regional and international progress. At the moment, the SDGs are the lead paradigm for such progress, and community

philanthropy should frame its work more clearly under this heading. The community level is so small as to be often invisible in major international development finance discussions, which may explain why this area of work has been so neglected for so long. The existing SDG indicators are national in scope, which makes it hard for community philanthropy organizations to monitor and reflect on their contributions. But what gets measured often becomes what matters, so the community philanthropy sector needs to engage more closely with SDG initiatives to track local, national and even international progress to stake a claim to attention.

5 Links better to the international development sector The community philanthropy sector is trying to do things differently. It has much to teach other parts of the international development sector, and national-level development actors. The #ShiftThePower slogan is appropriate to many of the ongoing debates in the sector. Representatives of community philanthropy should engage with forums where these debates are taking place, specifically in terms of emerging practice and deliberate ways of working (and not working) which elevates this work to an increasingly well-thought-through set of arguments and practice intending to challenge aspects of the existing system.

... for the world of sustainable development finance

As international development funders seek ways to move decision-making nearer to the beneficiaries themselves, they should encourage their counterparts at all levels to support community philanthropy efforts, which are often at early stages and require bolstering.

As we have seen, it is important that communities remain in the driving seat, which problematizes the arrival of external funds. But, nevertheless, co-mingling or blending of funds can be important, when done carefully. It changes the DNA of an organization, pulling it in new directions, and forcing it to challenge power at different levels (vertical rather than just local). Although there is a balance to be struck, local money need not always be in the majority, if alternative metrics are brought to bear that measure beyond the financial value e.g. trust and local contribution. Some have suggested developing an equation that might demonstrate value beyond simply monetary value. Thus, while $\$1 \text{ external}$ would simply = $\$1$, $\$1 \text{ local}$ might = $\$1$ multiplied by factors for 'trust in institution', 'mobilized citizenry' etc.⁴²

The following ideas/recommendations are intended for members of the development finance community including representatives of aid donors, major philanthropy organizations, NGOs, government representatives and others.

1 Fund wisely (do no harm!) One typical response to a new idea is to fund it. But scaling up can be about supporting networking (i.e. linking devolved/local units that form part of a larger network) and sharing ideas more so than centralizing funding or taking control. The right kind of funding might include investment in networks,

⁴² The idea for such an equation came from Jenny Hodgson of the Global Fund for Community Foundations.

systems and processes. The wrong kind would be the setting up of new, big, institutions that re-centralize power and would struggle to build trust, being perceived by communities as remote. Some involved in the community philanthropy movement are worried about the impact of the arrival of largescale funding, fearing that it could undermine the delicate balance of ownership and accountability that defines the sector and is behind its appeal. And such fears are justified. The first thing the development finance needs to do is to ensure that it does no harm.

- 2 Support research** If the community philanthropy sector is to deepen the evidence of impact, improve estimates of size, and develop proposals for growth and links with the SDGs, it will need to invest time and money in research. External supporters could help with that as a priority.
- 3 Engage** The lack of interaction between the worlds of SDG financing and community philanthropy is noteworthy. Representatives of the former could help to overcome this by inviting community philanthropy practitioners to development finance gatherings to share experiences and ideas. They could also seek out community philanthropy organizations to visit, in order to gain insights on what type of further support might be appropriate. Other sectors might wish to support community philanthropy. For example, members of diasporas might see the value of directing their remittances to community foundations rather than other forms of remittance. The development finance community could help coordinate these links so that fruitful relationships emerge, without necessarily prescribing what the outcome of such interactions might be.
- 4 Visibilize** It is also striking how little known the community philanthropy sector is not only in development finance and SDG discussions, but in other fora as well. Supporters could make the sector visible by bringing representatives to key events, and including discussions of the sector in reports.

This brief report has identified community philanthropy as an important model for financing the SDGs. We have argued that the special characteristics of community philanthropy make it a particularly important type of financing, with its ability to respond to some of the perennial challenges of development. And we have shown that there is enough evidence of impact in practice to merit significant further investment in research and analysis. If resources are now invested in building out the community philanthropy model and principles, the sector could grow fast across the world, with major implications for marginalized communities. This could turn into a crucial and, eventually, fairly large source of additional money for the SDGs.

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The GFCF works with individual community foundations and other local grantmakers and their networks, particularly in the global south and the emerging economies of Central and Eastern Europe. Through small grants, technical support, and networking, the GFCF helps local institutions to strengthen and grow so that they can fulfil their potential as vehicles for local development, and as part of the infrastructure for durable development, poverty alleviation, and citizen participation.

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