

FUNDING LOCALLY



ROCKEFELLER PHILANTHROPY ADVISORS
PHILANTHROPY ROADMAP

Think globally.
Fund Locally.

Imagine sustainable change at the grassroots. Imagine giving to address specific issues in specific places while building local communities and infrastructure.

Now don't limit yourself to your hometown or a place where you have roots or relationships. Instead, imagine you can do it anywhere in the world.

This is the promise—and the challenge—of funding locally in the 21st century. Philanthropists—no matter where they want to focus their giving—can use local relationships and local knowledge to seek impact. And they can do it while incorporating the same kind of thoughtful, effective strategy that marks the finest national and international philanthropy.

Of course, local philanthropy has a long and impressive history. Individuals have given to help communities where they feel a special connection over many generations. And community foundations have for decades epitomized the potential to build nonprofit capacity and philanthropy in a particular area. (See page 13)

This guide, part of our *Philanthropy Roadmap* series, seeks to build on the powerful heritage of funding locally. We want to emphasize the range of opportunities for both established and emerging philanthropists—opportunities that allow them to expand their reach.

COPING WITH DISASTER ACROSS STATE LINES
THE FUND FOR GULF COMMUNITIES

Most donors would not think of responding to an oil spill by funding a farmer's market. And yet, it proved a recipe for philanthropic success—one which demonstrates the power and the versatility of funding locally.

The Fund for Gulf Communities began soon after the BP Oil Spill of 2010. A donor, who sought anonymity, wanted to enable grassroots organizations to respond as fast as possible to help people in the affected states of Louisiana, Alabama, Mississippi and Florida. The donor believed in the community foundation model. And so, in partnership with Rockefeller Philanthropy Advisors, the donor put \$18 million into the hands of local funding organizations so they, in turn, could fund local nonprofits.

The donor engaged RPA to set up and administer the Fund. Five community foundations and a local service provider were engaged to use their existing relationships and local knowledge to guide grantmaking and build project networks. The funds were distributed to local community-based organizations to provide key services

people needed to recover from the effects of the spill. Through 127 grants in four states, programs like homelessness prevention, financial literacy, mental health care, and job skills training reached families in need across hundreds of miles, taking a local approach in addressing a regional problem.

One partner community foundation, the Community Foundation of South Alabama, worked with three nonprofits in the coastal area of Mobile County to create a farmers market, which provides a new outlet for fishermen and farmers to sell their food locally. (Following the spill, many Vietnamese-American families lost their livelihoods in the fishing and seafood processing industries.) The farmers market also provides employment and leadership opportunities for youth who staff the market and promote it in the community. In addition, it offers access to affordable, healthy food for families who are struggling financially.

An organization supported by the Greater New Orleans Foundation, Coastal Communities Consulting was

created in the months after the oil spill began, but built on work with fishing families its founders had been doing for years. CCC took the innovative approach of targeting fishermen's wives with financial literacy and business skills training, since these women often manage the budgeting, marketing, and other financial needs of their families' small businesses. With better management skills, these families were able to cope with the unpredictability of the fishing industry.

Based in central and western Louisiana, the Community Foundation of Acadiana knows its local populations are accustomed to relying on their own ingenuity and resilience to get through challenging times. A grant to the Iberia Industrial Development Foundation helped create the Seafood Academy, which trained local fishermen in business skills, and created an online resource for local customers to know when fishermen would be selling their seafood at the docks, fresh from the boats. This allowed fishermen to sell directly to restaurants and consumers, increasing their revenues and helping families gain financial stability.

Many families in seafood and marine-based industries in coastal Mississippi were unable to afford physical and mental health care after they lost work

due to the oil spill. The Gulf Coast Community Foundation in Gulfport helped form a network of healthcare providers for low-income families, who often turn to multiple organizations for primary care and mental health needs. The newly-formed network allowed four different organizations to come together to buy discounted medicine collectively, coordinate care for shared patients, and work more efficiently to serve the local community.

Two partners made grants to organizations in the Florida Panhandle: Catholic Charities of Northwest Florida supported new initiatives such as the Community Resource Center in Port St. Joe, which brought together the faith-based community, the local workforce development board, and another local private funder to create a new center for job skills training, youth programs and a food bank. Through the Fund for Gulf Communities, the Community Foundation of Northwest Florida grew from a modestly-sized organization with one part-time staff person to a sustainable institution, working with donors and nonprofits across seven counties to enable local philanthropy to identify and address community needs.

All the Fund for Gulf Community's grants were designed to help people and their communities deal with the economic and psychological effects of the BP Oil Spill. But developing the resiliency of the nonprofit sector was also important. To this end, all six local grantmaking partners have offered free training to their grantees to teach them necessary management skills to maintain their programs after this project ends. The community foundations and the nonprofits they support are all stronger and more resilient through their participation in this regional philanthropic effort.

The farmer's market provides: a new outlet for fishermen and farmers to sell their food locally; employment and leadership opportunities for youth who staff the market and promote it in the community; and access to affordable, healthy food for families who are struggling financially.

WHAT IS FUNDING LOCALLY?

Funding locally can mean simply giving money to local nonprofits, a practice sometimes referred to as place-based giving. It can also mean thinking holistically about the needs and culture of a specific neighborhood, city or region before you write a check.

This strategic approach starts with understanding local priorities and then tries to align giving in concert with those priorities. Philanthropists who give in this way don't seek to impose their will on a community, but rather to take the role of catalyst and growth agent, inspiring the evolution of both specific programs and overall nonprofit capacity.

In this sense, donors can leverage local knowledge and local relationships, engage other local donors and provide the means to inspire cohesion and cooperation. In other words, donors can help build change from the bottom up.

It can be a complex endeavor. It requires thorough research. It requires sensitivity and sophistication in networking, grant-making and impact measurement. It also usually requires dedication and commitment from the philanthropists involved.

But the reward is well worth the effort. This kind of funding locally involves key players as it supports them. It can fuel the self-directed evolution of local communities. It can help bring sustainability to sometimes new and fragile networks. It can provide the opportunity people need to stay in their communities and thrive.

When the Paul Rapoport Foundation began making grants in 1987 with a corpus of \$8 million, it was one of the very first to openly focus on support for the gay community. Much of the foundation's work was national, supporting big organizations, focusing on the AIDS epidemic and its impact on gay people.

As the years passed, the foundation evolved, seeking more focused impact by funding locally. The 1990s saw Rapoport make grants only in New York City, but still support larger nonprofits.

By the next decade, as philanthropic funds dwindled (particularly in the wake of the 2008 financial crisis), the philanthropic target became even more refined. To make the most of their funding, the foundation made grants to hyper-local groups in particular parts of New York City. The idea was to encourage grassroots efforts in these communities to support lesbian, gay, transgender and bisexual (LGTB) communities of color.

Some of the organizations Rapoport wanted to support were so new they had no paid staff. But the foundation felt the survival and success of these fledgling nonprofits was vital to the health of the micro-communities they served within New York City. So Rapoport funded three full-time-equivalent positions to help the organizations write their first grant proposals, helping them build their ability to fundraise.

In 2012, the foundation followed those grants with a program called the Paul Rapoport Cash/Operating Reserve Fund Project, which combines "intense fiscal technical assistance with actual reserve funds" to help grantees cover gaps in their cash flow, according to Board Chair Kimberleigh J. Smith.

Ms. Smith told *Philanthropy News Digest* that the foundation's hyper-local strategy seeks to "generate sustainable programming and service" at these community organizations. The capacity-building philanthropy has a particular urgency because the Paul Rapoport Foundation itself will sunset in 2015.

IS THIS A GOOD FIT FOR YOU?

In philanthropy, one size does not fit all. Nor is every approach necessarily useful to every philanthropist. Here are a few questions to help you assess if funding locally, as we define it, might be worthy of more investigation on your part.*

ARE YOU A BOTTOM-UP FUNDER?

Funding locally can empower home-grown organizations to create their own ways to reach common goals. However, donors often give up some control when they use this approach. As the Charles Stewart Mott Foundation and the Aga Khan Foundation USA put it in one report: "Community philanthropy tends to operate from the bottom up, with local actors taking the initiative, while aiming to influence the way central authorities behave. Most international development tends to operate from the top down, as a central agency disperses resources to a range of local actors." (Source: "The Value of Community Philanthropy," 2012)

HOW DO YOU APPROACH COLLABORATION?

Do you prefer to give in an independent, traditional way—choosing nonprofits carefully and then analyzing impact to assess your grants? Or do you see your philanthropy in part as team-building—pursuing a community goal by engaging and catalyzing a variety of stakeholders, such as local foundations, nonprofits, community leaders, social entrepreneurs and residents? Both the independent and the team-building options can be effective ways to give locally. The biggest question is what style suits you best.

WHAT DOES SUSTAINABLE MEAN TO YOU?

Many donors do not want to give to a nonprofit or social enterprise that has little staying power. Many prefer to support an organization with an established reputation and a strong fundraising apparatus so programs can be delivered for the foreseeable future. Funding locally, on the other hand, often means taking on higher risk as local infrastructure is developed to deliver local solutions. It can also mean engaging community leaders on a particular issue and encouraging residents to give and volunteer to support the project. This kind of funder might focus on investing in sustainability to help ensure that the funding builds stronger organizations.

WOULD YOU BE INTERESTED IN A LOCAL FUNDING OPTION THAT OFFERED LESS RISK?

Many national and international organizations have local affiliates which do wonderful work and perform vital roles in a town or region's nonprofit ecosystem. The Red Cross and the Boys and Girls Clubs of America are two of many examples. These affiliates often offer stability and sustainability. Local faith-based organizations also provide an option. Donors, however, will want to make sure they get an answer to a key question before they proceed: How much of my gift will stay in my local area of focus and how much will go to the national headquarters?

*Please see the title guide in this series, Your Philanthropy Roadmap, for a series of key questions to orient your giving program overall.

WHEN FUNDING LOCALLY MEANS WORKING INTERNATIONALLY LASALLE ADAMS FUND

Many donors who give at a distance love the idea of combining big-picture thinking with grassroots philanthropy. They fund locally and act globally at the same time.

The LaSalle Adams Fund, a family foundation, focuses its giving on one of the largest, most intact wild ecosystems in North America. The Crown of the Continent stretches across the U.S.—Canadian border where Montana, Alberta and British Columbia converge, comprising 18 million acres of mountains, forests, alpine lakes and grasslands.

The donor family behind the LaSalle Adams Fund does not live in Montana, Alberta or British Columbia. But they came to know and love the area on family vacations. Now their “local funding” all takes place more than a thousand miles from their homes.

During its first decade, LaSalle Adams made land preservation its top priority. The strategy: get diverse groups working together with common purpose. The Montana Legacy Project—one of the Fund's proudest moments—saw

the collaboration of nonprofits (both local and national), government agencies, communities and individuals to purchase 310,000 acres of land for conservation. Much of the land adjoined existing state parks and was threatened by timber extraction and second-home development.

In 2010, LaSalle Adams broadened its funding to focus on climate change, partnering with the Crown of the Continent Conservation Initiative. This initiative links U.S. and Canadian organizations as they work toward making the Crown “an international model for climate change adaptation and resilience.”

One key element of the current LaSalle Adams strategy involves working with residents and rural organizations as well as local affiliates of national nonprofits. The goal is twofold: to conserve more land, creating greater connectivity for species facing significant change, and to work with groups like ranchers to ensure that economic and lifestyle sustainability are part of a successful human adaptation to climate change.

For LaSalle Adams, funding locally is a collaborative, iterative process—learning what works and what doesn’t while developing relationships and trust with grantees. In fact, grantees, researchers, and local partners are vital resources for the foundation, which uses their local expertise and experience to help guide its philanthropy, allowing it to respond creatively and effectively to changing circumstances.

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A MAJOR RESOURCE
COMMUNITY FOUNDATIONS

One of the quickest and most effective ways for a donor to fund locally is through a community foundation.

These foundations use their deep local experience to make grants while encouraging locally-based philanthropy. They also offer leadership to address community-wide problems and pursue regional opportunities. They offer sources of information for donors who seek impact in a particular area. And for donors who wish to set up a more formal way of working together, they can create collaborative funds.

“We connect people, ideas and resources to improve lives in our community,” says Clotilde Perez-Bode Dedecker, President and CEO of the Community Foundation for Greater Buffalo.

In the United States, some of these foundations have been operating for many decades and control considerable financial resources. The Chicago Community Trust, the New York Community Trust and the Cleveland Foundation, to take a few prominent examples, all have endowments of more than one billion dollars. They

provide ongoing seed capital and operational support for key community organizations and projects. They hold positions of respect in their regions and so have unique convening power.

Smaller foundations also play vital roles in connecting community stakeholders and harnessing grants and other resources.

But regardless of size, all community foundations share a holistic local focus that national foundations or large service providers may miss.

Philanthropists would be wise to consider starting their investigations by seeing what pertinent community foundations are doing. The networking opportunities alone could make a connection that might inspire new thinking or new alliances.

In 2012, Mark Zuckerberg and his wife Priscilla Chan gave \$500 million in Facebook stock to the Silicon Valley Community Foundation, pushing its endowment above \$2 billion. The same year, Guy David Gundlach, founder of a car insurance company in England, left his estate of around

\$140 million to the Elkhart County Community Foundation in Indiana, which serves the area where he grew up. These large gifts show the prominence of community foundations, which are growing in number and geographic spread.

The United States still hosts the largest number of community foundations in the world (more than 700). But the idea is blossoming in Europe, and new community foundations have taken hold in Asia, Africa and the Middle East as well.

DONOR INSIGHT

FOUR BENEFITS OF GOING LOCAL

The anonymous donor who created the Fund for Gulf Communities (see page 4) sees clear advantages to funding locally—advantages that extend beyond the direct impact of the programs the Fund supported in the wake of the 2010 BP oil spill. Here are four main benefits:

1

SHORTCUT TO EFFECTIVE GIVING

The community foundations engaged as partners in the Fund provided existing relationships and a deep understanding of the crisis, the community and the culture to the distant donor. This allowed creative, effective grants to be made quickly.

2

BUILDING PHILANTHROPIC SUSTAINABILITY

The Fund's support gave the foundations themselves a chance to develop new sophistication in handling large grants and projects. This in turn has helped their ongoing fundraising. Now, when they approach local and national donors, they can demonstrate their successes as they make the case for new support.

3

DEVELOPING THE SECTOR

The community foundations already had the convening power to bring together service providers and nonprofits. The Fund, with its emphasis on engaging the full breadth of the community in grantmaking, helped inspire the foundations to bring more voices to the table. By the end of the three-year cycle, staff and boards of all six grantmaking partners had evolved to better reflect the populations they served.

CREATING RESILIENCY

In August 2012, Hurricane Isaac hit the coastal regions of Louisiana and Mississippi. Isaac brought flooding, power outages, and property damage to many communities still recovering from the BP Oil Spill. Families were displaced. Industry disrupted. But community foundations reported that local nonprofits, strengthened by the Fund's philanthropy, were better able to respond to residents' immediate needs.

WHAT TO LOOK FOR WHEN FUNDING LOCALLY

One way to approach funding locally is to examine not only your motivations, your goals and the issue areas you care about, but to study the existing local conditions in the town, neighborhood or geographical area where you have interest. The idea is to see if the local soil can support the philanthropic crop you hope to harvest.

Here is a list of factors to consider as you create a possible strategy:*

PARTNERS

Will you join forces with one or more community foundations? Will you seek to create project-based networks of nonprofits and other groups on your own? What team will you need to build to achieve the impact you seek?

RESEARCH

Do the community foundations and nonprofits who may be your partners gather data on local needs and giving? Will they share it with you? Do they value input from local stakeholders? Do they measure their own impact?

PARTICIPATION

Would your funding support a project that could draw on broad-based support from the community? To what extent would the project itself build unity? What sort of local volunteer support might your funding receive? Are there civic and nonprofit leaders who might consider joining your project?

GOVERNANCE

The basics of good nonprofit work still apply—do the organizations that would put your funds in play demonstrate accountability and transparency? If these organizations are nascent, do they have partners to help with oversight?

EXPERTISE

Would your giving require certain levels of technical ability or certain skill sets of participants? Would your giving seek to develop such expertise?

MONEY

Will local philanthropic money support the project? Often what matters most is not the dollar amount, but the engagement that comes when a resident or stakeholder gives at any level to a project.

SOCIAL COHESION

Does your local focus area have a homogeneous population which might amplify the success of a project? Does it have the ability to leverage diversity to its benefit?

LEGAL AND GOVERNMENTAL

What are the laws and politics that might impact the project? This is of particular importance when funding locally outside the United States.

*Sources: Center for Effective Philanthropy, Charles Stewart Mott Foundation, Aga Khan Foundation USA. (See Resources for details.)

“The proper aim of giving is to put the recipients in a state where they no longer need our gifts.”

C.S. LEWIS

Los Angeles County is home to nearly 10 million people, according to the 2010 Census. That makes it the biggest county in the United States in terms of population. LA also hosts the third largest metropolitan economy in the world, with GDP in excess of \$700 billion.

However, the sprawling region lacks cohesion. And the Annenberg Foundation believes this disunity is costing the area dearly.

For the past few decades significant federal funds have been awarded via competitions that require local officials and nonprofits to demonstrate that they can coordinate their efforts. In 2013, Annenberg launched a project called LA n Sync, which it hopes will win more money for Los Angeles “through a new model of public-private collaboration.” The idea: bring together the government, business, nonprofit and philanthropic sectors to take advantage of funding opportunities presented by the federal government and national philanthropies.

For more than a decade, Annenberg has focused on funding locally in the Los Angeles area. But with the region encompassing 88 different cities and

hundreds of different school districts, transit districts and bureaucracies, collaboration is often difficult and solidarity nonexistent. As a result, the foundation believes the region has missed out on hundreds of millions of dollars of potential grants from funders such as the federal government.

To address this problem while building civic identity, Annenberg plans to encourage a new network of regional leaders and organizations. The network, described as a “permanent, grant-chasing, partnership-promoting hub,” will maintain “a creative clearinghouse to keep all of Los Angeles ... focused like a laser beam on opportunities for funding and innovation as they arise.”

The ambitious project is an example of funding locally to build local capacity. And though some might characterize the philanthropic approach as spending money to attract more money, the Annenberg Foundation says the investment in networking is worth it, pointing to one example of regional cooperation in 2012 which brought together more than 60 Los Angeles organizations to win a \$30 million federal Promise Neighborhoods grant, money which will go directly to grassroots educational programs over five years.

“It’s not just giving to do good,
but giving for change...
[The key is] how many
people are giving, how many
people are involved
in the governance.
Participation is the new
endowment.”

JANET TOPOLSKY, ASPEN INSTITUTE

MOVING FORWARD

In philanthropy, as in most human endeavors, lasting change is elusive.

But when donors act to replace local dependency with local capacity, they can empower a locally-led and stakeholder-supported evolution of service. Responsive growth can become part of a project's DNA. And change, fed by local needs and local dreams, becomes both durable and flexible.

As you consider pursuing your own plans to fund locally, you may well draw inspiration from an African example. The town of Matukano, Kenya “transformed itself from a poor, inaccessible and arid ‘outback’ into a thriving hotbed of people-led development,” according to a 2011 report.* Part of the story of Matukano's success depended on its partnership with a key external funder, the Kenya Community Development Foundation. Here are six factors that helped make the Makutano philanthropy work:

COMMON VISION AND APPROACH

The funder-community relationship is based on an understanding that residents are owners and agents of their own development.

HARNESS LOCAL CONTRIBUTIONS, BUILD LOCAL ASSETS

Encouraging local giving is part of building local infrastructure. And local infrastructure, whether physical, social, organizational or educational, is the key to self-determination.

BUILD SOFTWARE AND HARDWARE

This means supporting organizational capacity as well as concrete action plans. Analysis and planning can be funded as well as tangible assets and financial management.

GIVE CONSISTENTLY AND CONSISTENT WITH COMMUNITY CHANGE

Keep your funding at a scale that doesn't undermine community ownership or overwhelm capacity. Smaller amounts given consistently over a longer term can be very helpful.

FOSTER LONG-TERM SUSTAINABILITY

Mobilize local resources as a means of increasing independence. Use matching funds to encourage other donors to contribute.

PATIENCE

Accept that change takes time and requires multiple participants.

*Halima Mahomed and Brianne Peters (2011)

"The story behind the well: A case study of successful community development in Makutano, Kenya." (See Resources)

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ROCKEFELLER PHILANTHROPY ADVISORS

is a nonprofit organization that currently advises on and manages more than \$200 million in annual giving. Headquartered in New York City, with offices in Chicago, Los Angeles and San Francisco, it traces its antecedents to John D. Rockefeller Sr., who in 1891 began to professionally manage his philanthropy "as if it were a business." With thoughtful and effective philanthropy as its one and only mission, Rockefeller Philanthropy Advisors has grown into one of the world's largest philanthropic service organizations, having overseen more than \$3 billion to date in grantmaking across the globe.

Rockefeller Philanthropy Advisors provides research and counsel on charitable giving, develops philanthropic programs and offers complete program, administrative and management services for foundations and trusts. It also operates a Charitable Giving Fund, through which clients can make gifts outside the United States, participate in funding consortia and operate nonprofit initiatives.

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