

A PROMISING TOOL FOR LOCAL INNOVATIVE DEVELOPMENT: THE CASE OF CIVIC OR COMMUNITY FOUNDATIONS IN THE IBERIAN PENINSULA

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ABSTRACT

Institutions and innovation interact intensively determining the growth path of economies. Community institutions are, in this sense, vehicles that allow people to give back to the community part of which they got from it: they stand in a central position, acting as a pivotal axis, and as an enormously egalitarian and leveraging factor. In order to reduce the scarcity of scientific literature on this issue, we elaborate a matrix definition of community foundation (which are one of the main community institutions), hoping to help both academy and practitioners to enlighten subtle connections and interactions which are normally hidden, and suggest key elements for new strategies that can improve efficiency and effectiveness in innovative and competitive local development processes.

KEYWORDS: institutions, community foundations, innovation, competitiveness, local development.

1. COMMUNITY INSTITUTIONS AND DEVELOPMENT

Economic development is stronger in those territories which are endowed with a ready-to-help, evolved, complex and flexible institutional system. “*Institutional development reduces transaction and costs, improves trust among economic actors, stimulates entrepreneurial capacity, strengthens networks and cooperation among actors, and fosters learning and cooperation routines*” (Vázquez, 2005). Evolution and changes of institutions are one of the basic mechanisms of the economic growth and structural change processes that we call development, for three reasons:

- institutions and innovation interact intensively determining the growth path of economies. Institutions affect the performance of an economy alongside technology, determining transaction and transformation costs. (North, 1990 / 1993b).
- Secondly, interactions between companies and other actors in a certain territory are grounded on cooperation dynamics, not only regulated by prices, but also “*institutional compromises*”, through which one or more specific institutions deploy a “*propelling role in the institutional relations of the system integrated by actors: for example, property rights for an industrial or financial group, or a code of technical rules*” (Gilly y Pecqueur, 1998, cit. by Vázquez, 2005).
- The third dimension where institutions influence development is “*governance*” of development, if we understand it as a cooperation and coordination integration strategy among public and private actors. As institutional networks grow in complexity, the role of new institutions and intermediary organizations like

development agencies or knowledge centers is even more relevant (Vázquez, 2005).

For North, economic change consists of changes in the material and physical well-being of people, quantifiable in terms of national and personal income, but also in those “*less precisely measured, but important, elements of human well-being that are related to non-market economic activity*” (North, 2005). Thus, development and growth should not be considered the same thing: you can achieve the latter without the former, and also the other way round. Growth can (and many times does) produce negative externalities that can affect human wellness very negatively (Goodwin, 1997). North believes that the growth of the stock of knowledge is the essential factor determining higher layers of human wellbeing, and economic change process is shaped by the complex interaction among the stock of knowledge, institutions, and demographic changes. Institutional change is the change that humans impose upon their interrelations with the intention of achieving a certain result. As a consequence, there is a direct relation between the beliefs and expectations of actors, and the way in which they will behave in the search of a certain result. The evolution of economic change will show the aggregate of the whole of the options of business and political entrepreneurs with highly diverse objectives, most of them not related at all to global economic performance (North, 2005).

Empirical research has shown that there is a direct relation between institutions and growth: a higher number of institutions causes more *per capita* income, less volatility and fewer microeconomic crises (Acemoglu et al., 2003, cit.). Also technical advance is a “*relevant intermediary channel*” through which institutions affect growth positively (Bloch and Tang, 2004). This means for certain economists that we have to take into account institutions in order to explain some of the elements considered factors that influence growth, like technological advance, the creation of new physical capital, education, efficiency in economy or the process of resource allocation. For others, thus, institutions define the “*ways in which economic agents behave, in contexts that involve human action*”, producing as a result the effect of some transactions being more usual or more attractive, and other more rare or difficult (Nelson and Sampat, 2001). The process of interaction among institutions and growth dynamics seems to have the shape of a virtuous cycle: communities (creating social capital) and societies (creating rules), either separately, or interactively, help shaping those institutions which, through their action, generate favourable conditions for a long-term and sustainable development. (Farole et al., 2007). Community and society are two sociological concepts, which correspond to the classic understanding of Weber and Tönnies, relating respectively to the notions of *gemeinschaft* y *gesellschaft*, and to the categories of Durkheim, who classified the links among persons as *solitarité mécanique* or *solidarité organique*. Contemporary sociology identifies them as “*collective life forms that link persons via tradition, informal relations and particular affinities* (community), or *coordinated interactions by means of anonymous, formal and transparent intercourses* (society)”. In a language that is more recognizable by economic theory, Putnam adapts those classes from the view of social capital, as two components of it: “*bonding*” (linking similar kinds of people related by class, race, *origin, etc ...*) and “*bridging*” (connecting with people different from oneself) (Putnam, 2000). Community and society, understood this way, are different types of social practices and interactions, constituted upon different space-time scales, and a favourable equilibrium among them allows positive effects originating from each of them to emerge, reducing transaction costs, limiting the moral risks, reducing opportunism and the absolute power from the part of some groups, and thus fostering competition and innovation (Storper, 2005).

Community institutions are, in this sense, vehicles that allow people to give back to the community part of which they got from it; not only in terms of returning money, but also other things (like trust or leadership) which are essential for civic compromise in those communities. A community institution stands in a central position, it is “*a pivotal axis, an enormously egalitarian and leveraging factor: it supplies, everybody, with power to give and to help (everybody, have they more or less money, be they a company or a foundation or an individual person), and multiplies the resources of all. How? Because people give and help through a community institution, they do not help the institution. As you give or help through a community institution, it can leverage time, energy, intelligence and leadership, also money, from other people, and make out if it something bigger. It can help people to act.*” (Garonzik, 1999, adapted). Among community institutions, Community foundations specifically play globally a very significant role, as we are going to see.

In conclusion, a Community institution/community foundation may constitute the local pivotal element around which the triple Helix can turn round. The role of such a local institution within the local economic system can be described graphically as follows by means of a theoretical framework (Hernández Renner, 2010 and 2012):

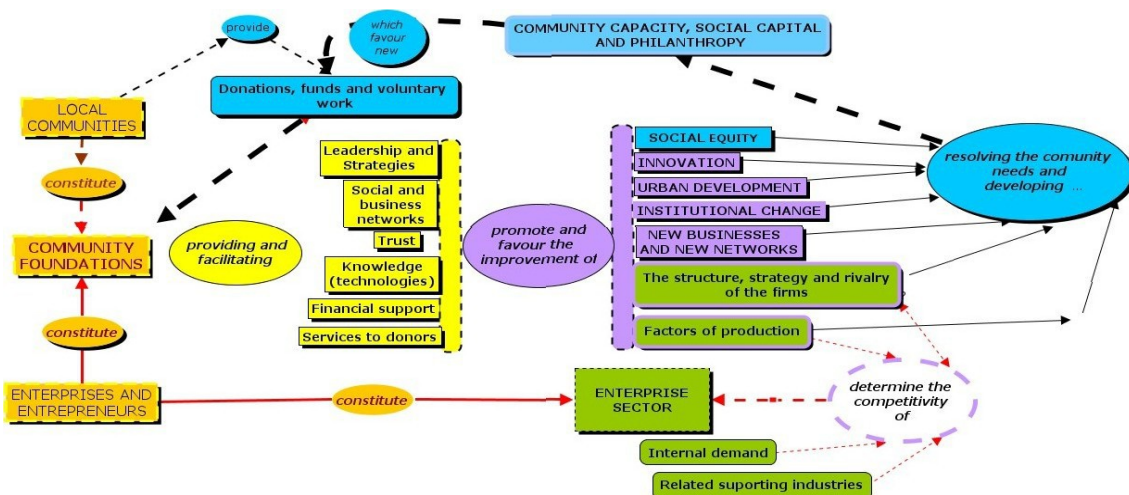


Figure 1: Theoretical framework on Community foundations' role and influence in local development.

This philanthropic and dynamic key role in the local communities they serve is still not very well known, specially because the scarcity of specific reaserch, as we explain immediately, and it is the aim of this paper to humbly contribute to a better knowledge of these fascinating and relevant institutions, which can provide an excellent basis for leveraging business and social innovation, and competitiveness, at a local level.

2. A BIBLIOGRAPHICAL COMMENT

All the authors that we went through who refer in one way or another to this issue, coincide in the idea that community foundations (CF) are a phenomenon or a sector of great importance, but about which, paradoxically, there exists very little investigation of the scientific-academic type. The majority of existing publications have rather more of a functional character, providing statistical or, at the most, historical analysis, and have mainly been carried out with criteria generally more related to a preoccupation about their direct applicability than with a scientific methodology, by the foundations themselves, by their associations, or else - mainly - by organizations that dedicate themselves to promoting CF (such as Council on Foundations, WINGS or the Foundations C.S. Mott, Ford, Bertelsmann or Cariplo).

This question of the scarcity of sources is a problematic one and, by the way, a usual issue in which concerns research of the third sector: "The academic community has only recently begun to examine a sector of life in the USA that is of the same order of magnitude in assets, without mentioning its impact, as the Government and the for profit sector" (Magat, 1989). There is even serious confusion about the very description of *what* it is that constitutes the "third sector", and about its most appropriate denomination. It has been called "tax-free sector, non-governmental sector, independent sector, third sector (by opposition to public administration and enterprises with profit in mind), civil society, voluntary sector, non-lucrative sector or non-profit making sector, amongst others" (Frumkin, 2002, cit. by Nadal, 2007).

In order to avoid a disquisition longer than necessary about this issue, we refer to an interview with Prof. José Antonio Ruiz Olabuenaga in which he answers this question, dissipating the wrong idea that the third sector might seem something relatively new, more peculiar to Anglo-Saxon societies, and bound to international solidarity, as evidence can be found throught the World since the beginning of civilization (Ruiz Olabuenaga,

2006).

The definition of the third sector is based, for some, on the abandonment of the search for profit; for others, on the autonomy as regards state administration; for others on solidarity with the economically weak, the handicapped and socially marginalized. Defined in negative terms (non enriching, non governmental, non compulsory, non contractual), the sector gives rise to a definition full of inevitable overlapping that make a precise definition impossible. In this situation some insist on the sense of distributive justice and identify it with a social economy where there is room for profit but not for exclusive capitalism; others insist on the autonomy from the civil servants and the control of the Public Administration, organizations behaving outside Government; others focus on on the spontaneous character of the volunteers *vs.* recruitment, taxes or servitude. Frequently one speaks about the Third Sector thinking only of the ambient of Non-Profitable Organizations of Social Action, or speaks of NGOs (Non Governmental Organizations) and means Non Governmental Organizations for Development), etc.

The definition most agreed on is, no doubt, the operative definition spread by the Johns *Hopkins* Comparative *Nonprofit* Sector Project that requires five conditions. According to this definition the sector is composed of organizations formally organized, private, that enjoy a capacity of self-governing, non-profit-distributing (which does not obtaining income) and voluntary. (Morris, S., 2000) The sector splits up into different types according to their activity: culture, sports and spare time, education and investigation, health, social services, environment, community development and housing, civil rights, philanthropic negotiators, international activities, professional associations and mutual benefit societies. Within the five conditions and the twelve types mentioned we can consider these organizations as a universal mosaic: (NGOs=NLOs) in which stand out from the general block the NLOASs guided by the specific objective of social benefit actions; the NGODs, which work for the promotion of human groups in underdeveloped countries; the enterprises for social insertion (ESI); and foundations. All these are beginning to be distinguished as NGOs and INGOs (International NGOs) according to whether they function in a single nation or in many.” (Ruiz Olabuenaga, 2006).

A search in any of the most important databases (Sage, Wiley, Jstor, Emerald, etc...) reveal, not only the extremely scarce (though growing) number of scientific magazines traditionally dedicated to this issue of the third sector (as an example, in some of them we can find as many magazines entirely dedicated to the third sector as to the specific economic subject of *entrepreneurship*), but also that the studies of the third sector are not clearly situated in a defined terrain, and fluctuate between economy and other branches of the social sciences, such as sociology, political science, history and even law, without occupying a very clear site assigned by the Academy. In our personal opinion, this present inconvenience could nevertheless offer *a futuro* the counter-weight of constituting the baseline of a new field of specific scientific and interdisciplinary knowledge (following outlines similar to the work that, for example, an author as important as Prof. José María Veciana has proposed for the study of entrepreneurship) and based on advanced ideas such as socio-economy or the new economic sociology (Etzioni, 2003, or Swedberg, 2005).

But, furthermore, “*if research of philanthropy and volunteering generally is scarce, it is at its lowest as regards Community Foundations*” (Magat, 1989). “*Community foundations (...) are of the fastest growing philanthropic segments, but nevertheless have not received much attention in literature on philanthropy*” (Carman, 2001). Or else, “*In spite of their noteworthy importance as actors in development and their increasing role as organizations of the Third Sector, Community Foundations have been studied very little*” (Nadal, 2004). Or again, “*it seems that very little is known about CFs. There exists only very scarce literature, and almost exclusively about those in the USA*” (Lowe, 2004). This same conclusion we arrived at ourselves when asking directly through e-mail some of the most outstanding investigators in Spain and abroad: Dr. Peter Walkenhorst told us: “You are right, there is little work on community foundations with an academic approach. This is hopefully changing in the further”; Dr. Gaynor Humphreys wrote to us: “there seems to be so little really good material – I have been trying to think where you might look. (...) There is quite a lot of material in the WINGS e-Library (www.wingsweb.org) though a lot of it is “how-to” rather than

scholarly”; finally, Prof. José Antonio Ruiz Olabuenaga answered us also making a special point of the “*extremely scarce theorization of the sector*” and notes as well that “as concerns “Organizations”, few authors refer to the sociological theory or to the psycho-sociology of organizations. Those that, in fact, take the organizational approach, limit themselves to the economical aspect. Here we have the second flaw. When they approach the subject departing from the theory of organizations, they identify the Profit Sector with the Non-profit.” The latter is also a relevant and exciting question, given that Ruiz Olabuenaga defends the point that it is a confusion that originates in authors as well known as Peter Drucker “*who ignores the theorizations that, already some years ago, were formulated by Amitai Etzioni as well as Peter Blau in his work “Cui bono” ...* But, continuing with our argument, we do not wish to expand here any more on these complications.

Richard Magat sets, for example, that out of the 130 papers produced in the PONPO Centre in Yale, only one is about CFs, or that in the bibliographical analysis of the third sector carried out by Klayton in 1987 (“Philanthropy and voluntarism: an annotated bibliography”), only three of 2.212 references refer to this subject. Some pieces of work, already classics, are very difficult to obtain and almost constitute rarities for the bibliophile, as the one by Struckhoff published in 1977 by the Council of Foundations. The majority of the entire small amount of research that has been published on FCs deals with almost only five subjects (Carman, 2001):

- history and growth of community foundations
- implications of the legal structure of community foundations
- questions related to community leadership and community receptiveness
- patterns of investment
- added statistical information

A final remark which we wish to make is about the geographical origin of scientific literature. A vast majority (we could easily assert about 80%) have American Anglo-Saxon background. The rest come from Europe (mainly UK, Germany and Italy), and those are followed in proportion by South Americans (specially Mexicans), Middle Easterns, Asian and Pacific, and finally from certain international institutions like the World Bank. This is correlative to the degree of tradition and relative importance of CF in each country, but it has also the effect of a dominance of the classic Anglo-Saxon model of CF in theoretical writing. It is also fair to say that private organizations like WINGS, foundations like Mott, and institutions the World Bank, are doing a fair job introducing new sensibilities from all parts of the world in the academic debate.

It is in this austere bibliographical framework that we situate our search for a rigorous definition of Community Foundation, that may be useful for future research and practice, and which we undertake after a short historical summary and a description of the present situation of the sector worldwide.

3. ORIGINS OF COMMUNITY FOUNDATIONS AND THE PRESENT GLOBAL SITUATION

Frederick Goff invented the first community foundation in 1914: the Cleveland Foundation. Goff could, as a banker and lawyer who had been in charge of the administration of vast legacies, see how soon those legacies would become obsolete. His idea was to consolidate several trusts in a unique foundation ruled by citizens (Walkenhorst, 2009). His great contribution was his belief in the need for community action: “*he was the first to see the need for an endowment based on geography. He was also the first to expound the idea that the wealth of a community belonged to all of its people, not just to a chosen few*” (Newman, 1989). It was a clear sign of twentieth-century philanthropy, which increasingly distinguished religious from secular purposes, provided greater professional control of medical, educational and social services, and developed funding that

served the community as a whole: “*Cleveland took the lead in the national transformation of the charitable framework*” (Hammack, 1989).

The 2008 Community Foundations Global Status Report, elaborated by WINGS (Worldwide Initiative for Grantmaker Support), was the last exhaustive global quantitative analysis realized until now, and informs about some very interesting basic facts, that we bring along here. The current global situation of CF looks like this:

- There were 1441 community foundations that have been identified in 51 countries. 4 additional countries have active initiatives.

- The number of CF had grown by 21% in three years (2005-2008); the number of countries with community foundations had increased by 9 in the same period.

- The number of CF outside U.S.A. continued to grow – 46% of CF globally are outside the U.S., up from 40% in 2005.

- The number of CF outside Canada, the U.K. and the U.S. was 447, which represented an increase of 56% since 2005.

- Germany had surpassed Canada as the second country after the U.S. in the number of CF; formation activity had taken place specially in south-eastern Europe and the Balkans.

- Academic research programs on philanthropy and philanthropy networks are beginning to have a demonstrable impact on the formation of CF (WINGS, 2008).

Phillip Hoelscher states that “*the North-American concept of a CF has had notorious influences on the development of the CFs in Europe, but it also has been adapted in many different forms to the specific context of the European countries. It seems that the way European CFs were created has predetermined their eventual development*” (Hoelscher, 2005). For an analysis of CFs situated in Europe it will be necessary to bear in mind those elements that are not purely North-American, but do constitute a reality in our Continent, and this will have to be done without fearing that the model may not be “pure” or “good” enough.

The Global Report of the State of Community Foundations of 2010, produced by WINGS (Worldwide Initiatives for Grantmaker Support), though not exhaustive, also supplied some relevant quantitative data. It enumerates 1680 Community foundations worldwide. The number of these institutions has doubled around the world in 10 years: in 2000 there were 905; in 2003, 1.092 CFs; in 2004 already 1.235; in 2005, we could count 1.233; and in 2008 the number was 1.400 Community foundations. More than 600 resided in the USA, the country where they undoubtedly are more strongly endowed, with assets of more than 48.000 million USD, and an annual giving rate in terms of grants of around 4.500 million USD. In Europe, the first country in importance is United Kingdom, and there is also strong development of the CF sector in Germany. Significantly, those institutions seem to be expanding specially in Central Europe, and only very few can be identified in Southern Europe. In Asia, Africa and the Pacific, Community foundations are also significantly present (WINGS, 2010).

Two years after the first century since the first Community foundation was created, our proposal is using all that the experts in this sectors have learned in order to make visible and foster a kind of Community institution which may serve as an efficient and effective motor and central element of strategies aiming at the innovative development of the local communities where they belong.

Recent situation in Spain and Portugal

The 2008 Community Foundations Global Status Report (GSR) stated that there is one case reported, Tot Raval in Barcelona, which is one of the cases studied by Hernández Renner (2010). The main supporting organization in Spain was in the last years Bertelsmann Foundation. In the case of Portugal, the 2008 GSR mentioned no CF, neither did it report any support organization in this country, but, funny enough, the 2003 GSR included CEBI: *“One community foundation has been formed in Portugal. CEBI-Foundation for the Community Development of Alverca was transformed from a social welfare organization in 1995. It developed on its own and only in 2001 connected with other community foundations in Europe. Activities are underway in Portugal to identify other community foundation-like organizations and promote the development of community foundations.”* (WINGS, 2003). The fact of not including CEBI was explained personally to us by the reporter, Ms. Eleanor W. Sacks, mentioning the lack of reliable sources: *“In the absence of better information, it did not seem right to include Portugal or CEBI this year (2008). My suspicions are that, as in Spain, there are a number of foundations already operating as community foundations - perhaps even CEBI”*. CEBI was clearly defined as Community foundation by Hernández Renner in 2010. In conclusion, we shall to consider the case of CEBI as a living case useful for our purposes.

The only relevant activity around the field of CF that we have been able to identify in Portugal and Spain in the field of CF is:

– the creation of the “Centre of Competences “Civic Foundation Initiative”, several publications and an active work of case localization and network creation done by Fundación Bertelsmann from Barcelona, covering the whole of Spain and part of Portugal, being very active from 2006 until 2013. Bertelsmann Foundation was able to identify up to 13 organizations that were considered Community Foundations (“Fundaciones Cívicas”) or were on their way to transform into one (www Bertelsmann, 2016):

Fundaciones cívicas plenas:

- Tot Raval <http://www.totraval.org>
- Maimona <http://www.fundacionmaimona.org>
- Ciutat de Valls <http://www.fcvalls.org>
- Novessendes <http://www.novessendes.org/>
- Horta Sud <http://www.fhortasud.org>
- Cáceres Capital <http://www.fundacioncacerescapital.org>
- Cívica Oreneta del Vallès <http://fundacio.badiadelvalles.org/>
- Ciudad de Sigüenza <http://www.fundacionciudadsiguenza.org>
- CEBI -Fundação Para O Desenvolvimento Comunitário de Alverca <http://www.fcebi.org/>

Fundaciones en transformación hacia cívicas:

- Fundación Ciudad Rodrigo <http://www.fundacionciudadrodrigo.com>
- Fundación Igualdad Ciudadana <http://www.fic07.eu>
- Fundación Galicia Sustentable <http://www.galiciasustentable.org/>

Iniciativa de fundación cívica: Cooperativa Mas de Noguera <http://www.masdenoguera.coop>

- A seminary hold by the Portuguese centre of foundations (CPF - Centro Português de Fundações) on “As Fundações Comunitárias em Portugal: é tempo de aderir ao movimento Europeu! - Community Foundations in Portugal: it's time to join the European movement!”, in Abril/April 5-7, 2002, at the Convento da Arrábida, in Lisbon, with the support of the European Foundation Centre.

- An Ibero-american network (Red Iberoamericana de Fundaciones Cívicas o Comunitarias (<http://fciberoamericanas.org/>), including some organizations labeled as Community foundations, in Portugal, Spain, and the Latin-american countries, with the support of the Charles Stewart Mott Foundation.

- An extensive analysis of four cases in Spain and Portugal and research about their influence in local development provided by Hernández Renner (2010).

4. COMPARING DEFINITIONS OF COMMUNITY FOUNDATION

In general, it could be said that it is still true that “*community foundations do not enjoy a common definition*” (Leonard, 1989), and that “*we have difficulties to conciliate a precise definition, and this definition should be both inclusive and elastic*”, which raises the question whether “*one should at all costs try to find a common definition, or rather invent new terms that separate the classic community foundations from other hybrids that are appearing*” (Community Foundations of Canada, 2000).

In the following pages, we list a number of definitions found in diverse literature.

1. COUNCIL ON FOUNDATIONS (COF):

As we can read in the COF Glossary of Philanthropic Terms: “A community foundation is a tax-exempt, non-profit, autonomous, publicly supported, philanthropic institution composed primarily of permanent funds established by many separate donors of the long-term diverse, charitable benefit of the residents of a defined geographic area. Typically, a community foundation serves an area no larger than a state. Community foundations provide an array of services to donors who wish to establish endowed funds without incurring the administrative and legal costs of starting independent foundations.” (www COF, 2007)

The Council of Foundations, as part of its "Resources for Grantmakers" series, has published A Lexicon for Community Foundations. Meant as a basic reference for those in the field, the Lexicon contains the following definition of a community foundation: “*A community foundation is a publicly supported philanthropic institution governed by a board of private citizens chosen to be representative of the public interest and for their knowledge of the community. It administers individuals, other agencies, governments, corporations and other sources. Community foundations uniquely serve three publics: donors, the non-profit sector and the community as a whole. Individual community foundations may focus to some extent on one of these publics over the other two (leading to considerable diversity in the field) but by structure and by regulation the community foundation must always serve all three.*”

In the National Standards for U.S. Community Foundations, a third definition is adopted: “A community foundation is a tax-exempt, non-profit, autonomous, publicly supported, non-sectarian philanthropic institution with a long term goal of building permanent, named component funds established by many separate donors for the broad-based charitable benefit of the residents of a defined geographic area, typically no larger than a state” (Definition of a U.S. Community Foundation – Standard I. Part. A.) National Standards for U.S. Community Foundations (CF) were adopted by the Council on Foundations’ Community Foundations Leadership Team. This team is a committee created ad hoc, with the aim to represent, advise and create resources for the community foundations, within the Council of Foundations. Its essential purposes are to “create, capture and share knowledge; promote the practice of community leadership; help to reach an operative excellency and propose an effective legislative agenda” (www COF, 2006).

2. *COMMUNITY FOUNDATIONS OF CANADA (CFC)*: CF are independent, volunteer-driven, charitable organizations that aim to strengthen their communities by facilitating philanthropy, by partnering with donors to build permanent endowments and other funds from which they support community projects, and by providing leadership on issues of broad community concern.

Founded on trust, community foundations help donors achieve their charitable goals and invest financial capital in their communities. But they also stimulate and nurture the relationships that link us to others and that create our sense of belonging to a community. Social scientists call these vital connections "social capital" and have found that they are linked to many measures of community and individual well-being. Community foundations, experienced in building financial capital for their communities, also have a leadership role in building social capital - the glue that holds communities together (www CFC, 2007).

3. *EUROPEAN FOUNDATION CENTER (EFC)*: this organization defines CF, in the framework of its program “Community Philanthropy Initiative” (CPI), as “*independent philanthropic organisations whose main mission is to improve the quality of life of the communities that they cover geographically. Community foundations do this by involving local citizens and by generating new permanent resources (collection of endowed funds contributed by many donors). These endowed funds allow community foundations to make grants and address the long-term needs of the local community. Community foundations serve three main audiences: the community as a whole, the non-profit sector and donors*” (www EFC, 2006).

4. *COMMUNITY FOUNDATION NETWORK (CFN)*: Community foundations are charitable trusts that promote and support local voluntary and community activity. They have two main roles: building endowment and managing funds for donors as well as making grants to charities, linking local donors with local needs. Community foundations allow donors to specify how, where and over what period of time their money is spent. Gifts of cash, shares, trusts, bequests and property are pooled in multi-purpose endowment funds, creating a capital sum whose earnings address donors' specific interests (www CFN, 2007b).

5. *WIKIPEDIA*: Community foundations are independent registered philanthropic institutions serving geographically defined territory, typically a city or administrative area (county, region and the like). The six main characteristics of the CFs are:

1. Act as grant-making foundations – e.g. give grants to support development projects,
2. Their mission broadly defined (e.g. to improve quality of life in a community),
3. Serve geographically defined urban communities – a city, district or province,

4. Are supported by a broad range of private as well as public donors and seek philanthropic contributions primarily from inside the community,
5. Are governed by multi-sectoral local boards reflecting the community,
6. Build capital endowment, which is an important element of sustainability

It is a combination of all these basic characteristics what makes true CF, although there are many other types of community organizations that have some of these characteristics (Wikipedia.org, 2007).

6. *HOYT*: Elaborates a definition by distinction from other types of foundations, with three characteristics: 1. While other foundations are created from the wealth of one single donor, family or firm, the endowment of CFs consists of donations from many donors. 2. CFs serve defined geographic localities and communities. 3. They are public charities as far as they must pass the “*Public Support Test, i.e. in order to maintain their fiscal qualification of “public charity”, they must demonstrate that they receive continuous financial support from various donors*” (Hoyt, 1996 cit. in Carman, 2001). The third element mentioned is important as laid down in the prevailing fiscal legislation of the U.S. (the Internal Revenue Code, section 501 (c) (3)); and one also has to emphasize a qualitative fact: in 2004 there were more than 60.000 “private” foundations in the U.S., i.e. those that receive income from only one source and generally have relatives or representatives of this single source in its governing board; on the other hand, only some 1000 “public” foundations in the sense of the current definition (Foundation Center 2004, cit. by FLGTB 2004) were registered. This definition is completed by mentioning the public that the CFs serve: “*Philanthropic donors, non-profit organizations, and the community in general.*” (Bartenstein, 1988, cit. in Carman, 2001).

7. *FIORE*: A community is an aggregation of individual funds and resources, the income from which is used to meet the charitable needs of a community (however that community is so defined). Because a community foundation can be a group of funds, a donor may suggest the specific charity or charities that will receive the income of the gift. A donor also can set up a fund for a specific purpose or area of concern and direct the field of interest to which the income from the gift will be applied (Fiore, 1992).

8. *SCHMIED – BERTELSMANN FOUNDATION*: there are two references from this writer that we have identified. The first of which classifies community foundations, called “civic foundations” in her theory, in the category of collective foundations (the terminological issue will be dealt with further on), (Schmied, 2003). There she writes: “*The civic foundation, which adopts the Anglo-American model of Community Foundation, is a collective foundation that serves founders and donors. It catalyses the interests of local philanthropists and not only promotes but also makes possible a civic compromise. The community (civic) foundation is open to other philanthropic organizations of all kinds of type and size. The founders have the possibility of establishing their aims within the framework of the act of the foundation. The civic foundation thus has generally a great variety of objectives, in order to comply with a wide range of different foundational aims. It is therefore independent of the dominant influence of any organization, state or political, of a firm, of banks or churches. Civic foundations are foundations that work in a defined geographic area.*” Apart from these characteristics, the compromise with transparency and the rendering of accounts or accountability is also already mentioned.

Considering this definition, one can differentiate a CF from other similar figures, such as civic enterprises, civic associations and collective foundations (*Gemeinschaftsstiftungen*). The latter are foundations created by various citizens but orientated towards a specific aim, such as the conservation of monuments, the

maintenance of an orchestra or the care of the elderly. It is our belief that this distinction may help a great deal to cast light on a common terminological confusion: in the German tradition, it is generally accepted to call CFs “civic foundations” (*Bürgerstiftungen*), and it seems that the term *Gemeinschaftsstiftungen*, which would be a possible literal translation of the American original “community foundations”, designates a type of common foundation, which, in order to deserve this by-name, is typified by having been established by various founders. This subject will be taken up again when we analyse definition number 11, in order to conclude, in our opinion, that “community foundations” and “civic foundations” are clearly synonymous.

9. *AGART, MONROE AND SULLIVAN*: A tax-exempt, independent, publicly-supported philanthropic organization established and operated as a permanent collection of endowed funds for the long-term benefit of a defined geographic area... A community foundation actively seeks new, typically large contributions, and functions primarily as a grant-making institution supporting a broad range of charitable activities. (Agart et al., 1997, cit. By Malombe, 2000).

10. *MEXICAN CENTER OF PHILANTHROPY (CEMEFI)*: “It is a donor foundation, an independent, autonomous, private, non-profit organization, dedicated to attending to the critical needs of the community and to increasing the quality of life in a specific geographic area, constituting for this purpose funds of resources of a permanent character. It is a charity authorized to extend tax reducible receipts/bills.” (www.CEMEFI, 2007). A CF exerts community leadership by acting as a community promoter and catalyst of social process, thus favouring bonds and alliances beneficial for the community. (Sanz Moguel, 2007).

11. GERMAN CFs – CIVIC FOUNDATIONS

The fulfilment of ten principles is the condition to receive the “Certificate for Community Foundations “, (or “*Bürgerstiftung*” in German), which is conceived by the Bundesverband Deutscher Stiftungen as a “quality label”, declaring that the CF awarded this seal is a real CF. This certificate is conceded every year, for a duration of two years, by an independent jury which examines applications on the base of a number of necessary documents: statute, annual report, newspaper articles... The certificate assists the community foundation’s work. It seems that many community foundations change their statute in order to obtain this certificate.

About the term “civic foundations”

“*Bürgerstiftung*” (German for “civic foundation”) is defined as follows on the website of German Civic Foundations: “(In English “Community Foundation”), a Civic Foundation is a foundation with this legal form and is normally created by various founders. A civic foundation is a special form of community foundation. It is an autonomous and independent institution destined to achieve diverse objectives, useful for the community, which operates in a defined geographic area and creates a permanent patrimony which, in the long term, will serve this purpose. It differs from the majority of the other foundations in that it presents its organizational structure, the destiny of its resources and its accounts in a transparent manner.” (www.Buergerstiftungen, 2007b).

On the other hand, the Council of Foundations of Michigan, U.S., an association that has very intensely worked on this subject, does not consider Civic Foundations and Community Foundations the same thing. (www.Michigan, 2009). In principle, they accept that both types have 3 substantial elements in common:

- they concede grants that impact directly on the residents of the community;

- they are financially supported by an ample variety of donors;

- both types have a governing body composed of volunteers, who know their community and are esteemed for their personal implication in civic matters.

But, according to this association, a Community Foundation (that we might call “classical Anglo Saxon”) operates as a permanent collection of funds donated for the long-term benefit of a defined geographic area, while a Civic Foundation would operate as an entity of temporary management of funds destined for the benefit of a village or town.

We must point out that, in our opinion, using a sufficiently flexible or inclusive definition of Community Foundations, it seems that one could affirm that both terms (“civic” or “community”) are synonymous and would not designate separate categories, provided that there exists a donation or collection of funds as an inevitable condition, thus coinciding with the German interpretation, which, furthermore, is the one generally used by the Bertelsmann Foundation in its documents on this matter (see, for example, Bertelsmann Foundation, 1999).

12. WORLD BANK: CF differ from private foundations and other types of philanthropy based on a combination of the following characteristics:

- Their funds come from a broad range of donors – large, medium or small, private and public, local, domestic, or foreign. Even people of modest means contribute. Larger donors often create funds to support their areas of interest (donor advised funds), such as education for girls, etc. Community Foundations also typically create an endowment that helps sustain their activities.

- They make grants only to the community they serve and thereby provide a means to help local people help themselves.

- They are run and governed by a diverse board of trustees that must reflect a cross section of their community including civic and private sector leaders, local government officials, and NGOs.

- Community foundations are known for fiscal accountability and transparency.

- Community foundations are trusted and respected as neutral agents. (www World Bank, 2007)

13. COUNCIL OF MICHIGAN FOUNDATIONS, one of the key institutions in the matter in the U.S. The “working definition” elaborated by the CF Task Force of this organization in 1990 was composed of a part A, which constitutes it in its strict sense, and a part B, which are elucidations to add precision to the first part. (CMF, 1990).

14. *PHILLIPP*: This author opines that even if it is difficult to achieve one definition valid for all, CFs do have certain characteristics in common. a. Geographic concentration; b. Statute of a public philanthropic organization; c. Representative nature of the governing council or patronage. For Alicia Phillip, CFs somehow function as “philanthropic brokers” or “clearinghouses”, that is, as chambers of compensation or of exchange of information, collecting funds, managing and distributing them among non-profit organisations, and she recognizes that recently the CFs (in the U.S., which is where she centres her analysis) have extended their functions in order to turn into catalysts for discussion and resolution of the problems and challenges the community has to face (Phillipp, 1999).

15. *FERNANDEZ*: CFs are “organizations of voluntary resources to serve community needs, which will allow an improvement in the lives of the people of the community” (Fernández, 1995, cit., by Charry and Jasso, 2004). They are “public organizations formed by a group of individuals in order to help to benefit their community or region. Its patrimony is constituted by donations from many donors (...) they enjoy an ample participation of the community and obtain a certain percentage of their income from the general public. Its council or patronage is selected in order to represent a community, and some of its members are selected by certain public office-holders.” (Fernández, 1995, cit. by Nadal, 2003b).

16. *MOTT FOUNDATION*: CFs are as varied as the geographic areas they serve, but the majority contain the same essential components (Mott Foundation, 2001).

17. *CHARRY AND LÓPEZ JASSO*: CFs are non-government organizations focusing on satisfying the needs of a community and its development in a geographic area. They are created with an aim at the collection, administration and distribution of the resources proceeding from citizens, organisations and institutions, national and international, governmental and non-governmental, as well as the community itself, in order to promote resources, assets and services through other organisations that operate in the community or region (Charry, 2004, cit. in Charry and López Jasso, 2004).

These two authors identify a series of 24 characteristics of a CF which, as a check-list, have shown to be very useful for us to reach an operative definition in the context of the present investigation. (Charry and López Jasso, 2004).

18. *NADAL*: A CF is a public donor foundation that links, pools and co-ordinates human and material resources, voluntary and private, which are autonomously and not lucratively organized, for the consolidation of a collective patrimony that will assure its independence and the production and long term provision of common assets, for a community in a defined geographic area. A CF enjoys the participation of citizens, on an individual, organized or corporative level, which represent diverse sectors of the society in the building of a patrimony, the implementation of programs and decision-making on the application of such resources. In this way, CFs perform two central functions: to be social financial backers and pivots of local effort. (Nadal, 2003b)

The importance of this author’s work lies in that he carries out a comparative analysis of diverse definitions, the only systematic one found in literature, an analysis that should be of help in the identification of a valid operative definition in the present research.

19. *FEURT*: The syncretic working definition adopted by the association Community Foundations of Canada (2000), in its report “Building the Worldwide Community Foundation Movement”, elaborated by Suzanne Feurt, an expert and at the time co-ordinator of Community Philanthropy Initiative of the European Foundation Centre (EFC), and based on former documentation used by CF associations, and results of

practitioners working seminars. This operative definition is composed of four elements: Value, Functions, Activities and Results. It was agreed by the participants in the seminars that, in spite of the difficulties to achieve a formal definition which might comprise all organisational variants that receive this name in many countries in the world, “*the elasticity an capacity to include diverse foundations is more important than a textual definition*” (Community Foundations of Canada, 2000). The same idea appears later in the Community Foundation Global Status Report of 2003 and 2005: “The flexibility of the concept makes it possible for every country and locally to model its own community foundation” (WINGS, 2003 and 2005)

20. WORLDWIDE INITIATIVES FOR GRANTMAKING SUPPORT (WINGS):

The definition included by WINGS in its glossary is:

“An independent, non-profit, philanthropic organization *working* in a specific geographic area which, over time, builds a collection of endowed funds from many donors in the community. It provides services to the community and its donors, makes grants, and undertakes community leadership and partnership activities to address a wide variety of needs in its service area. A community foundation is a vehicle for the local donors who wish to contribute their cash, trusts, bequests, or real property to create permanent endowments that will benefit the community in perpetuity. Using the investment earnings on each endowed fund, a community foundation makes and builds capacity within the community to address local needs and opportunities. Their task is to build substantial, permanent funds from which grants are made to local charitable and community organizations” (www WINGS, 2006).

21. *MALOMBE – COMMUNITY DEVELOPMENT FOUNDATIONS*: Joyce Malombe (2000) defines “Community Development Foundations” as a movement which is taking place in developing countries in transition to tackle problems of poverty and the lack of resources and capacity of civil society, creating foundations that have “characteristics similar to the community foundations movement in North America”, but with a unique character “in each country because they respond to the specific contexts in which they exist”. In all cases, the common factor is that they exist in order to collect funds that constitute an endowment with the aim to support civil society.

5. ANALYSIS OF THE DEFINITIONS

Continuing with the last argument employed, we might endorse the words of an expert: Shari Tirutz of Synergos Institute: “It is not realistic to assume these (many Cfs in the world) are going to end up looking like the Cleveland Foundation (...) In countries where there is no estate tax, no tradition of giving to endowments, and completely different philanthropic cultures and regulatory environments, it is simply not realistic to expect that the U.S. model can be transferred, unamended.” (Milner and Hartnell, 2006). No doubt we find ourselves working in an atmosphere of considerable uncertainty.

With the aim to achieve the identification of the best definition possible, and the intention to combine academic rigor with realism and flexibility, we propose to carry out an analysis of the definitions identified in literature, and stated above, which may permit us to take a non aleatory decision on the one which be the most appropriate, the one which could serve us as a conceptual mould for eventually studying cases which would constitute the subject of empiric research.

It is conspicuous that, with only one exception (Nadal, already mentioned), in literature we have not found

any author who carries out such a comparative analysis of existing definitions, but rather that the norm is either to opt for any one definition, often without even explaining why, or else to coin it directly, alleging in both cases and in general the disparity of existing criteria.

Given the scarcity of precedents, we shall use both, existing literature and logical criteria, which should allow us to advance in this chapter. For this an analytical-synthetic method will be used. “*Analytical judgement involves the decomposing of a phenomenon, as a whole, into its constitutive parts (...) that is to say, to analyse each part of the whole in its own identity*”; then, by means of synthetic judgement, “*one carries out the union of various of the partial cognitive elements of the contents in a totalitarian singularity of knowledge*” (Soldevilla, 1995). With this exercise we aim at isolating the constitutive parts from the definitions studied (analytical part), and, by means of a matrix, conceptually recompose these partial elements in a kind of ideal meta-definition (synthetic part), so that we might identify with precision which of all those definitions analysed is the most appropriate for our objectives.

Differing from Nadal, we believe that the part of synthesis should not lead us to elaborate a proper definition (as is done by this author), but rather a “matrix definition”, and also to identify, amongst those existing, the one “most complete and valid definition”, which, for us, will be the one that allows best to identify a CF in Spain, Portugal, Egypt, or in any other part of the world. It is important to remember at this point that surely the definition finally selected, even if it is the most appropriate, will never be “perfect”, it will not be of an exhaustive character, given that “CFs may show the majority, although it is not necessary for them to show all attributes that the definition comprises. CFs may emphasise one characteristic over another” (Sacks, 2000).

With this procedure, we hope to be fulfilling the conditions required for a correct analytic judgement (identifying individually the composing parts, elements or areas of the phenomenon of community foundations), and for the synthetic judgement, understood as “reflexive intuition”, that is to say, “*sustained in the imagination and memory of past knowledge or retained of the same order*” (Soldevilla, 1995). The comparative analysis and the fulfilment of these conditions for the definition finally adopted must be systematically verified, and for this we shall use the following measurement units:

A. The most complete definition: it will be evaluated, and it will then be signified whether it enjoys a primary or secondary element or character (X), whether this occurs partially (-) or whether it does not exist (0). In the case that a variant of an element appears that has not been included in the matrix but which, however, is qualitatively interesting, it will be mentioned especially (+). The definitions will be arranged in order in consequence of the analysis according to the number of primary elements and characteristics that are identified in the same, taking into account the presence of secondary elements only as an additional factor without any specific value, except in case of a draw.

B. The most valid definition. This consists of two parts: B. I. International: it is valid not only to define the CFs in one only country or a limited number of countries. This criterion has an absolute character and is valued logically.

B. II. Expert and Rigorous: it splits into - B. II a – expertise and descriptive and analytic consistency of the author of the definition - and B. II b – precision and comprehensive character of the definition itself. This criterion has a more relative and subjective character, but it ought to be complied with in the highest grade possible. A good way of introducing objectivity in this valuation will be to confirm the eventual use of the definition in question, in other papers of investigation, by other expert authors or relevant organisations.

B. III. Synthetic: this will help as far as possible towards a reconciliation of different doctrines on this question. This criterion is of a relative character and its fulfilment will be evaluated by using the comparative grille of the elements that compose the definitions found in literature. It will be understood that the definition complies with this condition if it includes half or more of constitutive elements.

COMPARATIVE MATRIX OF THE DEFINITIONS OF COMMUNITY FOUNDATIONS

| | 1. C O F | 2. C F C | 3. E F C | 4. C F N | 5. W I K I P E D I A | 6. H O Y T | 7. F I O R E | 8. S C H M I E D | 9. A G A R T e t a l. | 10. C E M E F I | 11. B Ü R G E R S T I F. | 12. W O R L D B A N K | 13. C M F | 14. P H I L I P P | 15. F E R N A N D E Z | 16. M O T | 17. C H A R I L O P E Z | 18. N A D A L | 19. F E U R T | 20. W I N G S | 21. M A L O M B E |
|---|-------------------|-------------------|-------------------|-------------------|---|------------------------|-----------------------------|---------------------------------------|--|-----------------------------------|--|--|--------------------|--|--|--------------------|---|------------------------------|------------------------------|------------------------------|--|
| <u>A.1: PRIMARY CHARACTERS OF THE DEFINITION</u> | | | | | | | | | | | | | | | | | | | | | |
| 1. Broad vision and mission | X | X+ | X | X | X | - | X | X+ | X | X | X+ | X | X | X | X | X | X | X | X+ | X | X+ |
| 2. Stable public endowment | X | - | X | X | X | X | X | X | X | X | X+ | X | X | X | X | X+ | X | - | X | X | X |
| 3. Geographic definition | X | O | X | O | X | X | - | X | X | X | X | X | X | X | X | X | X | X | X | X | O |
| 4. Support/Subsidize to NGO | X | - | X | X | X | O | - | - | X | X | X+ | X | X | X | O | X | X+ | X | X | X | X+ |
| 5. Independence | X | X | X | O | X | O | O | X | X | X | X | X | X | O | O | X | X | X | X | X | O |
| 6. Leadership and catalysis | X | X | X | O | O | O | O | X | O | X | X | O | X | X | O | X | X | X | X | X | O |
| 7. Representativeness of the governing body | X | O+ | X | O | X | O | O | O | X | - | X | X+ | X | X | X | X | X | X | O | X | O |
| 8. Service to donors | X | X | X | X | O | X | O | X | O | X | O | O | X | - | O | X | X | O | X | X | O |
| 9. Tax regulations | X | X | - | X | - | X | O | O | X | X | O | O | X | X | O | O | - | X | - | X | O |
| 10. Promote philanthropy, social capital and equity | O | X | X | - | X | O | O | X | O | X | X | X+ | - | O | - | X | - | - | - | - | - |
| 11. Render accounts publicly | X | O | O | O | O | O | O | X | O | O | X | X | X | X | O | X | X | O | O | X | O |
| 12. Solve community problems/needs | O | O | X | O | O | O | X | O | O | X | O | O+ | X | O | O | X | X | O | X | X | X |
| 13. Transparent proceedings | X | O | O | O | O | O | O | X | O | O | X | X | O | O | O | X | X | O | O | X | O |
| <u>A.2: SECONDARY CHARACTERS</u> | | | | | | | | | | | | | | | | | | | | | |
| 14. Improve quality of life | X | - | X | O | - | O | - | X | O | X | - | O | O | O | X | O | O | O+ | O | X | O |

| | | | | | | | | | | | | | | | | | | | | | |
|--|-------------------|--------------|-------------------|-------------------|---|------------------------|-----------------------------|---------------------------------------|--|-----------------------------------|--|--|--------------------|--|--|--------------------|---|------------------------------|------------------------------|------------------------------|--|
| 15. Long term solutions | X | O | - | O | O | O | O | O | X | O | O | O | X | O | O | O | O | O | O | X | |
| 16. Created by 1 or more | O | O | O | O | O | X | O | - | O | O | X | O | O | O | X | O | X | O | O | O | X |
| 17. Local knowledge | X | O | O | O | O | O | O | O | O | X | O | O | O | X | O | X | X | O | O | O | O |
| 18. Local character | O | O | O | O | O | O | O | O | O | O | O | O | O | O | O | - | X | O | O | X | X |
| <u>B. MORE SYNTHETIC DEFINITION</u> | | | | | | | | | | | | | | | | | | | | | |
| | 1. C O F | 2. C F | 3. E F C | 4. C F N | 5. W I K I P E D I A | 6. H O Y T | 7. F I O R E | 8. S C H E M E D | 9. A G E R I E T e t a l. | 10. C E M E F I | 11. B Ü R G E R S T I F. | 12. W O R L D B A N K | 13. C M F | 14. P H I L I P P | 15. F E R R A N D E Z | 16. M O T | 17. C H A R I L O P E Z | 18. N A D A L | 19. F E U R T | 20. W I N G S | 21. M A L O M B E |
| I. INTERNATIONAL | - | X | X | - | - | O | O | X | X | X | - | X | - | - | - | X | X | - | X | X | - |
| IIa. EXPERT AUTHOR | X | X | X | X | - | X | - | X | X | X | X | X | X | X | X | X | X | X | X | X | X |
| IIb. ACCURACY OF CONCEPTS | X | - | X | - | - | X | - | X | X | X | X | - | X | - | - | X | - | X | X | X | X |
| III. SYNTHETIC | X | O | X | O | O | O | O | X | O | X | X | X | X | X | O | X | X | O | O | X | O |

Figure 2: Comparative matrix of the definitions of community foundations. (Self-elaboration following various authors).

6. CONCLUSIONS: AN INTERNATIONAL OPERATIVE DEFINITION OF A COMMUNITY FOUNDATION, AND NEED OF FURTHER RESEARCH

Describing in a detailed way the features of the action of Community foundation, in relation to the dynamics of local innovation and development, can help both academy and practitioners to enlighten subtle connections and interactions which are normally hidden, and suggest key elements for new strategies that can improve efficiency and effectiveness in local development. The analysis of the quantitative results of the matrix that was just presented, searching for the most complete definition and the most valid among those definitions analysed, yields the following results:

1. We may consider that there exists a group of definitions more complete than the rest, consisting of those in which appear 10 or more of the 18 constitutive elements analysed. They are the following: Council of Foundations, European Foundation Centre, A. Schmied and Bertelsmann Foundation, Centro Mexicano para la filantropía, Bundesverband Deutscher Stiftungen, Council of Michigan Foundations, Mott Foundation, Charri and López, and WINGS.

2. Within this first group there are five definitions that besides fulfil the requirements we have been evaluating in order to consider them, furthermore, they are more valid than the others, in the triple sense of being more international, more exacting and more synthetic. In this way, we understand that these three conditions are fulfilled by those of European Foundation Center, A. Schmied and Bertelsmann Foundation, Centro Mexicano para la Filantropía, Mott Foundation, and WINGS.

The definitions of the Council of Foundations, Bundesverband Deutscher Stiftungen and the Council of Michigan Foundations do not seem to fulfil the condition of being international, considering that they are valid only to define CFs in a single country or a limited number of countries, but lack the universal character of the previous five.

The definition of Charri and López does not strictly comply, to our understanding, with the criterion of rigour demanded, given that, in spite of the descriptive and analytic consistency of the authors of the definition, the 24 distinctive characteristics stated in their article, although very useful and exhaustive, exceed the notion of what normally is understood as definition, suffering a lack of precision for the effect of this investigation.

3. From amongst the five that compose the final group of the most complete and most valid definitions (always in accordance with the criteria used for this classification), we have turned to the simple criterion of ordering them just as we had previously announced: according to their number of primary characters or elements that are identified in the same, taking into account the presence of secondary elements only as an additional factor without any specific value, except in case of a draw. The result is that the “winner” definition is the one of the network Worldwide Initiatives for Grantmaker Support (WINGS): it is the most synthetic (12 primary elements clearly included). This result is furthermore strengthened, because in contemporary literature, and seemingly proceeding from a non-exhaustive analysis, it is the most often cited among the five “finalist” definitions. So it may be said that WINGS' should constitute, logically and at the current moment of the question, the international definition of consensus on what is globally understood by community foundation. Considering the results of the matrix used, it might be suggested that in a future revision of this definition of WINGS, one might expressly add the element identified as nº 10, the only one missing: “Community or Civic Foundations promote philanthropy, equity (social justice) and the reinforcement of social capital”, in the way stated by Gemelli, (2006) Carson (2005) and Community Foundations of Canada – CFC (2004).

Consequently, we conclude that we arrived at a valid definition of FC because of the following reasons: primarily, on one side, the definition has been elaborated in this chapter following the decomposition of the several elements comprised in the definitions found in the literature, which we shall call “matrix definition”; on the other side, as a secondary resource for clarification, we also consider very valid the definition by WINGS, essentially very similar to our own matrix definition.

| <u>MATRIX DEFINITION OF COMMUNITY FOUNDATION</u> |
|---|
| “A foundation which has ... |
| 1. Broad vision and mission |
| 2. Stable public endowment |
| 3. Geographic definition |
| 4. Support / Subsidies to NGOs |
| 5. Independence |
| 6. Leadership and catalysis |

| |
|--|
| 7. Representativeness of the governing body |
| 8. Service to donors |
| 9. Tax-exception regulations accordance |
| 10. Promotion of philanthropy, social capital and equity |
| 11. Public rendering of accounts |
| 12. Vision of solving community problems / needs |
| 13. Transparent proceedings |

Our “matrix definition of a FC” could thus be formulated as: “An independent, tax-exempt institution dedicated to solve the needs and problems within a geographically defined community, which is endowed with a broad mission, stable and public patrimony, and a representative governing body. A community foundation supports NGOs, catalyses and leads local resources, and provides services to donors in its search of more philanthropy, social capital and equity throughout the community. It is subject to transparent and public account rendering”.

Using this definition as an operational one implies that it can be considered as an instrument used in order to decide about whether every empirically analyzed case of a local development institution matches, or not, the internationally recognized model of Community Foundation. This way, our operational matrix definition can in the first place serve as a guide for elaborating a questionnaire that will serve as the basis for realizing empirical studies, and analysing the information obtained in these occasions. Secondly, it can be used to test the coherence of the theoretical framework mentioned in paragraph 1 of this research. Thirdly, it can be employed as a hallmark (used in the way shown by the matrix that we have accomplished in this chapter, through its 13 elements or primary characters) to decide upon the membership or not of foundations to the general category of community foundations. Fourth, as we mentioned above, it can provide both members of academy and practitioners with a broader vision enabling them to enlighten subtle connections and interactions which are normally hidden, and suggest key elements for new strategies that can improve efficiency and effectiveness in local development.

As a final conclusion, the authors believe it seems clear that the actual scarcity of research regarding the close relation existing between Community institutions (specially Community foundations) and local innovation and local development processes, sets the ground for new opportunities of enlightening future empirical and theoretical research than could help practitioners and policy designers in optimizing their work as they serve local communities.

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