

# Local Philanthropy *and* Self-Reliance

February 2020

## ➤ Introduction

In April 2019, USAID Administrator Mark Green launched the Journey to Self-Reliance (J2SR) initiative, a new strategic approach to orienting USAID country partnerships that aims to end the need for foreign assistance.<sup>i</sup> Under this approach, self-reliance is defined as the ability of a country — including the government, civil society, and the private sector — to plan, finance, and implement solutions to its own development challenges. Financing Self-Reliance (FSR) holds that USAID partner countries' abilities to finance their own development journeys are necessary for self-reliance.<sup>ii</sup>

Civil society and citizens play a key role in FSR in areas for which partner country governments are responsible such as revenue policy and collection, expenditure planning and management, or the regulatory environment for private sector growth. In these cases, the role of civil society and citizens, broadly speaking, is to hold government to account in performing its functions effectively and transparently. Civil society and citizens also have important roles to play in FSR outside oversight of and advocacy related to government functions, and in particular, local philanthropy: civil society and citizens mobilizing assets toward their own development. This document will focus on the role of local philanthropy as a means to contribute to FSR. It will first unpack the concept of local philanthropy and its role in FSR, provide details on components of local philanthropy, then provide an overview of ways that USAID Missions can foster local philanthropy in their partner countries.

## 🕒 EVENTS ON INTEGRATING LOCAL PHILANTHROPY INTO THE J2SR

In April 2019, USAID's Democracy, Human Rights, and Governance (DRG) Center partnered with the Aga Khan Foundation (AKF) and FHI 360's Strengthening Civil Society Globally (SCS Global) team to host an event on "Integrating Local Philanthropy into the Journey to Self-Reliance." The event inspired development of this document to further guide work on local philanthropy and J2SR. Senior USAID leadership representing the DRG, Economic Growth, and Assistance and Acquisition sectors called on development policymakers and practitioners to work together to determine how citizens can be in charge of their own development through local philanthropy and other means. Christopher Maloney (Deputy Assistant Administrator, Bureau for Policy, Planning and Learning) spoke about the linkages between local philanthropy and USAID's J2SR framework and other Agency reforms. Global practitioners representing a range of institutions and USAID-funded initiatives presented or contributed to panels, breakout discussions, and a case study exercise. In February 2020, the DRG Center hosted a [webinar on self-reliance and local philanthropy](#) to further disseminate information on this topic to USAID staff and partners. For more information and materials from the event, contact the [DRG Center](#).

## ➤ Local philanthropy as FSR

As described under USAID’s FSR Framework, local philanthropy “permits local actors to mobilize assets—financial, human, or intellectual—towards their own development in a simple and transparent way. Efficient government revenue and local philanthropy systems enable accountability and local ownership of development.”<sup>iii</sup> Philanthropy can be defined in different, complex ways; today, it is commonly understood to be “voluntary giving by an individual or group to promote the common good.”<sup>iv</sup> Work to support local philanthropy should consider individual giving, corporate philanthropy, community philanthropy, and the enabling environment for philanthropy.

In the context of USAID’s J2SR and FSR frameworks, *local* philanthropy can be differentiated from *international* aid and philanthropy, in that giving flows from within a country, instead of from the outside in.<sup>v</sup> For purposes of building self-reliance, lessons about building assets, capacities, and trust central to the practice of community philanthropy are particularly instructive. How community philanthropy builds assets, capacities, and trust is described in more detail in the following section.

Although community *philanthropy* is often conflated with community *foundations*, in fact community philanthropy is a practice that is not limited to one specific organizational form.<sup>vi</sup> “Community philanthropy organizations” are those that orient

themselves towards building assets, capacities, *and* trust in order to shift decision-making power to the community by and for which various types of assets are mobilized, consciously aware of building collective power. A community foundation or fund may (or may not) take this orientation, as may other civil society organizations and community groups.

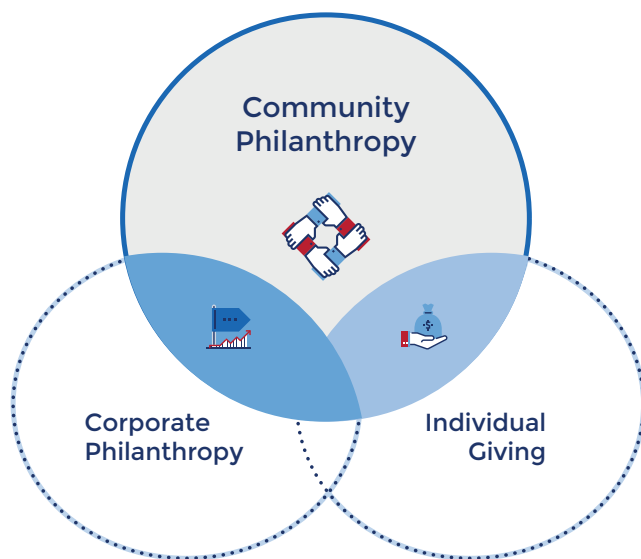
### 🔗 COMMUNITY FOUNDATIONS AND FUNDS<sup>vii</sup>

Community foundations and funds typically award small grants to local civil society and community-based organizations to implement community development and improvement projects. When awarded intentionally, such funds are powerful in building collective power and encouraging local community-based organizations and CSOs to be accountable to the community rather than to international donors. Examples of successful community funds and foundations in USAID partner countries include the [Kenya Community Development Foundation](#); in Nepal, the women’s fund [Tewa](#); and in Palestine, the [Dalia Association](#).

Corporate philanthropy by locally-controlled entities and individual giving are also important parts of local philanthropy. However, often they are structured as one-way charitable giving rather than used as part of a process of building collective power. Charitable giving that does not place decision-making control of the assets in the hands of the community that it is supposed to benefit fails to contribute to self-reliance in the long-term, keeping ownership of the development process in the hands of those individuals and corporations who have the most resources. As such, to strengthen self-reliance, corporate philanthropy and individual giving, including from a diaspora, should be viewed as assets to leverage and draw on as part of the process of building collective community power, rather than ends in of themselves.

Understanding and engaging with the enabling environment for philanthropy is also central to a Mission’s approach to strengthening local philanthropy. An enabling environment for philanthropy includes the presence of social-cultural, policy, and legal/regulatory frameworks for organized forms of giving. This may include social, cultural and religious norms and perceptions related to giving and

### COMMUNITY PHILANTHROPY AND OTHER FORMS OF LOCAL PHILANTHROPY





Credit: Aga Khan Foundation

The “Start A Library Campaign” by RAAW Trust Kenya received support from the USAID-funded Yetu Initiative. The campaign aims to create libraries in primary schools across Kenya, where only 2 percent of schools have libraries.

**CORPORATE AND SHARED VALUE PHILANTHROPY<sup>viii</sup>**

A corporate foundation is a private foundation that gives grants to local organizations or funds local initiatives with funding primarily from the profits of a business. Shared value philanthropy is a corporate giving strategy where businesses find intersections between social need and corporate opportunity and give grants or donations to civil society partners that both address the need and increase business opportunities. Corporate volunteerism efforts are part of shared value. A related concept is corporate social responsibility, a strategy for a company to be a good “corporate citizen” in how it operates its business as part of a community. A useful organization for Missions to be aware of is [United Way Worldwide](#), which fosters corporate philanthropy, particularly corporate volunteerism, with locally-registered chapters in more than 40 countries.

volunteerism; locally-appropriate giving practices; legal treatment of charitable entities, their registration, and regulation; and tax regimes to encourage philanthropy. It also includes the philanthropy support “ecosystem,” in particular, philanthropy support organizations that provide research, advocacy, advice, technical assistance, and networking functions for philanthropic efforts and organizations in a given country or region.<sup>ix</sup>

When considering whether or how to build local philanthropy assistance into USAID programming and efforts to promote partner country self-reliance, it is worth acknowledging that local philanthropy is unlikely to match development assistance dollar-for-dollar.<sup>x</sup> Rather, support for local philanthropy enhances individual and corporate citizens’ stake in their own development, the central goal of FSR. It also encourages civic participation and can change power dynamics between communities and the government whereby governments recognize the potential impact or power of citizens, contributing to a conducive enabling environment for countries’ and communities’ self-reliance.

At the same time, especially when non-financial assets are kept in mind as the FSR Framework suggests, local assets are more substantial than perhaps expected. Eight of the 20 most generous countries based on giving money to charity, volunteerism, and helping a stranger were USAID partner countries, according to a 2017 Gallup poll.<sup>xi</sup> For example, Indonesia was ranked the most generous country in the world, with 78 percent of people donating money and 53 percent volunteering time; in Haiti, 54 percent of respondents donated money and 31 percent volunteered time; and in Kenya, 46 percent of respondents donated money and 45 percent volunteered time. Moreover, the simple step of understanding and mapping local assets enhances local ownership. It also can help identify and enhance the value of local traditions of giving that are otherwise often overlooked in traditional development assistance.

## CIVIL SOCIETY SUSTAINABILITY

In many country contexts, civil society is heavily reliant on foreign funding. Diversifying sources of support, including drawing on local philanthropy, requires changes in how CSOs operate but tends to lead to better connections with local stakeholders and increased independence. USAID's LocalWorks program supported research and action learning on CSO sustainability through its [Facilitating Financial Sustainability](#) initiative, including strategies that funders use to successfully support financial sustainability. The DRG Center's [Civil Society Organization Sustainability Index](#) is also a useful source of relevant national and regional-level information.

"Community philanthropy organizations commonly identify three core pillars of their work:



**building assets,**



**strengthening the capacities and agency of communities,**



**and building trust.**

These three elements form **complex, nonlinear networks of feedback loops**: building assets mobilizes different kinds of capital (financial, social, reputational) within a particular community, which in turn can be used to leverage external resources that can also be invested in the community.

When local groups secure local contributions and other kinds of internal community support, the size or scale of the assets mobilized matters less than the **multiplier or system-level effect** that the cumulation of these multiple small interactions creates in building trust and modeling new behaviors. Increased trust creates further opportunities to build different forms of capital and to advance inclusive community-driven development and collective self-determination...When internal resources start to be understood as having importance equal to or greater than external ones, power over the allocation of resources and development decision making long held by donors and others outside of communities then starts to shift closer to the ground."<sup>xii</sup>

## Building Assets, Capacities, and Trust

The lessons from community philanthropy on assets, capacities, and trust are instructive for those designing and implementing international development programming intended to support local philanthropy with an aim to build self-reliance:

### COMMUNITY PHILANTHROPY FEEDBACK LOOPS



This is not to say that community philanthropy is interchangeable with local philanthropy. Rather, as described above, community philanthropy is one form of local philanthropy. However, in the context of FSR efforts, its approach to building community self-reliance should be at the heart of efforts to strengthen local philanthropy. Philanthropic initiatives that seek only to transfer assets can have detrimental impact on J2SR. Negative consequences can pertain to both the methods used to mobilize assets, as well as the activities supported by philanthropy, when they do not include representation from or meaningful consultation with affected groups on their needs from their own perspective. “Beneficiary” communities of charitable giving are often relegated to the role of passive recipients of others’ generosity, rather than active claimants of rights and agents for change. In addition, attempts to provide aid often fail to promote indigenous supply capacity, leaving communities

with one-time support that is unsuitable or impossible to maintain. A focus on the assets, capacities, and trust within communities ensures that efforts are done *with* rather than *for* the communities. This is often framed as “nothing about us without us,” a slogan that originally arose from the disability rights movement.

As the description of assets, capacities, and trust in the context of community philanthropy makes clear, non-financial assets, when mobilized, can reduce the need for strictly financial assets as well as aid in leveraging and utilizing existing financial means. Contributions of time, in-kind goods and services, and capital assets, such as building and land, can reduce an organization’s or community’s need for financial expenditures. Social and political capital are also invaluable assets for an organization or community in achieving its development objectives.

Also referenced in the description of assets, capacities, and trust is the need for specific types of capacities. Building capacities for organizations or community groups to engage in local philanthropy requires focusing on institutional and community capacities for collective action, rather than on successful delivery of a grant. Moreover, how capacity building takes place can be as important as the content.<sup>xiii</sup> In particular, approaches that support the development of stronger trust among stakeholders and in the organizations is critical for the mobilization of assets. When done well, capacity building for local philanthropy can have a profound impact on an organization, leading it to incorporate new orientations and practices into its ways of working long-term.

## PHILANTHROPY AND VULNERABLE GROUPS

Two groups for which traditional charitable giving has been particularly harmful are persons with disabilities and children in adversity. Philanthropic giving related to these groups has often reinforced stigma and pity related to them. Fundraising campaigns can be exploitative in their representation of vulnerable children and can promote services and support inconsistent with their actual needs and preferences. Attempts to provide persons with disabilities with much needed assistive devices have resulted in the supply of mobility aids, hearing aids, or other devices that are unsuitable, unrepairable, of poor quality, or even dangerous. Resources for children in adversity are often channeled towards maintaining or promoting residential care settings such as orphanages, children’s homes, and group homes, rather than supporting services and interventions that could support nurturing, loving, protective, and permanent family care, even when family members with the means to provide support exist. In addition to exploitative fundraising tactics, mobilization of volunteers can also leave children in the care of untrained or otherwise unsuitable volunteers, which can disrupt a child’s ability to form healthy attachments, undermine the relationship between child and caregiver, or leave children at further risk to violence, abuse, or exploitation.

## CIVIL SOCIETY TRUST AND ACCOUNTABILITY

In the context of local asset mobilization, legitimacy and trust are often viewed in terms of financial accountability and transparency in the use of resources; however, the concepts are much broader. The Carnegie Endowment for International Peace published a [series of essays](#) on this topic that outlines ways that civil society can convey and strengthen their legitimacy, including eight country case studies and one case study on feminist movements. Examples of specific tools include certification and accreditation, storytelling, dashboards, and constituent feedback. The use of virtual platforms requires appropriate ways of building trust; [GlobalGiving](#), the leading global not-for-profit crowdfunding platform for CSOs, provides tips and templates.

There are also specific approaches that organizations can use to demonstrate accountability and build trust with stakeholders; as with capacities, the methods for doing so need to be oriented to the local stakeholders as well as appropriate to the means of engagement. Trust grows further as stakeholders take more and more collective action together and as its impact becomes clear.

One final clarification regarding how building assets, capacities, and trust can empower communities regards power dynamics *within* a community. Members of excluded and marginalized groups within a geographical community (such as a village, town, or district) have relatively less access to assets and to decision-making mechanisms than members of more privileged groups. However, building assets, capacities, and trust within

### IDENTITY-BASED COMMUNITY PHILANTHROPY

Communities may also be defined by a common identity, with community philanthropy efforts focused on building assets and power for a specific excluded or marginalized group. [Women's funds](#) are a notable example of community philanthropy organizations that focus on building the assets and power of an identity-based community. There are also examples of community philanthropy efforts among historically oppressed groups, such as indigenous-led philanthropy or the [Dalit Foundation](#) focused on members of the lowest caste in India's traditional caste hierarchy. YouthBanks, discussed further down in the Annex, present an additional example of identity-based community philanthropy.

a community as a whole means working in a way that is empowering, inclusive, and rights-based — “nothing about us without us” — for all parts of the community. The work of community philanthropy organizations thus includes efforts to reduce inequities and include voices from throughout the community, not just those who already have power and control over available assets.

## ➤ How can USAID support local philanthropy?

USAID is well positioned to assist partner countries in FSR through investments that promote and enable local and community philanthropy. This can be accomplished through stand-alone assistance programs or by incorporating related activities into relevant programs. While many existing examples of work with local philanthropy are from the DRG sector, the approaches are relevant to initiatives in any sector that engages with or works through civil society and citizens' groups. In addition, regardless of the contexts highlighted through examples in this guide, work to support local philanthropy can be carried out in politically restricted environments; in fact, many observers believe that it is an invaluable way to protect civic space.<sup>xiv</sup> Bolded throughout this section are approaches to support and strengthen local philanthropy for J2SR. Collectively, these approaches take into account all aspects of assistance programs related to local philanthropy by supporting the maturation of community philanthropy as well as improvements in the enabling environment for philanthropy, including for corporate and individual giving.<sup>xv</sup>

### Direct actions that USAID Missions can take

USAID is itself a part of the philanthropy ecosystem by seeking to strengthen local philanthropy. Missions can take direct actions to **convene stakeholders, advocate at the policy level, and share expertise, networks, business contacts, and global experience with local actors**. One way to do this is through existing donor coordination groups. Missions can also **build support for local philanthropy into their FSR and Country Development Cooperation Strategy (CDCS) frameworks**; several Missions have started to do so. In all cases, Missions should **bear in mind rights-based and inclusive approaches to development** such that the voices of traditionally excluded and marginalized groups in the partner country influence the work overall and work is done that specifically aims to empower these groups.

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*In the [Macedonia Civic Engagement Project](#), USAID arranged “strategic match-making sessions” between CSOs and companies/businesses associations that secured private sector support for the CSO participants and helped CSOs communicate with the private sector. For more information contact USAID’s [North Macedonia Mission](#).*

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## 🔗 “10 TIPS” FOR BILATERAL DONORS TO SUPPORT COMMUNITY PHILANTHROPY

USAID staff contributed the following tips to the 2018 guide on donors supporting community philanthropy, noting that “bilateral and multilateral organizations operate within a unique set of constraints and opportunities when it comes to cultivating grassroots development and power sharing.”<sup>xvi</sup>

Within grant design:

- i. Create space for community control in how grant partners are given funds.
- ii. Ask grant partners early on to plan for how they will use, and exit from, the funding relationships (to orient the investment towards what is built throughout the relationships, not just what is bought by the big donor).
- iii. Develop a shared understanding with grant partners of the ecosystem (its collective assets, diffuse capacities, state of trust between actors) and how your efforts working with them are expected to change that.
- iv. When you can (and maybe more than once), clarify the boundaries of the funding relationship (especially anticipated endings), so that grant partners don't feel strung along.
- v. Issue a statement of donor values—in calls for proposals and grant awards—that reflect community philanthropy principles and their alignment with your institution's mission.

Within project design and language used:

- vi. Spend time linking grantees with local businesses and other CSOs—particularly those addressing issues in the community (not necessarily on the same topics).
- vii. Invite perspectives and diversity not biased by funding—set up advisory boards of community stakeholders who are not affected by the funding flows to provide input.
- viii. Reserve some support to be responsive to grantee discoveries of the what the community needs
- ix. Consistently situate the expected impact of the effort as beyond the scope of the grant and grounded in what is beneficial to the community.
- x. Help grantees ground program objectives in achievable community impacts with funds given.

## Partnership approaches

In forming partnerships, Missions can **invest in philanthropy support organizations and networks** that do this work in a locally-rooted and responsive way. They can also **support community funds/foundations**. Working with existing funds/foundations, when possible, allows the funds/foundations to identify their own capacity needs and enabling environment work that should take place. In country contexts where effective community foundations are lacking, Missions can **explore sustainable ways to support the establishment of funds/foundations**. For example, Missions can encourage corporate, individual, or local private foundation seed money for the establishment of community funds (for instance in connection with private sector development work that USAID is supporting) or leverage co-financing so that implementing partners without the same restrictions as USAID commit funding to permanent assets and endowments.<sup>xvii</sup> While Missions are typically unable to provide core operating support to partners, which is otherwise a good practice for donors hoping to foster local philanthropy, Missions can encourage local grantees to **use the 10% de minimis Negotiated Indirect Cost Rate Agreement (NICRA)** allowed under the ADS since 2016.<sup>xviii</sup>

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*In Bosnia and Herzegovina's PRO-Future program, between 2014-2017, USAID provided grant support for a YouthBank model implemented by the community-level Mozaik Foundation. For more information contact USAID's [BiH Mission](#).*

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Missions should be prepared to **encourage partners to engage in experimentation and trust-building with communities and stakeholders**, as this is essential to supporting local philanthropy. This will require that Missions **offer flexibility to partners throughout the program cycle**. Work underway on USAID's [Agency Acquisition Strategy](#) as part of the pivot to J2SR is supportive of this.

## 🔗 RESOURCES FOR IDENTIFYING LOCAL PARTNERS

The [Worldwide Initiatives for Grantmaker Support \(WINGS\)](#) network, with 130 members in 45 countries, is a starting place to identify existing philanthropy support organizations in a partner country or region. Another useful resource is the [Community Foundations Atlas](#), even as it is being updated to reflect other types of community philanthropy organizations.

When forming partnerships in efforts that support local philanthropy, Missions are advised to **use grant funding strategically**. Using traditional grants in programs aiming to support local philanthropy has proven to be counterproductive and inefficient towards achieving that objective. Instead, USAID programs can build in matching funds and challenge grants that incentivize and reward local organizations' and communities' asset mobilization efforts as well as individual or corporate donors. Programs have also found value in holding aside a pool of funding that can be used to make small grants in response to emerging needs and priorities across participating organizations or within the philanthropy support ecosystem.

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*The [Global Fund for Community Foundations \(GFCF\)](#) provides small grants aimed at the development of community philanthropy organizations and at connecting them to the global community philanthropy movement. The GFCF was also secretariat for the Global Alliance for Community Philanthropy, of which USAID was a member; for more information, contact USAID's [DRG Center](#).*

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### Enabling environment programming

There are also programmatic approaches to strengthening the enabling environment for local philanthropy. Missions should **support research and learning on local giving**, particularly when an existing evidence base is lacking, and **support policy and governance interventions that encourage philanthropy**. This may include tax incentives for giving, tax exemptions for civil society groups, supporting corporate philanthropy, or encouraging engagement between local government entities and CSOs. Furthermore, Missions can **support initiatives**

that foster a local culture of philanthropy. Examples of such initiatives are movements that build contemporary cultures of giving such as Giving Tuesday, currently taking place in more than 150 countries; matching programs for corporate employee giving and corporate volunteerism; youth service learning and philanthropy; platforms that provide data on local philanthropy and its impact to demonstrate its local relevance; and efforts related to religious traditions of giving.

## 🔗 SUPPORTING RESEARCH, LEARNING, AND POLICIES FOR LOCAL PHILANTHROPY

Charities Aid Foundation publishes a [World Giving Index](#) on an annual basis, covering 146 countries. The Lilly School of Philanthropy at Indiana University publishes an annual [Global Philanthropy Environment Index](#). The International Center for Not-For-Profit Law has a series of [philanthropy law reports](#) useful to enabling environment discussions. The [Alliance magazine](#) contains useful analysis, interviews, updates, and conference calendars for those working on strengthening philanthropy and social investment worldwide. [Candid](#) (formerly the Foundation Center) conducts data collection relevant to local and community philanthropy and shares useful publications online.

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*[Framework for Giving Serbia](#) focuses on deepening cross-sector partnerships, improving the legal and policy framework to make giving easier and more transparent, and increasing public awareness of and engagement in philanthropy in Serbia, where low levels of trust in the NGO sector coupled with declining rates of foreign investment have limited civil society. For more information, contact USAID's [Serbia Mission](#) or [Local Works Program](#).*

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*The [Moldova Partnerships for Sustainable Civil Society](#) successfully supported the implementation of a “2 Percent Law” that allows Moldovan citizens to designate 2 percent of their income tax to CSOs and religious organizations. For more information, contact USAID’s [Moldova Mission](#).*

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Finally, to further strengthen the enabling environment, Missions may **encourage innovations in asset mobilization**. CSOs and other groups increasingly use tools to identify, target, and match potential providers and users of assets and services. This includes the use of virtual platforms, such as service marketplaces and sharing economy platforms; technological enablers, such as circumvention technologies, credit card penetration, cryptocurrencies, online/mobile giving payment systems; and the use of social media to foster philanthropy (such as Giving Tuesday, which is driven by social media though the giving itself can occur offline).

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*[Innovation for Change \(I4C\)](#), also referred to as the [Civil Society Innovation Initiative](#), supported the development of civil society regional innovation hubs that developed sharing economy platforms for Latin America and MENA in which CSOs could exchange expert services in-kind and the use of digital money to support activists and civil society in MENA. The intensive co-creation process used by the program that led to the self-governed hub structure was itself an example of building self-reliance. For more information, contact USAID’s [DRG Center](#). USAID’s [Global Development Lab](#) and [Chevron](#) formed a [GDA](#) implemented by [Charities Aid Foundation \(CAF\) America](#) to introduce an [online portal](#) to facilitate diaspora giving focused on Northern Bangladesh. For more information contact USAID’s [Global Development Lab](#).*

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## Supporting maturation of community philanthropy organizations

One approach to supporting the maturation of local community philanthropy organizations is for Missions to **incorporate into programs community savings and loan groups that take an empowerment approach**. A community savings and loan group typically includes people collectively saving money together and taking small loans from those savings. After a pre-agreed period, the accumulated savings and loan profits are distributed back to members or — if the goal is to build local philanthropy — all or a portion of the returns are allocated for community initiatives. When accompanied by capacity building and meaningful facilitation aimed at bringing excluded groups into the process, the practice of collectively pooling and making decisions on assets builds skills for collective action as well as true ownership of the development activities that result. Control of assets and operating as a group that controls assets builds power and voice for group members and their community.

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*[Shae Thot](#) responded to rapid democratic reform in [Burma/Myanmar](#) by integrating governance aspects into its community-driven development approach, including governance of community resources, by introducing and strengthening councils with responsibilities to manage community resources and by creating community-led revolving funds. For more information, contact USAID’s [Burma Mission](#).*

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Another way Missions can support the maturation of community philanthropy organizations is to build CSO capacities to engage in local philanthropy. Requiring that the organizations contribute cost share to participate in an USAID initiative or reducing existing grant support as an incentive to fundraise locally does not meaningfully advance local or community philanthropy; organizations that participate will already have the means or connections to “buy in”. Rather, referring to the concepts of assets, capacities, and trust as applied within community philanthropy, Missions can help **build capacities for collective action**. Stakeholders should identify the specific capacities, but they may include local resource mobilization; addressing community power dynamics within their community; community engagement and communication; stakeholder mapping; private sector and government engagement; and storytelling and use of social media. Also referring back to

assets, capacities, and trust, Missions should **emphasize a broad definition of assets**; there are successful examples of local asset mobilization based entirely on in-kind giving such as work the Aga Khan Foundation did to support community development councils in Afghanistan to pool foodstuffs for ultra-poor community members. Missions can also work to **ensure understanding of CSOs' responsibility to address and mitigate power dynamics and inequities** within their communities. This includes specific asset mobilization campaign tactics, such that they do not reinforce social stigma or stereotypes of vulnerable groups and are evidence-based and informed by good practice.

Missions should **emphasize existing local assets, knowledge, and expertise in the process of capacity building**. For example, peer learning and network dialogue are important parts of how the USAID-AKF Yetu Initiative and donors such as GFCF, IAF, and the Ford Foundation identify capacity building needs and support capacity building for community philanthropy. These approaches build social capital at the same time as identifying needs and building skills. Using local resource people for training, coaching, and facilitation is another way to ensure that local knowledge and expertise is incorporated into delivery.

Even when intensive capacity building is required, Missions can **find cost effective approaches**. Initial data from the Yetu Initiative suggests that the community campaigns of CSOs that had access to online group training sessions and self-paced applied practice exercises were as successful as those with access to significantly more expensive in-person workshops.<sup>xix</sup> Both approaches were more cost effective than one-on-one technical assistance and coaching. At the same time, to ensure remote groups have access to training, it is important to **find locally appropriate ways to reach people** who do not have reliable internet access; the Yetu Initiative used downloadable video content, coaches who could be reached by phone, and facilitated regional workshops and drop-in sessions.

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*[The Yetu Initiative in Kenya includes many of the approaches described in this section including research, technology and policy enabling environment interventions, and CSO capacity development. It is the first example of USAID explicitly applying the community philanthropy building blocks of assets, capacities, and trust to its programs. For more information contact USAID's Kenya Mission.](#)*

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## Monitoring and evaluation

Finally, for Missions to support local philanthropy for FSR, they will need to **tailor monitoring, evaluation, and learning (MEL) appropriately**. Local philanthropy efforts will require being realistic about what level of change is possible within a program timeframe. The organizational and ecosystem change work necessary to deeply foster local philanthropy in the partner country is likely to be a long-term and complex effort. The efforts will also require using non-financial metrics that consider other types of (non-financial) assets, organizational and system capacities, and trust.

The Yetu Initiative demonstrated that when quantitative measures are included, metrics like the reach of messaging and number of contributions are a better gauge of success than the dollar amount raised through a community campaign.<sup>xx</sup> Putting a value on the contributions of non-financial assets is also critical. USAID standards for valuing in-kind cost share under 2 CFR 200.306 (for US-based organizations)<sup>xxi</sup> and standard provisions for non-US nongovernmental organizations<sup>xxii</sup> provide standards for how to do this with volunteer time, in-kind goods and services, and capital assets.

Examples of measuring capacities, trust, and social and political capital include the GFCF and WINGS models. GFCF uses social capital indicators to measure grantees' impact at the community level, at the national and regional level, and at the global level such as building trust in the community, strengthening community groups, strengthening racial equality, strengthening marginalized groups, advocacy and participation of local people with authorities, bridging relations between different communities, and spreading skills and knowledge among community foundations.<sup>xxiii</sup> The WINGS/DAFNE 4Cs framework for evaluating philanthropy support organizations emphasizes measures of capability (e.g., existence of a code of good practice for foundations, number of publications of practical reviews of philanthropic practice, number of foundations with human resources policies to build staff skills), connections (e.g., number of convenings by philanthropy support organizations, number of partnerships among foundations and other types of organizations, existence of an organized philanthropic lobby), and credibility (e.g., proportion of the population recognizing the value of philanthropy, references in philanthropy in parliamentary business, extent of public engagement in the affairs of philanthropy) within the philanthropy ecosystem, while also including some measures of the financial value of philanthropic flows.<sup>xxiv</sup>

## ➤ Resources

- i. USAID, "[The Journey to Self-Reliance](#)," 2019.
- ii. USAID, "[Financing Self-Reliance](#)," 2019.
- iii. This is not to discount the role of international/cross-border philanthropy in the context of development and the J2SR; it also has a critical role but one that is very different from the role that local philanthropy can have.
- iv. Council on Foundations, "[Glossary of Philanthropic Terms](#)," n.d.
- v. This also includes contributions from a country's diaspora and other migrants such as seasonal workers. While such individuals are physically outside the borders of the country in question, they are important resources for a country's development. A case in point is the importance of remittance income for many countries' economies, ahead of development assistance and foreign direct investments (OECD, "[Non-ODA flows to development countries: Remittances](#)," n.d.)
- vi. Kilmurray, Avila, "[Community Philanthropy – Context, Concepts, and Challenges: A Literature Review](#)," 2016; Doan, Dana R.H. "[What is community philanthropy: A guide to understanding and applying community philanthropy](#)," 2019. There are historical reasons for why this is, particularly in North America and Europe. More recently, broader understandings of community philanthropy respond in part to how philanthropy is practiced in other cultural and country contexts.
- vii. Hodgson, Jenny, "[Community philanthropy: A brave new model for development funding?](#)," *The Guardian*, November 29, 2016.
- viii. Porter, Michael E. and Mark R. Kramer, "[Creating Shared Value](#)," *Harvard Business Review*, January-February 2011.
- ix. [Worldwide Initiative for Grantmaker Support](#) (WINGS) publications contain useful background and advice for funders writ large on supporting the philanthropy ecosystem and enabling environment: see WINGS, "[Infrastructure in Focus: A New Global Picture of Organizations Serving Philanthropy](#)," 2017; WINGS, "[Unlocking Philanthropy's Potential: What Funders Can Do To Build Strong Philanthropy Support Ecosystems](#)," 2018; and Milner, Andrew [The Global Landscape of Philanthropy](#), 2018.
- x. Not even large international philanthropy can match official development assistance; according to data released by the OECD in 2018, international philanthropic flows represented only 5% of overseas development assistance funding between 2013-2015. See OECD, "[Private Philanthropy for Development](#)," (OECD Publishing series The Development Dimension, March 2018).
- xi. Charities Aid Foundation, "[World Giving Index 2018](#)," (London: Charities Aid Foundation, October 2018).
- xii. Hodgson, Jenny and Anna Pond, "[How Community Philanthropy Shifts Power: What Donors Can Do To Make That Happen](#)," (Candid *GrantCraft Guides*, April 2018), 11.
- xiii. *Ibid*, 14-15.
- xiv. See e.g., Carothers, Thomas, "[The Closing Space Challenge: How Are Funders Responding?](#)," (Carnegie Endowment for International Peace, November 2015). Strengthening local philanthropy is a stated strategy of the [Funders' Initiative for Civil Society](#), which is focused on protecting civic space, and the role of community philanthropy in protecting civic space is a frequent position of the Global Fund for Community Foundations (see e.g. Hodgson, Jenny, "[Local funding is not just an option anymore—it's an imperative](#)," OpenGlobalRights - OpenPage, May 10, 2016). In addition, I4C, a program example cited in the text, is pushing back against closing space through the lens of innovative financing models for CSOs.
- xv. This list was developed in response to recommendations in Hodgson, Jenny and Anna Pond, "[How Community Philanthropy Shifts Power: What Donors Can Do To Make That Happen](#)," (Candid *GrantCraft Guides*, April 2018) and WINGS, "[Unlocking Philanthropy's Potential: What Funders Can Do To Build Strong Philanthropy Support Ecosystems](#)," 2018. Existing examples of USAID and other donor agencies engaging with local philanthropy were also considered.
- xvi. Hodgson, Jenny and Anna Pond, "[How Community Philanthropy Shifts Power: What Donors Can Do To Make That Happen](#)," (Candid *GrantCraft Guides*, April 2018), 29.
- xvii. Recommendations for how donors can support organizations to engage in local philanthropy include support for endowments and trusts. An endowment is a donation of money or property to a non-profit

organization, which uses the resulting investment income for a specific purpose. The means and legal forms vary but objectives often include the intention to initiate or sustain a project or activity, sustain an institution, build or develop a sector, or broaden the funding base of an institution. This may be done through public or private investments. A charitable trust is an irrevocable trust established for charitable purposes and, in some jurisdictions, a more specific term than “charitable organization.” A charitable trust enjoys a varying degree of tax benefits in most countries. These are valuable for CSOs because the unrestricted funding allows for flexibility and responsiveness in their work in communities as well as provides them leverage for mobilizing other assets. While there are examples of USAID creating regional trusts in the past (e.g. [Black Sea Trust](#), [Balkan Trust for Democracy](#)), they have become extremely difficult to establish due to the need for Congressional approval. It is possible for cost share funds to be used in this way dependent on AO/CO interpretation of investment guidelines.

- xviii. USAID, “[An Indirect Cost Rate Guide for Non-Profit Organizations: Cost Principles and Procedures Required by 2 CFR 200](#),” 2016.
- xix. Both types of cohorts had access to local coaches and to peer learning groups.
- xx. Panjwani, Samir, Susan Wilkinson, Patrick Ochieng and Marcy Kelley, “[Yetu Initiative Mid-Term Performance Evaluation Final Report](#),” (program evaluation, Social Impact for USAID/KEA, May 2019).
- xxi. Government Publishing Office, Office of Management and Budget Guidance, “[Code of Federal Regulations Part 200](#),” 2014.
- xxii. USAID, “[Standard Provisions for Non-U.S. Nongovernmental Organizations: A Mandatory Reference for ADS Chapter 303](#),” May 2019.
- xxiii. Hodgson, Jenny and Anna Pond, “[How Community Philanthropy Shifts Power: What Donors Can Do To Make That Happen](#),” (Candid *GrantCraft Guides*, April 2018), 16; Hodgson, Jenny and Barry Knight, “[More than the Poor Cousin: The Emergence of Community Foundations as a New Development Paradigm](#),” 2010, 7.
- xxiv. WINGS, “[Using the 4Cs: Evaluating Professional Support to Philanthropy](#),” 2017.