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CLIMATE CZECH



*Reflections on the study tour to community
foundations in Czech Republic*

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“There is no sense in fighting community issues. The only way to address them is to change the climate in the community”

Martin Hausenblas

Businessman, a donor to the Usti Community Foundation

INTRODUCTION

The study tour to Czech community foundations was the second (the previous took place in Bulgaria) in the series of international peer- and expert-exchanges that are planned within the Mott Foundation-funded program of establishing a CF learning community in CEE countries. The group comprising 10 representatives from Czech Republic, Slovakia, Romania, Bulgaria, Ukraine and Russia visited three Czech Cfs in various parts of the country. The presence of experts and practitioners on community philanthropy and a professional researcher preconditioned the level of the conversation and the depth of discussion topics within the group. A special credit should be given to the organizers of the trip (and personally to Tomas Krejci, the leader of the Usti CF and the Association of Czech CFs) who planned it in such a way that we could see both longstanding and emerging CF initiatives in the country and have a chance to compare them and extrapolate the reflections to a larger community philanthropy field. At the beginning the group was taken to the height of a well-run expanding business of the Usti CF and even higher to the rocky top of philosophical overview of philanthropy provided to us by a young successful businessman – a donor to Usti CF – Martin Hausenblas, who shared with us his concept of *changing climate* as a way to address community issues (this idea inspired the title of this paper and will be further explored in the text). Then we dove to the level of emerging initiatives at South Moravia and the city of Vyskov and went up again for group reflections in Prague. As a result of this “intellectual roller-coaster” the group came to a number of insights that will definitely enhance the international community philanthropy discourse.

This paper is not an attempt to make an academic research, nor it is an informational trip report. The aim of this document is rather to provide personal reflections on the tour experience and to debate on the insights on community philanthropy aspects that emerged during the trip.

CLIMATE CHECK

The tour took us to three areas served by community foundations of Usti, South Moravia, and the Three Gates Community Foundation. The four days that we spent travelling and communicating with communities and between ourselves were not enough to draw a full picture of the visited organizations in their nuances and internal dynamics, but the trip allowed to get a sense of community life and the community foundations' operational styles.

USTI COMMUNITY FOUNDATION – A WELL-RUN BUSINESS

The Usti CF has a distinctive history of a pioneer of institutional community philanthropy in Czech Republic, which together with Banska Bystrica CF in Slovakia and Togliatti CF in Russia, became the first community foundations in CEE that not just declared the desire to follow the CF concept but built truly functioning sustainable community philanthropy models. The distinction of pioneers is that along with related difficulties of first-comers they also enjoyed high public attention and external support that helped them break many walls, set up the management systems, accumulate funds and open the road for others. Until now these CFs serve as a showcase of a well-run community foundation, and they are far ahead of their peers both financially and operationally. They also lead the emerging CF networks in respective countries.

During the trip to Usti-nad-Labem our primary interest was to observe how a pioneered idea turned into a well-run business, and the hosts gave us this chance by organizing meetings with staff, donors, grantees and other stakeholders.

THE POTENTIAL DIFFERENCE

After being for the second time in the area and having deeper acquaintance with Usti region I thought that I could draw a number of common parallels between the Togliatti and Usti CFs – and not only CFs but also their communities:

- Both are industrial cities with functioning but degrading core enterprises (automobile in Togliatti and chemical in Usti);
- Local population is up to 90% migrated from other areas;
- There is no clear local identity as people have no strong family or ethnic roots. In Usti the absence of roots has rather bitter origin related to the after-WWII oppression of the German population.

The combination of mentality and cultural variety, economic potency along with instability, provincial outlook with large industry, and psychological background strongly affected by the recent history create a very specific *climate* of the community, which by most citizens is perceived as “it’s ugly, but it allows me to live and I like it”. Such “cocktail” does not ensure life full of comfort and ease, but it creates the needed potential difference generating the electric current of development – when people who don’t have roots and don’t like the outlook of the city strive to make it a better place to live (or at least to make it look a little nicer). Togliatti is

believed to be the most aggressive and entrepreneurial city in Russia, and a similar judgment can be done about Usti. The perceived nature of the cities can be described as “male”, which values individual accomplishments and effectiveness as opposed to emotions and collective action. At the same time in such communities the sense of romanticism may stay over pragmatism aimed at survival and protection and they search for warmth and care of a “mother”, which to some extent are provided by philanthropy and nonprofit activities contributing to filling the emotional gap and helping unleash human potential of the cities.

THE SUCCESS STORY

Usti CF was established in 1996 based on an issue-focused initiative. It was very interesting to hear the story of the challenge thrown by Peter Hero (then the President of the Silicon Valley CF, USA) in response to the claim that “philanthropy won’t work in the conditions of Czech Republic”. The dollar donated by Mr. Hero to show that there is no such thing as “nobody gives” is currently kept by the foundation in a frame as an illustration of how a big endeavor starts with a small seed.

This *external push* and a friendly challenge in combination with access to support infrastructure provided by the C.S.Mott Foundation created favorable conditions for the emergence of the CF and may be considered as the **first pillar** of success of the Usti CF.

The **second pillar** was a *personal strong commitment* of Tomas Krejci to the *CF way*. At the initial stage following the key CF features and characteristics required “to forget” the issue that his original organization cared about, as well as to develop new messages addressing donors and the community at large. Being among the first CFs in Europe the Usti CF had not only to build its own institutional base but also, in collaboration with a handful of other national philanthropic institutions, to seed the whole notion of strategic philanthropy; hence the commitment (heated up by external support) to push through the CF concept and philanthropy in general, which was not known and even welcomed in post-communist Europe, brought Usti CF to the top league of institutional philanthropy inside and outside of the Czech Republic, and made Tomas an international philanthropy leader.

It is important to stress that it was not the CF tools that turned out to be the magic bullet but the individual belief and confidence in effectiveness of these tools made them actually work.

It must be also noted that the strong focus on organizational building has a flip side, especially in the countries with emerging philanthropy, because the tools that have been brought directly from another culture only worked for a few very specific target audiences (while at the beginning it was believed that they should work for everyone). In the context of CEE and Russia the only donors that understood the concepts of grant making and donor-advised funds were large corporations and partly the government. In a way the introduction of the CF concept *required customizing the target group to fit the tools as opposed to customizing tools to the target group*. It is not a viable construction in business terms, but being backed by international funding and – specifically in the case of Usti CF by the government’s endowment grants – this worked and created the environment for others to come. The problem is that others cannot

take the tools that so far have worked in rather specific and unique environment, while they certainly could take the spirit and the attitude and design their own approaches. The Usti CF also faced the limitations of the “generic” CF tools when after nearly a decade of existence it started reaching out to new client segments (like individual donors) it had to redesign its program structure and to come up with new messages.

In any case, even though primary focus on mechanisms as opposed to clients is the long way to viability and it took about 10 years, going through this process has created an exceptional organizational stamina of the Usti CF and helped develop its *business model* and corresponding operational structure that altogether can be called as **the third pillar** of its success.

The business model incorporates tools for connections, engagement and cashflow, as well as the organizational structure and the team. It is well-known that CFs “build their business” on trust, but trust is a dynamic function as at some point it may depend on personal relations between a leader and partners, but with organization’s maturity the variables that come to the top of the clients’ expectation list are *organizational efficiency* and *programmatically effectiveness*. In order to be trustworthy a CF should constantly demonstrate positive dynamic and be able to produce the knowledge of the outcomes it produces.

A personal trust eventually transforms into the trust to the organization replacing personal relations with working systems.

However, it is important to understand that the trust is not the only – although very important – basis for success. *The business that is based only on trust is a financial pyramid – while the real business has substance.* In the case of CFs such substance can be formulated as *the vision for change in community* and the role of the CF team is to build on this vision a business-model. When this happens the **trust turns into confidence**.

Usti CF has developed a number of flexible grantmaking mechanisms that includes 7 open grant rounds and 23 designated, donor-advised and field-of-interest funds. It also runs PR and fundraising community events that constantly increase the CFs’ donor base. Besides the work in community the Usti CF also leads the national Czech CF association.

In order to manage all this variety of activity the CF has four-people staff and the five-people Board. This number of staff would probably be enough in case of technical grantmaking for large corporate donors but when it comes to individual relationships this capacity seems too overstretched. Clearly the CF faces a serious business dilemma – to grow extensively or to optimize the structure.

THE SNOWBALL EFFECT

We did not have a chance to meet with Usti CF’s Board but the conversation with the team represented by Kateřina Valešová, PR Manager, and Petr Veselý, Grant Manager, allowed us to judge about the issues that the CF is currently facing and what changes it is currently going through.

We were impressed of how the two managers complemented to each other and to the organization in general and how clear they were about their areas of responsibilities. Obviously the team (including the director) has mutual trust and confidence that the job if assigned will be done. Furthermore, the job doesn't have to be assigned – the staff members knew what to do in most of the situations and were able to take own decisions.

According to the CF managers the foundation is facing an important strategic challenge – after a number of charitable dinners held by the foundation the “ice” in relationships with individuals has been broken and the CF has experienced an exponential growth in the interest towards private philanthropy. Kateřina Valešová called the new situation as the “snow-ball effect”. It is really a great breakthrough in the foundation's outreach but the partnerships with individual donors brings a challenge of the need for more customization for less money (as compared to corporations).

The foundation team realizes that neither it has an adequate variety of vehicles to encompass all donors' “great ideas” nor there is enough organizational capacity to design and serve the increasing number of donors, and if the CF does not find the right management setup for addressing the issue the “snowball” may run down its reputation. Clearly the CF needs a new strategy and the team identified three directions that the CF might follow in the future: (1) Restructuring the grantmaking vehicles; (2) Establishing Board Committees; (3) Assessing community needs.

Let's look at these directions in more detail.

1. **Restructuring the grantmaking vehicles.** The team of four people cannot manage 7 open competitions and 23 other funds effectively. One of the solutions could be reducing the number of open competitions to two rounds where one could combine, for example, all scholarships and therefore be held at the beginning of the school year, and the other – all thematic projects. Other funds with specific focus could be managed through the format of “projects by invitation” which does not require labor-consuming open grantmaking procedures. Decisions on some smaller grant distributions might be done through simplified procedures carried out by the staff of the foundation/
2. **Establishing Board Committees.** The foundation needs more support and advice, hence establishing committees will create channels for attracting volunteer partners who can add their time and other resources to the foundation. These could be structured as groups of interest (e.g. based on some specific topic, like “rural development” or “children”), or functional groups – e.g. on fundraising, grantmaking, etc. The main value of these groups is in tapping on extra intellectual resources and in having mobile decision-making and advisory bodies that can be convened whenever a need arises.
3. **Assessing community needs.** The real need for self-evaluation and needs assessment arises at a point when in order for the foundation to go forward it needs extra knowledge in the areas beyond its staff competence. In the case of a community foundation, however, it is hard to identify what kind of information is needed because a

CF is not focused on a single issue and attempting to assess all community problems might turn into a too resource consuming process. There is an ongoing conversation about the value of the Canadian “Vital Signs” approach, which tries to draw a picture of a community based on the available researches and statistics, but the problem with applying of this approach in emerging democracies is that there are not as many available researches as there are in Canada, and besides statistics is often not trusted by the public as it is perceived as an area for political games. Furthermore, pressing on the needs and issues may quickly place a CF at the opposition side of the local politics, which can jeopardize CF’s neutrality and positioning at the intersection of local interests. The needs assessment from a CF perspective should be aimed at finding a positive message that would suggest a development paradigm open for all community forces and able to unleash people’s initiative and potential.

One of such paradigms was articulated by a partner of the Usti CF Martin Hausenblas.

CHANGING THE COMMUNITY CLIMATE

Martin Hausenblas, the owner of a local T-shirt producing company, after having become successful in business went to a round-the-world tour, after which he came not only with new impressions but also with a new *vision on the world*, and on its variety, interconnectedness and fragility. One of the outcomes of his trip was strong belief that no world issue could be addressed directly or fought with, and *the only way to address issues is changing the climate* – like opening windows in a stuffy room changes the leaving conditions. He thought that in order to improve life in community local citizens should have more opportunity to travel and exchange and thus bring more ideas and see good examples that will help to them to look critically at the community life and their own lifestyles. The idea of *window opening* brought Martin to philanthropy where he saw an opportunity for further self-actualization and to acquaintance with the Usti CF and the Via Foundation. At the moment Martin is starting a scholarship program with Usti CF that will allow students and young entrepreneurs to take part in exchanges and trainings in other countries.

As most self-made entrepreneurs Martin is extremely self-confident and authoritarian and working with people like him requires special approach and patience, but he is the one who can provide the unifying “big picture” vision and bring others on board. A role of a CF in this case is “to be around” when a revelation comes to a person like Martin and to offer him a service of turning the *Idea* and energy into action, or in other words to be able to provide channels for energies and resources that are floating within the community and seeking to be unleashed.

In addition the idea of *changing community climate* looks like a good target for a community needs assessment. Asking questions like “how can a community climate be changed in order to address profound and ‘unsolvable’ community issues?” may provide a CF with rich feedback and unusual food for thought. *It can also serve as a message for a larger network of community foundations.*

INSIGHT MORAVIA

After a rather extensive acquaintance with Usti CF the study group moved to the wine-rich Moravian region of Czech Republic where we spent an exciting day with South Moravian Community Foundation and three hours with the Three Gates Community Foundation.

SOUTH MORAVIA COMMUNITY FOUNDATION

South Moravia is a very authentic place and it's well-known for its wine and cultural traditions. It is one of the few communities where young people are proud to wear national costumes and where folk songs are sung at parties. Such authenticity distinguishes this community a lot from such cosmopolitan places as Usti-nad-Labem and adds a very specific flavor to the way relationships are built within the community. This flavor can also be sensed in the management style of the South Moravia Community Foundation, which is connected with the community authenticity and as well with the personality of the CF leader Zlata Maděřičová. If we try to find parallels between South Moravia CF and other CFs I can see the one with a Russian CF from the city of Rubtsovsk. While the communities of these places are totally different – a prosperous wine-producing farming area vs. a degrading industrial city in Siberia – both organizations are run by extraordinary women who manage to *combine extreme pragmatism with strong emotional appeal*.

I would call this style a “*mother's approach*” that comes from the fact that the CF leaders perceive their communities as families and they run their organizations by following their internal calls and senses rather through using standard vehicles and procedures. They don't care much about CF characteristics – instead they create their own tools and messages that find their fit in the momentum. It was amazing to learn how gracefully Zlata overcame the legislative endowment requirement for foundations by collecting paintings from local artists, valuing them and accounting as endowment contributions (knowing that she would never sell these painting at this price). You will not find this in any study book for organizational development – it is an explicit illustration of the pragmatism of a “mother” looking for the way to “feed the child” and finding assets and solutions right here and right now.

Being the “mother” she knows all community assets and nobody can refuse her in giving anything that is locally produced – wine, paintings, cultural skills. Zlata started wine auctions in Prague, arts exhibitions, and cultural events. Our groups was also “used” quite deliberately and, while we didn't understand much of what was happening, we knew that we played an important role in delivering the messages that the CF was planning to deliver within its target audiences. This was very pragmatic and effective.

Grant making is also present at Moravia CF (even though as Zlata said “it's not interesting”) and it is as well implemented through following the senses rather than thinking about “effectiveness” – a grant to young mothers coming together to help each other in taking care of the children might not be appealing professionally but it's really important for the community as it releases time for women who then can work or do other activities.

A similar approach is used by the Rubtsovsk CF in Russia – a lot of cultural events, fun and engagement, and also a very graceful endowment solution – a peer credit union for local small businesses who help each other by combining own resources and at the same time get engaged in philanthropy.

These foundations didn't think about a "start-up phase" – they just started working. The other side of a "mother-type" CF is the fact that such organizations are heavily centered on the leader's personality and attitude (*as there can be only one mother*), and they may tend creating instruments that fit personal preferences of the leader rather than of the donors and community at large. In order for such CF to become sustainable it should move towards employing CF tools and procedures and build a *working system* as without such system the personal trust will never turn into confidence.

In general it can be concluded that both Usti and South Moravia CFs move in the same direction but from different starting points, and eventually they will come to a business model that has a similar core but varying shells.

THREE GATES COMMUNITY FOUNDATION

We spent just three hours in the city of Vyskov and had a very brief acquaintance with the Three Gates Community Foundation. This CF is based on a foundation bequeathed to help local college and it embarked on becoming a community foundation a few years ago when after a fundraising campaign for the local chapel renovation the management realized that there is opportunity for expansion and it will be more interesting to try working in broader field of community development.

The Three Gates CF is endowed and this fact allows it to take slow pace in testing tools and developing its outreach. According to Martina Šlampová, the Director of the CF, "there are two types of donors – corporate and corporate", which means that the foundation has yet to go a long way to develop a promise that would help to reach out to individuals.

It looks like that the foundation is at the moment at what can be called a "*comfort zone trap*" that comes out of a significant endowment that can ensure a slow but problem-free life. Most people would rather have a *bird in the hand than two in the bush*, but the Three Gates CF has sensed the demand from community for more action; and the good sign is that its team has responded to this demand and restructured the foundation to aim at higher diversity of its activity and support. Therefore the foundation has good chances to become a full-fledge CF.

CHANGING CLIMATE (REFLECTIONS AND CONCLUSIONS)

STUMBLING OVER THE MODEL

Now as we looked at three different CFs we may notice how really different they are. In fact they differ so much that it's very hard to find any commonalities besides the fact that they are all call themselves "community foundations". Indeed what is it that really unites these three organizations? The fact that they all have endowments? Well, for South Moravia that was just an annoying necessity required by the legislation rather than a "tool for permanence". Are they all grantmakers? Yes, they are, but grantmaking doesn't look like the core activity and even the Usti CF is slowly drifting to carrying out more personified projects. To be fair all of them are trying to catch up with the CF features, but what if the South Moravia CF will never succeed in establishing a decent endowment? Where is that line that distinguishes a "real" CF from any other type of community philanthropy or a nonprofit organization? What features are "compulsory" and what we can consider just "desirable"? Are we at the point when a CF can mean virtually anything?

These questions are haunting all those who are engaged in CF development and especially in the countries where a national CF network has not yet shaped. Sometimes there is a feeling that there is no firm ground to step on – grantmaking doesn't work, because people don't like their money to be "dispersed"; the sense and value of endowments is not understood by the public; there are too few organizations that can really be called a CF as it is described by the "classic" model.

Perhaps we are searching for answers in the wrong place and *we keep on stumbling over the features that only show the surface instead of trying to get to the core.*

I will give it a try and describe the core components of a CF as follows:

1. CF is a **professional organization** (i.e. does it for living) whose purpose is to collect **local funds** for community needs;
2. It uses a "**many-to many**" **business model** that ensures a balance between needs and resources;
3. Its key target audience is **local elite**.
4. The result of its activity is **growth**.

Perhaps that needs some explanation.

A «MANY-TO-MANY» BUSINESS MODEL

"Many-to many" business model. Leaving aside private and corporate foundations and operators of international programs, there are basically two types of philanthropic business models: a "*Many-to-one*" and a "*Many-to-many*".

A "*Many-to-one*" model that can also be described as a "*funnel*" is usually used by single-purpose or direct-assistance foundations and fundraising agencies. Such business model

requires a focus on clear and understandable issue (e.g. a sick child) and the usage of massive PR. Perhaps nowadays it is the most widespread type of community philanthropy.

When it comes to “Many-to-many” business model the first question that comes to mind is “where is the focus and what are the limitations?” Otherwise “many-to-many” sounds like “all-to-all” or “anyone-to-anything”.

The CF concept suggests a “geographic community” limitation, but there are many cases when the term “community” is treated differently – e.g. as ethnic community, and sometimes it works (Dalit Foundation in India is a good example and the Global Fund for Cfs regards it as a CF). A geographic limitation is neutral and broad and there are basically two approaches for articulating its appeal – to break down the “community” into several issues like “environment”, “children” and the like; or to develop a holistic community development message. The former approach of “project conglomerate” is easier to start but harder to manage because an organization inevitably becomes a “conglomerate of projects” often loosely connected with each other. The best way to coordinate this conglomerate is grantmaking, but it’s not the only solution and CFs may develop driving projects that are more effective when tackled operationally.

*In the end of the day it’s not important what distribution and engagement vehicles are used by a CF, **the key is whether these vehicles ensure a balance between the mixes of needs and resources.** The “many-to-many” business model creates an open framework for reaching the balance, and the CF concept allows building an organizational management system that controls the balance and ensures growth through infusing leadership energy.*

Trust, confidence and effectiveness are the consequences of the balance and the baseline for the CF. A strong distortion in the balance (that can emerge from favoring a specific need or a certain donor) undermines functionality of the organization, but at the same time small distortions (e.g. new donors, new programs, external support) are vital for the organization as they *catalyze energy and insure its dialectical evolution.*

Reaching the balance provides a CF with a sense of internal currents in the community, which eventually allows it to articulate holistic community development messages that *advance its positioning from a fundraising/distribution agency to an ‘alternative’ (but constructive) type of local governance* (or what it is often called in the former Soviet Union countries – the *self-governance*) and *place the CF within the local elite.* This is when *any nonprofit organization actually becomes a CF.*

UNDERSTANDING THE ELITE

The research of the Global Fund for Community Foundations “*More than the Poor Cousin?*” says: “*There is a growing debate about aid reaching the parts of society for which it is intended. Money from international agencies is subject to capture by elites, so that money fails to reach the grassroots. Community foundations offer a mechanism for reaching those most in need, while offering local leadership, ownership and accountability.*” This is exactly the case when

good intentions may be misleading. *CFs are not just a distribution mechanism, instead the positioning at the community balance makes them a living organism.*

Every external input in the living organism results in the balance's distortion, which may have positive effect only when it is carefully planned and brings extra energy into the development process. International aid on the contrary creates wrong perceptions and expectations within the community. Furthermore it may break the overall local balance of power and cause redistribution of influence from the traditional elites to another entity. Thinking that the corruption will not follow the power and money is naïve, and even the most perfect distribution mechanisms will not work unless it is based on the balance of interests. One illustration of that is that all NGOs distributing international aid have salaries that many times exceed average salaries in the region and they are considered the best employers. As a result international aid programs eventually create a distorted and alienated elite that doesn't come from local roots and has no real accomplishments like building profitable business and providing employment.

Local money may have criminal origin or come from corruption, but the hard question is whether the "dirty space" should be abandoned and all honest people should move to the "clean" one? Who should then be cleaning the space behind? Where the "good elite" should be coming from? ***Communities in poor countries suffer more from the absence of responsible elites than from the absence of money, and it is the community philanthropy that may serve as a "cleaning mechanism" by providing the space for seeding and growing the sense of responsibility within local elites.*** Those who got connected to philanthropy will never leave it, and this is what really becomes the lever for change, which changes people and builds the responsible elite. *CFs therefore by opening the door to philanthropy serve as the key to elite.*

How to reach the elite?

The "whatever-for-your-money" is not the best approach as there has to be focus. In order to reach out to local elite a *CF needs to develop a message that combines localness, potential and doability*, and therefore promotes strengths, positive energy and the potential for growth. Such message makes people proud of what they do, while when doing direct assistance to the needy people prefer keeping low profile and doing it silently.

The most effective philanthropic messages (as we saw it in South Moravia) are usually built around the culture, as culture is a quintessence of traditions that serve as the articulation of values that stick and bring together the community and emphasize people's identity. Traditions provide rituals, through following which people get a sense of getting closer to these values and associate with the strengths of the community.

It is exceptionally effective when the elite is directly engaged in cultural events and rituals, therefore every developed CF has some sort of "Benefactor of the Year" or "Charitable Evening" events.

"CFs are the best-kept secret" – that's what we often hear within the field, but the truth is that it's not something to regret, as CFs cannot and should not be known by everyone. In the situation of a broad issue and narrow client segment *a massive appeal will only do harm and*

instead of engaging those wanting to help it will bring masses of requests from those who need help.

Also the common sense business logic tells that the provision of individual service generally requires comparable amount of time and effort regardless of the donated amount, hence the focus on those who can bring the highest “margin” and pay for the cost of effort is more efficient, while at the same time a CF should invest in the cultivation of the donor base.

BRIDGE FOR GROWTH

Similarly to the “many-to-one” model, which we called a ‘funnel’, we can call the “many-to-many” model a ‘bridge’. If you think of building a bridge across the river there are many options to consider – finding the narrowest place; selecting materials; deciding on whether it should be capital or just provide some sort of connection even if it’s unstable. The important thing is whether it really meets the needs of people from both sides of the river. If a bridge is made solid and capital but it is built in the place which too far to reach or it can be only used one way it will soon decay.

The best option of course is when people from both banks build the bridge together, because they know better what they need and what options and decorations they can sacrifice. The role of the bridge-builder then is to strengthen the construction in order to allow increasing flows of people and explaining why people need to exchange both ways. If we name the two banks as the ‘needs’ and ‘resources’ (although there can be other sorts of divides) then it is crucial that they both understand why they need each other and what each side gives in exchange.

If it is done in a right way the bridge or the infrastructure develops a new type of community ecosystem that supports sustainable growth of the whole community. The growth therefore is the main target and result of the infrastructure.



Exhibit 1. A Community Foundation Ecosystem

Here we can see obvious difference with the *'funnel' mode*, which targets a specific issue and therefore it has a temporary nature. An issue will eventually be solved (a child cured; an orphanage repaired) and therefore its ultimate target is the situation when the organization will not be needed at all. In the case of a *'bridge'* it is hard to imagine the situation that it's not needed – furthermore, there will be a need in more bridges while the community relationships become more sophisticated, as there is always a room for growth.

This also gives us the answer to the question of the need of endowment. Endowment, if we look at it from the perspective of the *'bridge-building'*, is the concrete pillars for the bridge that make it solid and sure-footed. It is great to have but the important common-sense consideration to keep in mind is that before getting strengthened the bridge should (1) be constructed and (2) be constructed in the right place.

The Three Gates CF is the case when a solid 'bridge' was constructed in a place that only provides very small flow of resources, and in order to start growing it needs to be 'moved' to a different place. Such movement can be sometimes more difficult and disruptive than the construction of a new 'bridge'.

The above description cannot be treated as a complete and academic overview of the CF model, but it is an attempt to look at the core of the concept, to understand how the concept is capable to get scaled and extrapolated to different contexts, and to identify the features that are common through all organizations following this concept across the world.

Now that we gave such a detailed overview of the CF business model let's move back to the Czech soil and analyze the overall situation of the CF field there.

THE CZECH CFS: WHY SO LITTLE?

The general conclusion of the visit is that the climate for CF development in Czech Republic is more than favorable. It is the only among all other countries transitioned from the Communism whose government shared the income from privatization with foundations, and not just took a decision to share, but did it in a very transparent and instrumental way that gave no (or little) ground for claims in misuse of funds. There are also tax favors for philanthropy, and above all the Czech nation has a strong sense of identity that provides a good ground for generating a national message for philanthropy.

Given all these conditions the question that comes to mind is why the number of Czech CFS (four) is so little?

From what I could observe while visiting Czech CFS and from the group discussions I'd like to propose the following views on the answers to this question.

1. **The endowment division.** The endowment competition for foundations that was undertaken by the Czech government had the flip side as has every *external distortion*. It looks like that the foundation field in Czech Republic got divided into those that received the endowment and those that did not. The former entered a sort of '*philanthropic elite*' and eventually slowed down their development pace as they got a possibility to just do what they do with no need to look for more (this does not apply to Via and Usti Foundations, however). The latter got a sense that they will never become a 'real' foundation, especially given rather harsh EUR 20,000 minimum endowment conditions for foundations, and many just don't see the point to bother registering an entity. Another issue related to the governmental endowment program is that endowments started perceived as primarily 'a state business' (as well as grantmaking, a requirement of which was a part of this program).

As a result a well-intentioned idea while having saved and restored the foundation field, slowed down the overall organization development pace of the Czech philanthropic sector as an independent and self-reliant sector of the economy.

Perhaps an idea for boosting the field of philanthropy in Czech Republic would be a joint initiative of 'lucky' foundations on creating a fund or a program aimed at seeding institutional philanthropy in the country.

2. **A' high-success-bar' syndrome.** Frankly speaking there is only one organization in Czech Republic that corresponds to all features and characteristics of a CF as we know them, and which is considered the best not only in the Czech Republic but also throughout the CEE. Coupled with the fact that this CF received a substantial endowment grant from the government and took part in numerous international programs that creates a serious problem for the public perception of the concept in the country, because the “success bar” is raised too high and many startup initiatives by looking at it may consider they will never be able to reach it. That’s why such a high bar may have a discouraging effect for emerging organizations. In order to overcome this ‘syndrome’ the country needs a network of middle-class CFs that would be able to present the lower bar of success and to demonstrate that establishing a CF is not the ‘mission impossible’.

A similar situation was in Russia in the beginning of 2000s when the national CF field consisted of the Togliatti CF and ‘the rest’. The Togliatti CF was getting a lot of credit and support while the rest were offered to follow then best example and to do it themselves. Eventually this situation resulted in the general public perception that the Togliatti CF’s success is the exception that only proves the rule – *the community philanthropy doesn’t work in Russia*. In order to address the issue CAF Russia designed and launched a challenge grant program aimed at the development of the CF “middle-class”.

This leads us to the next problem in the Czech CF field.

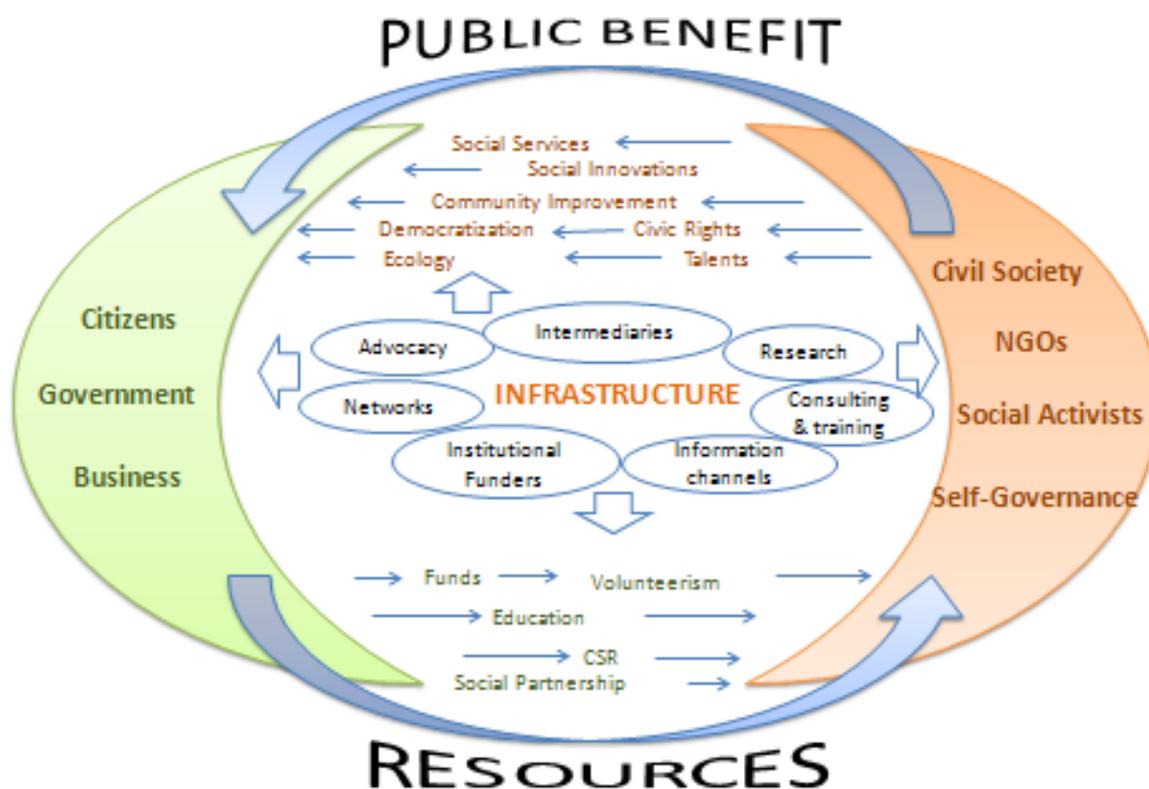
3. **Absence of a national CF development program.** There has never been a direct community foundation development program in Czech Republic (like it was in Russia, Bulgaria, Poland, Baltic Republics and for many years in Slovakia) and CF promotion activities in the country were sporadic and indirect. With a great but single pattern of success the field of living organisms will not start growing – there is a need in someone with resources capable to undertake proactive search for the national idea and a set of values for community philanthropy and ensure external push and distortion to emerging initiatives and developing organizations. This can best be done through a dedicated institutional building program.

Nevertheless, there are no real obstacles for the community philanthropy in Czech Republic to kick off flourishing and there many ways to address this. These ways will be explored in further studies.

A NATIONAL IDEA

It is important to keep in mind that CFs are a part of the overall philanthropy infrastructure and philanthropy in its turn is a part of the *whole society ecosystem*. They can play roles, which may differ from place to place, but altogether they serve as a bridge and a channel for the exchange of resources and ideas. A “funnel” model (which is also an important part of the ecosystem) have a chance to solve a specific problem and that’s why many like it, but the “bridge” change the environment (*the climate*) and attitudes of people. *It’s harder to build but in the society*

based on individual freedom the philanthropic infrastructure is as important as the actual physical objects like bridges and roads.



Another important point that should be mentioned is that in emerging democracies and developing countries the CF concept is not a standalone ‘one-among-many’ models (like in the United States) – it has become an overall concept for starting up community philanthropy, simply because there have been no other forms that proved to be able to become sustainable businesses. The United Way made a number of attempts but so far it only operates in large cities with strong corporate presence and with support from the head office. Other forms are either small or remain one-off projects or are international aid recipients.

The CF concept is the ONLY community philanthropy model that answers the question how to make it a well-run business.

AFTERWORD

This report wasn’t planned to be so extensive originally, but the tour to the Czech CFs provided so much food for thought that I couldn’t help looking into more profound topics. These reflections do not claim for absolute truth but I hope they will provoke more thinking with other community philanthropy professionals.

During the visit to Czech Republic I was happy to meet with special, smart and creative people who are really committed to what they do, and I was glad for the opportunity to take part in hot discussions with the group of professionals and friends. I'm looking forward for the continuation of building of the CF learning community and for more discussions.

Altogether we can change the climate.

Vadim Samorodov

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