

A fresh perspective on leverage



Rosa Gallego, who leads the Spanish Association of Foundations' work on the development of community foundations, recently visited the USA where she was reminded of the importance of getting the involvement of people from the outset with community knowledge and experience and of philanthropy in order to mobilise resources. The realisation was that no matter the context, it's all about leverage, and for the lever to work there must be a solid and trustworthy fulcrum. Below Rosa highlights her refreshed perspective on leverage.

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“Give me a lever long enough and a fulcrum on which to place it and I shall move the world.” My friend Larry McGill reminded me this sentence from Archimedes after a very interesting conversation that we held at the Community Foundation for Greater Flint some days ago.

The sentence is resonating in my head and it has become a precious gift, like a pair of special glasses, through which I can look at the learnings of my recent trip to Chicago and Flint, on the occasion of my participation at CS Mott Foundation's board of trustees meeting.

On this trip I also had the opportunity to meet with the CEOs and staff of three very different community foundations: [Oak Park-River Forest Community Foundation](#), [DeKalb County Community Foundation](#) and [Community Foundation for Greater Flint](#). I am grateful to all of them for their time.

As we continue our work to develop community foundations in Spain, we keep on asking ourselves many questions and we try to answer them from our yet limited cumulative experience.

One of the big questions on how to select and support initiative groups is what composition should the group have.

As I learned from the community foundations I met on my trip, in most cases a handful of citizens was enough to set them up. This handful of citizens needed to be recognised and respected in the community but also able to contribute with financial resources and with the capacity of mobilising others to contribute.

This has two implications for our work. The first one is to understand that although the community foundation has to be inclusive and representative of the community, to start with, it should be driven by a small group that can set things in motion in a steadfast and efficient manner. Second implication, the initiative group needs to have one or more persons with prior philanthropic experience and access to tap resources.

Maybe you are surprised I am writing it here as a discovery, while it is probably obvious for most readers. But it's more like changing lenses with my new "lever glasses". If we "have to move the world" a first lever is to help initiative groups to understand the importance of its composition but we should also provide them with a lever to attract individuals that ensure the right composition and leadership.

The question here is will we be able to help them identify such individuals and to effectively involve them?

My lever glasses got fogged up when discussing about the role that tax incentives have in the US on donations. From "I wish there were no tax incentives for philanthropy" to "Tax incentives are the main lever of our work with donors".... It became clear that everything have an upside and down side. Strong tax incentives lead to more donations, but also may distort how donors relate to causes and with community foundations.

How much of a lever are tax incentives for community foundations in Spain? They certainly are a lever for small donations but not so much for large ones. So, to attract the latter the lever needs to be enhanced by the community foundation being set up as a trustworthy institution that adds value to the money donated to them.

The not optimum tax incentives situation poses more challenges to community foundations in Spain as compared to the USA for building an endowment and encouraging donors to build funds within the foundation; however, both things are necessary in the medium run.

If we are sure that the role of community foundations is to be there in the long term for the community, then there has to be a clear understanding that this

can only be achieved by providing the community foundations with the resources and sustainability needed to do so.

That sustainability, the capacity to think long term, the means that are needed in order to have a significant impact, demands that the foundation has its own resources, besides pass-through ones. If saving is recognised as a healthy financial practice for families and business, how difficult can it be to understand that this is also a good and an essential practice for community foundations?

As for financial contributions, a lever that has already been identified by our community foundations and initiative groups is Spain, is their capability to attract resources from outside of the community. I am always surprised to learn how important and how different they can be. In the case of the community foundations, I met in this trip, from the 30,000 individuals from all across the US and other countries that are among the supporters of Community Foundation for Greater Flint, to the ability of community foundations to attract federal government money, or to support municipalities in doing so. An interesting mix of private and public money, all of it mobilised for the betterment of the community, that would have not reached it otherwise.

I have had the opportunity to learn how economic development is also a main concern in many of these territories, and how community foundations in the US help with varied approaches, from loans to entrepreneurs, to helping municipalities access development funds.

Furthermore, I realised that none of our community foundations are yet exercising a practice that is very extended in the US, which is to help donors support young talent, so the youth of the area have access to better educational opportunities, so they can develop a better life for themselves while contributing to the community with their talent. Raising funds to award students with scholarships is a very popular activity of community foundations in the USA, and other countries.

I have also learnt how community foundations in the USA are starting to consider impact investing as one of the tools to advance their mission in the community. Also, how Diversity, Equity and Inclusion (DEI) is reframing not only conversations, but also the relationship with their community at a much deeper and meaningful extent. And finally, how SDGs are slowly being considered as an opportunity to enhance the links between local and global problems and solutions.

Usually, when I travel, I come back home with some answers and also lots of questions. This time I came back with new glasses and a renewed perspective,

that will hopefully help me find new levers to help our community of community foundations grow and strengthen.

I am grateful for the opportunity that the CS Mott Foundation has given me of participating in their board meeting with my fellow friend Paula Fabiani, CEO of IDIS in Brazil.

The work of the CS Mott Foundation around the world in promoting a global movement of community foundations, is recognised by the field as unique, with a clear belief that support infrastructure and a well-functioning ecosystem is essential for its development. Their President, Ridgeway White, the board of trustees and the staff are firm supporters of the work that many of us involved in the exciting mission of promoting community foundations, do around the world.

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March 2023