Introducing Community Development Philanthropy

Community and regional foundations across the country are finding, creating and embracing opportunities to use the full range of their assets and tools in ways that generate better economic prospects and more broadly shared prosperity for their regions. In short, they are practicing Community Development Philanthropy (CDP).

Foundations practice Community Development Philanthropy when they address critical community issues and play integrating or missing roles to advance regional economic development in ways that build enduring prosperity and livelihoods for all, especially those at the margins.

Too often, something is missing from economic development conversations – a longer term, regional view and a broader definition of prosperity. Community development philanthropy, as a practice, helps place-rooted foundations step into these conversations and plant these perspectives. Among regional institutions that hold the vision of a prosperous economy for all, community and regional foundations naturally hold a longer-term perspective on and commitment to their regions. Many cover a region where there are numerous political jurisdictions, and the foundation is one of the few (and at times only) institutions that span the region and can bring it together. Living and working close to the ground, place-rooted foundations have relationships across the economic, social and political spectrums. Every day, they see the intricate connections between people, place and business – and how they affect each other.

Place-rooted foundations also typically shoulder, through their missions, a deep concern that development efforts in their regions produce prosperity that is broadly shared. And it’s in their self-interest: they prosper when more people in the region prosper, so place-rooted foundations sense that what qualifies as a true economic development approach produces results for the have-not’s as well as the have’s, for tomorrow as well as today. For example, besides traditional measures of economic development, community and regional foundations also consider: How many families are doing better, and entering the economic mainstream? Are our natural resources being used in a way that will make them last for future generations? Are new jobs going to local people, and are local people prepared – from early childhood on – to hold them? Are decisions being made about and for people with or without their participation in the decision-making? Community and regional foundations can bring a focus on rooting wealth, broadly defined, to the design of economic development.

Community and regional foundations, when they practice Community Development Philanthropy, also bring a wider range of assets and tools to the table than the average community or economic development organization. They have networks, convening power, endowed and non-endowed funds, investment resources and savvy, wide-ranging leadership connections and influence, deep knowledge of the community, the ability to make grants, loans and investments – and to run programs when no one else is there to do it. They can use those assets flexibly to help generate a local economy that is driven by the many for the benefit of the many. They are in a unique position to connect the dots, fill gaps, unleash energy and leverage different kinds of economic development action.

From decades of experience on the ground with foundations, we have found that foundations that succeed – in small or large ways – at Community Development Philanthropy use a similar process. We have extracted this into a set of Design Elements for a CDP Effort. These design elements are not abstract concepts; they are found in the work of foundations from urban centers to small rural communities. Place-rooted foundations can become important “prosperity partners” by incorporating these Design Elements into their work. You will see these elements at work in the initiatives featured throughout this Advancing Economic Success peer exchange workshop.
Analyze Your Region

Understand your economy, assets and opportunities to connect to markets in ways that build rooted wealth and improved livelihoods.

*Examples from Practice...*
- Survey local business owners to identify opportunities to transition businesses of retiring entrepreneurs to the next generation, keeping them local.
- Organize discussions with local health care organizations to identify existing skills gaps that could be filled by training low-income workers.
- Use data and surveys to examine the amount of, and reasons for, regional farmland disappearing, thereby prompting the development of relevant preservation strategies.

Engage Your Community

Talk with residents – your greatest asset – touched by the economy, and find ways to help them participate in setting the prosperity agenda.

*Examples from Practice...*
- Work with Latino parents to understand the barriers to helping more Latino children arrive at kindergarten ready to learn.
- Engage hundreds of citizens in discussions about how best to repurpose a significant downtown building and reimagine economic development.
- Convene low-income employees to understand the obstacles to financial stability and talk with their local small-business employers about joining together to more efficiently address those obstacles.

Learn From Others

Learn from your peers and others who practice CDP so that you can adapt what you learn to advance your own community’s prosperity.

*Examples from Practice...*
- Explore the Cleveland Foundation model and how it might inform the creation of a greenhouse cooperative in Atlanta, Georgia.
- Learn about the principles of WealthWorks to see how they could help redefine grantmaking in Charleston, West Virginia.
- Examine lessons from nonprofit lending in Marin County, California to inform the deployment of foundation resources in Arizona.

Identify Your Niche

Identify others in your community with shared interest – or self-interest – in these critical issues to find the leverage points that can best affect change.

*Examples from Practice...*
- Convene unlikely partners to explore the opportunities for – and roadblocks to – creating a fresh herb value chain to supply the regional health center.
- Document the positive economic contribution of immigrants to the local economy – to develop allies that will advance immigrant progress.
- Consult with successful local entrepreneurs to explore what it takes to identify hidden local talent and accelerate the development of their ventures.

Mobilize For Results

Bring to bear appropriate foundation resources to address gaps or opportunities with strategies that build enduring prosperity and livelihoods for all.

*Examples from Practice...*
- Endow a regional Individual Development Account program to cover the program costs that challenge annual fundraisers.
- Invest in a CDFI that provides gap financing that commercial lenders won’t provide – so as to help local businesses transition to new local ownership.
- Work with local school districts to advocate for increased funding for early childhood education so that children arrive at school ready to learn.

Strengthen Capacity

Strengthen foundation capacity to effectively use and sustain the fullest range of tools and roles.

- Research and analysis
- Convening
- Network and relationship building
- Donor engagement
- Grantmaking
- Fund and endowment building
- Impact investing
- Board and advisory committee deployment
- Affiliate development
- Policy advocacy