
Setting up a Community Foundation for a sustainable local development: Insights from the Messina Community Foundation in Italy

March 2021

Policy Guideline



POLICY GUIDELINE

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This Guideline explains how to support and promote the setting up of the organizational model of a **Community Foundation** in order to promote a sustainable local development strategy. Community Foundations are non-profit organizations which catalyse local and territorial resources to support practices and projects improving the life of the community on a stable and continuous basis. The Guideline draws from the experience of the **Messina Community Foundation**, which has been operating since 2010 in the Messina Municipality, in Sicily Island (Italy). This particular model of Community Foundation, in order to guarantee the sustainability of its human development policy, invests in productive economies with a constant entrepreneurial mindset in order to catalyse and promote self-sustaining systems and, therefore, multiplying its sustainability effect and social and economic impact. Moreover, the Messina Community Foundation actively draws in its strategies and models different actors, systems and resources belonging to a wide range of sectors. In fact, this model of Community Foundation provides articulated and cross-sectoral responses to the community's need by acknowledging the multidimensionality of wellbeing and territorial development.

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This Policy Guideline was elaborated by Mario Biggeri, Enrico Testi, Carmela Nitti and Camilla Guasti ([ARCO - Action Research for CO-development](#) c/o PIN Srl, University of Florence), based on inputs and information provided by Gaetano Giunta (Messina Community Foundation, Secretary General) and Giacomo Pinaffo (Messina Community Foundation, Impact Manager) and under the supervision of Johannes Krassnitzer, Andrea Agostinucci and Raffaella Garutti (UNDP ART Global Initiative c/o UNDP Brussels).

INTRODUCTION

Experience-sharing and peer-to-peer learning are extremely important for promoting **social and solidarity economy and social and territorial cohesion as drivers for SDG localization**. The diffusion of good practices has the potential to inspire similar experiences and solutions through a multiplicative global effect on local communities.

In this regard, Italy has a long-lasting experience in implementing integrated local development initiatives concerning social and territorial cohesion and social economy in its own territories, in order to foster sustainable human development at local level. For this reason, UNDP has commissioned a research, namely the “Study on best practices of Social Cohesion and Social and Solidarity Economy in Italy”, to a team of individual consultants belonging to the research centre [ARCO – Action Research for CO-development](#) (c/o PIN Scrl, University of Florence). The [study](#) aimed at investigating on the relevant experiences of social and solidarity economy and social and territorial cohesion in the Italian scenario. Moreover, it led to the identification of 6 case-studies that can potentially inspire similar practices and showcase replicable models to drive SDGs localization in other countries.

Therefore, the **objective of the guidelines is to provide concrete policy insights and guidance** to inform a multilateral / UN-level strategic visioning and programming perspective (including both UN and UNDP Country Offices as well as national policy-makers and LRGs), **to implement similar initiatives in other territories**, in order to promote inclusive, equitable and sustainable economic development, thus supporting the localization of the 2030 Agenda.

Against this backdrop, the 6 case studies were identified following **8 selection criteria** grounded on a conceptual and interpretative framework based on the **Sustainable Human Development** paradigm. The latter frames social and solidarity economy and social and territorial cohesion within a territorial ecosystem perspective, leading to a variety of potential outcomes in the four pillars of Sustainable Human Development: “Equity and cohesion”, “Participation and empowerment”, “Sustainability”, “Productivity and efficiency”. Moreover, these outcomes can enhance the transformative resilience of local systems, in the sense of their ability to deal with internal and external shocks as possible opportunities for their transformative change towards Sustainable Human Development.

The identification of potential case-studies was based primarily on the triangulation of i) the expertise of the research team in these fields, ii) a desk-review of policy documentation, and particularly iii) information and insights collected during the interviews conducted with 16 prominent experts of both social and solidarity economy and social and territorial cohesion in the Italian scenario. Each pre-selected experience was then preliminary analysed on the base of available documents, in order to assess their compliance with the selection criteria.

The following 6 case-studies were selected, each leading to a specific Policy Guideline [available here](#).

Field	Model	Case-study	Location
Social and Solidarity Economy	CONSORTIUM OF COOPERATIVES	Consortium “Sale della Terra”	Benevento, Campania Region (South)
	WORK INTEGRATION SOCIAL ENTERPRISE	Social enterprise “Quid”	Verona, Veneto Region (North)
	COMMUNITY FOUNDATION	Community foundation “Fondazione di Comunità di Messina”	Messina, Sicily Region (South)
Social and Territorial Cohesion	LOCAL DEVELOPMENT STRATEGY FOR INNER AND FRAGILE AREAS	Strategy “Milk Mountain” – Emilian Apennines	Emilian Apennines, Emilia Romagna Region (Centre)
	LOCAL ACTION GROUP FOR RURAL DEVELOPMENT	Local Action Group “Maiella Verde”	Chieti province, Abruzzo Region (South)
	INSTITUTIONAL SUPPORT TO COMMUNITY REGENERATION	SIBaTer Project	Municipalities and Regions in Southern Italy

HOW TO READ THIS GUIDELINE?

This guideline focuses on the model of **Community Foundations** by drawing insights from the case-study of the **Messina Community Foundation**.

The objective of the guideline is to provide concrete policy insights and guidance in order to implement similar initiatives in other territories. However, an underlying understanding of the readers' local and national contexts must be acknowledged to tailor and adapt these the processes and the suggestions here reported. The latter implies that the presence of key actors and institutions, resources, social capital, infrastructures, services and institutional and legal framework which have been identified in the present guideline as determinants for the implementation of this model should be carefully analysed in each context, or, perhaps, need more time and specific actions to be set up and leveraged.

The guideline is structured as follows:

- **Presentation of the model:** its connection to the general approach to social and solidarity economy and social and territorial cohesion in Italy, its distinctive features and value-added.
- **Case study presentation:** a general description of the experience and its main pursued objectives.
- **Theory of change:** a schematic overview about how inputs, actions, outputs, outcomes and impacts are connected, in order to facilitate the planning and the implementation of similar interventions in other contexts.
- **The process:** a detailed explanation of all the specific and sequenced phases constituting the analysed experience, drawing insights in terms of actors, resources and actions. In order to support the reader in assessing the feasibility of this model in his/her own context, a list of *Suggested Actions* and *Self-Assessment Questions* are provided. Hence, the latter are supporting tools in order to abstract key elements from the specific case-study to be applied in other contexts.
- **Key determinants for effective implementation and replicability:** the main enabling system conditions for the applicability of each experience in different contexts.
- **Drawbacks and risks:** a list of possible drawbacks and potential risks that may arise for future implementation, while also presenting possible coping strategies to cope and/or to prevent them.
- **Final remarks and recommendations:** a summary of why this model can be considered as an effective driver for sustainable human development.

1.THE MODEL



Community foundations are non-profit organizations which catalyse local and territorial resources to support practices and projects to the community's benefit on a stable and continuous basis. This model is quite recent in the Italian context and was imported by the United States where, since the beginning of the 20th century, community foundations have been playing an important role and growing in number. The first community foundations relied on funds inherited by wealthy citizens after their death as a way to return the wealth to the community. The way of operating of community foundations has later evolved over time and has taken various and quite different organizational models. Community foundations, by definition, are, in fact, inherently connected to the local community's needs and, hence, highly context-specific. However, distinctive features can be identified which differentiate these philanthropic entities from other types of non-profit organizations. Indeed, emphasis is placed on the "community" aspect, hence, drawing from "community capital" those intangible features such as trust, social cohesion, generosity, and solidarity values. In this sense, community foundations are "philanthropic brokers" or "philanthropic intermediaries" in the sense that they are capable of collecting, allocating and catalysing financial, human, relational resources, gathering social and economic systems, networks and actors with the aim of caring for the wellbeing of the community. In Italy, the first community foundations were created in 1999 in the cities of Lecco and Como (Northern Italy) thanks to the initiative of a private grant-making foundation (Fondazione Cariplo). The same foundation also supported the creation of several more community foundations in Italy and was soon followed by other private foundations. In fact, many community foundations in Italy have originated thanks to the support of private foundations, mainly foundations of banking origins. In the case of the Messina Community Foundation, as well as of many other community foundations in Italy, it was the specific initiative of the *Fondazione Con il Sud* ("Foundation with the South") that supported their creation. The *Fondazione Con il Sud*, in fact, in order to encourage autonomous fundraising by the community foundations, adopted a grant-matching strategy¹ consisting in doubling their initial assets once met the prerequisite for funding. With this mechanism, it granted more than 22 million euros² to community foundations in Southern Italy.

Within the Italian Reform of the Third Sector (Legislative Decree 117, 2017), community foundations found their legitimate legal fit as philanthropic bodies, hence third-sector actors fully belonging to those pool of players and organizations constituting the Social and Solidarity panorama in the Italian context. This indeed underlines the relevance that the SSE has in the Italian economic and social system.

¹ <https://www.fondazioneconilsud.it/wp-content/uploads/2017/04/Sostegno20alle20F630971.pdf>.

² Assifero (2018). A guide to community foundations in Italy. Bundesverband Deutscher Stiftungen e.V., Berlin 2018

2.THE CASE-STUDY

 Fondazione di Comunità di Messina	Messina Community Foundation
LINK	http://www.fdcmessina.org/
MODEL	Community Foundation
OBJECTIVES	Social and solidarity economy, social cohesion, social inclusion, local development, sustainable development and renewable energies, protection and enhancement of the environmental, historical and artistic heritage, scientific research
LOCALIZED SDGs*	<div data-bbox="424 696 1214 954">  </div> <p>*For the purpose of this research and the main activities carried out by the Messina Community Foundation only the respective key SDGs are here identified. If, however, all different activities, strategies and projects carried out by the Foundation are considered, its holistic approach targets indeed all SDGs, hence, the multi-dimensions of human and territorial development.</p>
MAIN ACTIONS	Independent and autonomous community institution which catalyses local, national and international resources to support concrete and locally relevant programs and interventions pursuing social and environmental objectives, hence responding to the needs expressed by the local community.
START YEAR	2010
LOCATION	Messina, Italy

The Messina Community Foundation was born in 2010 in Messina starting from a group of social economy actors and some of the main social, educational, institutional and scientific research networks of its territory as well as important national and international actors and networks. In particular, Messina and the broader Sicilian region (Southern Italy) record lower income levels compared to the national average as well as a presence of rooted mafia criminal organizations and widespread corruption. In fact, the Foundation traces its origins even before, precisely in the '90s, after the so-called "Sicilian Spring" or "Palermo Spring"³. Against this backdrop, the Foundation was born to give continuity to those strong and redeeming political and institutional movements calling for freedom from the mafia criminal organizations and mindset which was governing the territory. More broadly, the Foundation was born as a coordinating body of an already existing group of social economy actors aiming at developing socially cohesive and communitarian practices contrasting phenomena of social inequalities and climate change. Hence, the objective of the Messina Community Foundation is to deliver a permanent policy of sustainable human development in the territories in which it operates.

The Foundation carries out community welfare and environmental protection models that are structurally intertwined with forms of civil and productive economy that feed on and generate social capital and opportunities for the most vulnerable social groups, following Amartya Sen's "capabilities approach" (Sen, 1999⁴). On the one hand, the Messina Community Foundation promotes inclusive businesses and socio-economic systems capable of generating

opportunities for everyone, with respect to work, home, sociality, knowledge, democratic participation; on the other hand, it operates through personalized projects supporting the most excluded people to seize those opportunities. The social and economic mechanisms proposed by the Foundation are conceived in the relational logic of mutual benefit. The exclusive feature of this particular model of Community Foundation is that its approach goes beyond the classic function of collecting and disbursing local resources to the community's benefit. Rather, once it manages to collect resources, the Foundation opts for strategic investments supporting local programs, projects and entrepreneurial activities providing them with the opportunities, means and funding to become self-sustainable and of generating, in turn, social and environmental impact.

With "Light is freedom" ("*Luce è libertà*") as its first important program, the Foundation tested a community welfare program in collaboration with the Italian Justice Ministry to the benefit of former patients of a judicial psychiatric hospital. Through this project, the Ministry assigned to each patient to be re-inserted in society by the Foundation a lump-sum amount equal to the 1-year state cost of keeping the patient in the judicial psychiatric hospital. Such "personal empowerment budgets" have been then mutualized by the beneficiaries in a dedicated Fund created within the Foundation.

Successively, and also thanks to the funding support by an external institutional funder which doubled these initial assets, the Foundation opted for a **mission-oriented investment strategy allowing for this fund to generate and sustain additional resources**. In fact, the Messina Community Foundation, consistent with its economic vision, chose to invest around 6 million euros between 2010 and 2013 to create a renewable energy park. In particular, a widespread photovoltaic park was created in the vast area of the Strait of Messina. Through an open Call, the Foundation selected the partners / beneficiaries of this initiative, families, organizations and institutions. Drawing from its own funds, the Foundation built 184 photovoltaic systems on the plants/buildings made available by the selected subjects. In the logic of mutual benefit, the partners are the beneficiaries of all the energy produced, while the "energy account"⁵ is returned as a donation to the Messina Community Foundation which can thus self-finance a permanent program of actions and policies for the human development of the territories, including the re-insertion in society of the patients coming from the judicial psychiatric hospital. In this way the initial "flows" coming from the "personal empowerment budgets" have been converted into "asset" (the solar park) generating itself long-term "flows". Furthermore, the partners / beneficiaries of the solar park constitute the first nucleus of a Solidarity Purchasing Group (*Gruppo d'Acquisto Solidale*) that chooses ethical and sustainable products. The fund's investment in the energy park thus fully becomes a mechanism to implement the Foundation's purposes and to support an ethical demand for a social economy. Overall, the energy park produces about 2 megawatts of energy per year, for a cash equivalent of an economic contribution to beneficiaries of approximately 250,000 euros. The production of this clean energy saves 600 tons of fossil fuel and avoids the emission of 1,800 tons of CO₂ every year. This is equivalent to planting 2,500 trees per year. Furthermore, it allows the Foundation to receive an average of 400/450 thousand euros each year, for 20 years, which constitutes a basis with which the Foundation can draw other resources to finance its territorial policies.

The Messina Community Foundation soon began expanding its different areas of intervention and its various support strategies for local development. For example, the Foundation activates and supports the start-up and development of virtuous companies attracting capital, creative and technical-scientific talents and setting in motion processes of territorial economic development. The Foundation's support, in 2015, to the historic Messina Brewery (*Birrificio Messina*), closed for bankruptcy, is exemplary of its **strategy to re-insert workers** expelled from the labour market through the creation of start-ups/social cooperatives. The Foundation helped the Brewery's former workers to build an industrial plan and business plan and launch a social communication campaign that had the task of connecting the beer production to its city by promoting the idea of a common good rather than with a market competition logic. In fact, the campaign slogan was "The City I love chooses its own beer", also including the Foundation's logo. Nowadays the brewery is economically sustainable and exports also abroad. Moreover, it is a virtuous example of a sustainable plant that uses renewable energy with low environmental impact. In addition, the Foundation is now working with the brewery in order to set up a social cooperative managing a bio-plastic industry starting from the brewery's industrial waste.

³ The Palermo's spring (1985-1990) is a historical, cultural and political period of the city of Palermo characterized by the flourishing of political, social and cultural initiatives, and from the birth of associations and citizen committees, aimed at promoting a culture of legality in contrast with the mafia criminal culture and activities. In particular, a civic non-violent movement erupted after the mafia terrorist attacks (May 23rd and July 19th, 1992) which killed judges Falcone and Borsellino.

⁴ Sen, A.K. (1999), *Development as freedom*, Oxford University Press, Oxford.

⁵ The so-called "Conto Energia – Energy Account" is a European operating incentive program for the production of electricity from solar sources using photovoltaic systems consisting of a State financial contribution per kWh of energy produced for a certain period (up to 20 years).

Another illustrative example of how the Foundation experiments its systemic approach is how it contributed to addressing the problem of the **housing emergency in Messina**, where, following the 1908 earthquake, over 2000 families live in slums still today. In 2017, the Foundation set up an experimental program together with universities and research centres from all over the world, including the Boston MIT, that led to the dismantling of a slum and its transformation into common goods, and more specifically a park and a green building implementing the most advanced technologies of green-architecture, sustainable engineering and an architectural design closely related to the landscape. It also carries out wage-assisted self-construction practices for the construction of the building, allowing urban regeneration processes to be intertwined with policies of poverty reduction and income support. At the same time, the Foundation, through its development agency and a dedicated ethical finance system, promoted a **social regeneration process** that offered more alternative housing solutions for the slum inhabitants. One solution consists in the purchase of houses on the private market by the Municipality, which then assigns them (for rent) to the beneficiaries through a participatory process. Another solution consists in the assignment of a "personal empowerment budget": a lump-sum amount assigned to the beneficiary as a contribution for the purchase of its own house on the private market, often integrated with a loan. In this solution the beneficiary becomes therefore homeowner.

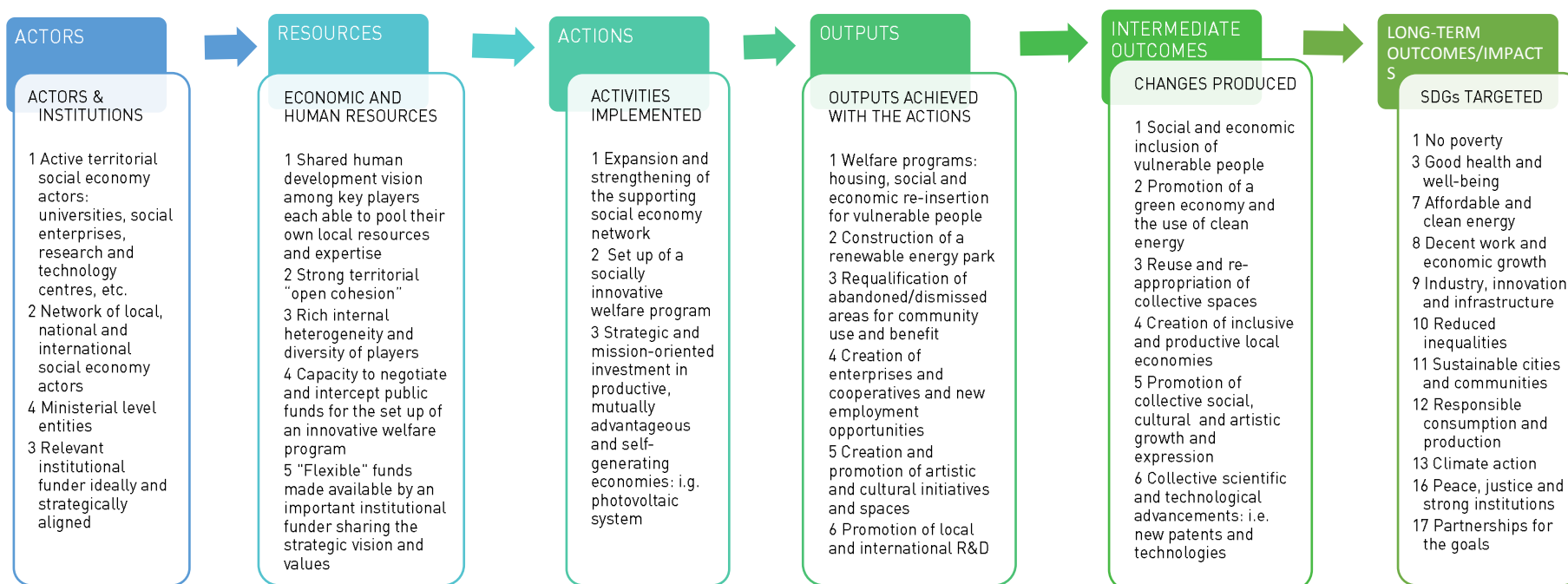
Furthermore, the Foundation has also linked these mechanisms and processes of experimental and technological research and economic and social emancipation with a "legal social pact". This entails that the people buying a house thanks to the benefits of the project must not have previous mafia convictions. If they incur in a mafia conviction in the ten years following the purchase of the house, the latter becomes municipal property.

As a final example, the Messina Community Foundation has set up a social finance system supporting its activities: a microcredit institution, an Asset Management Company that launched an impact investing fund for social enterprises and a **guarantee fund called Sicilian Microcredit**. The fund is a financial instrument aimed at those who cannot access traditional credit due to a lack of collateral or insufficient credit history. The beneficiaries are micro, small and medium-sized enterprises operating in the Sicily Region. Open to further donations by anyone who wishes to contribute, the Fund amounts today to one million euros.

THEORY OF CHANGE*


MAIN TRIGGERING ELEMENT (UNMET NEED/NEW VISION):

Strong and redeeming political and institutional grass-route movements calling for freedom from the mafia criminal organizations and mindset as well as as distortive capitalistic logics and egotism governing the local territory.



*For the purpose of this research, the elaborated Theory of Change only considers main activities carried out by the Messina Community Foundation and the respective key SDGs addressed. If, however, all different activities, strategies and projects carried out by the Foundation are considered, its holistic approach targets indeed all SDGs, hence, the multi-dimensions of human and territorial development.

3. THE PROCESS

PHASE 0. TRIGGERING FACTORS 	
<i>Insights from the case-study</i>	<i>Self-assessment questions</i>
<p>The Messina Community Foundation traces its origins starting from the strong and redeeming political and institutional movements calling for freedom from the mafia criminal organizations and mindset which was governing the Sicilian territory. Hence, the experience essentially arises from a strong and shared bottom-up civil desire for redemption in relation to external events and for change of the status quo. In particular, redeeming collective action and a strong solidarity feeling among citizens prompted in response to the mafia criminal organisations activities in the territory. Hence, the Foundation aims at giving continuity to these social and political processes which aim at freeing the territory from distortive capitalistic logics and egotism which are also the basis of criminal organizations and reflect the dominant profit maximisation-driven economic model.</p>	<ul style="list-style-type: none"> • Is there a strong social/environmental concern for which grass-route movements are calling for an innovative solution in your context? • Is there a strong perceived collective need for change in your context? • Are there already active social economy group of actors in your context sharing the same strong vision of human development and that could benefit from a overarching coordinating body? • Which are the objectives of your territory in terms of sustainability? Are they linkable and in line to the SDGs for the territory/community? Are they potentially generating cohesion for the territory/community?



<i>Insights from the case-study</i>	<i>Suggested actions</i>	<i>Self-assessment questions</i>
MAIN ACTORS		
<p>The sharing of the strong motivation highlighted in Phase 0 above brought together local social and economic actors coming from different expertise and backgrounds, namely:</p> <ul style="list-style-type: none"> - An interuniversity Foundation linking two universities, research centres, social enterprises and third sector actors promoting cultural, scientific and civic economy cooperation in order to value the local territory. - A local social consortium of social cooperatives operating in the tourism, agro-food, renewable energy, production of design products, and community welfare sectors, as well as voluntary and cultural associations with the explicit aim to consolidate a local social economy network. - A research centre promoting human development through social economy logics and sustainable and community welfare. 	<ul style="list-style-type: none"> • Engage and connect actors and organizations in your local territory belonging to different sectors and fields of expertise which share (or have the potential to share) a common vision of sustainable human development and which might have potential to collaborate. 	<ul style="list-style-type: none"> • Who are those active (potential) social economy actors in your local context? Investigate in different sectors and fields of expertise, for example: <ul style="list-style-type: none"> - Universities, research and technology centres - Third Sector organizations - For-profit organizations - Financial sector: banks, foundations, microcredit institutions - Public sector: welfare service providers, public organizations - Cultural and artistic sector: associations, movements and initiatives - Cross-sector organizations and coordinating bodies
MAIN RESOURCES		
<p>At this stage, the main resource was the strong cohesion and alignment between the abovementioned key territorial actors and players which together formed the so-called Advanced Social Cluster ("<i>Distretto Sociale Evoluto</i>") meaning a network of social economy actors active in the different sectors: education, culture, technology, scientific sectors. Hence, the core resource was the shared human development vision</p>	<ul style="list-style-type: none"> • Make sure these actors and organizations have a strong common understanding of sustainable human development and shared core values and mission. Most importantly, makes sure these actors are willing to cooperate to pursue them. 	<ul style="list-style-type: none"> • Do these active social economy players share the same vision of human development? Are their envisaged strategies aligned towards a common goal? Are these actors willing to cooperate?

among key players each able to draw from their own pool of local resources and expertise.		
MAIN ACTIVITIES		
<p>The key actors were already active and each carrying out their own community-driven activities, mostly in silos. For example, the social consortium managed a social park created from a reclaimed portion of land. On its part, the interuniversity Foundation managed an international cultural centre.</p> <p>At this stage, these key actors started programming and brainstorming together in order to join forces and share their motivation, expertise and knowledge. The objective was to find and experiment an organizational model allowing to promote and carry out a holistic, innovative, local, and sustainable human development public policy not over-dependant on/subject to the public sector/public policy/external funders but financially and economically independent.</p> <p>The idea of constituting a Community Foundation came up in response to a need for an umbrella organisation encompassing the already existing social and economic activities to self-generate resources in order to supply an innovative, permanent and holistic policy of sustainable human development in the territory.</p>	<ul style="list-style-type: none"> • Connect active and motivated local group of actors/networks in order to understand the possible benefits of collaborating and structuring their activities under an umbrella organization (i.e., a community foundation) pursuing a common strategy. 	<ul style="list-style-type: none"> • Do these already existing social economy local group of actors/networks have the means and need to meet and join forces and resources? Could they benefit from an umbrella organisation, i.e., a community foundation, in order to have an overarching systemic approach?



Insights from the case-study

Suggested actions

Self-assessment questions

MAIN ACTORS

The start-up phase coincides with the actual constitution of the Messina Community Foundation.

The key actors allowing for the first relevant fundraising for the Community Foundation were:

- Ministry of Justice and its institutional public fund destined mainly for the education and the social and economic re-insertion of prisoners or former prisoners.
- An important external institutional funder specialized in financing social economy programs in the South of Italy, hence with which the Community Foundation shared a strong alignment of thematic, vocational and geographical focus.

Moreover, additional local actors enlarged the first group of supporting social economy actors, some of them becoming partners or statutory partners of the Foundation, such as a local no-profit organization linked to a pastoral body pursuing social solidarity purposes and promoting the culture of legality and a public welfare entity. Along with local actors, also key national, European and international networks joined, such as:

- An ethical bank devoted to promoting sustainable human and territorial development.
- A national association of paediatrics with the aim of promoting the health of children.
- A European network for the development of social and solidarity based-economy.

- Intercept and engage relevant local, national or international funders willing to fund your innovative social economy programs in your territory and to share a common vocation and human development vision.
- Intercept and engage other existing social economy networks with a wider national and/or international reach.
- Engage with actors which can offer technical support for the formal constitution of the Community Foundation

- Are there relevant funders financing innovative social economy programs in your territory?
- Are there existing social economy networks with a national and/or international reach which could provide more supporting resources and knowledge exchange?
- Are there actors which can offer technical support for the formal constitution of the Community Foundation?

MAIN RESOURCES

The main resources in the start-up phase have been:

- The capacity to negotiate and intercept public funds for the setup of an innovative welfare program.
- The funds made available by an important institutional funder sharing the Community Foundation's strategic vision and values. The funder allowed for a flexible use of these funds believing in the Foundation's innovative approach and projects.
- A strong "open cohesion" element meaning the opening up of the local and territorial systems/networks to the exchange of knowledge, expertise and of economic resources with other national and international organizations and networks. The latter allowed, on the one hand, the enlargement of the supporting network of actors and resources. On the other, it allowed the Community Foundation to build strong connections with different field and sectors, spacing from the cultural sector, universities and research centers, technology, finance and more. This rich internal heterogeneity and diversity allowed and still allows the Community Foundation to be flexible and to adapt to a changing context, drawing from its large capacity to deliver a wide range of services to provide prompt and innovative responses to multidimensional and complex territorial issues.

- Prefer relevant external funders possibly providing more "flexible" funding, meaning not excessively restricted and allowing for a relative operational autonomy.
- Be flexible and open to network and partner with other local, national and international networks and organizations even if belonging to totally different sectors and fields. Heterogeneity and diversity of actors, expertise and sectors allows to exchange and pool together resources, expertise and experiences and to adopt a multi-dimensional response to multi-dimensional community needs.
- Seek technical support for the formal constitution of the Community Foundation

- Is there the possibility to negotiate with public bodies in order to unlock new sources of funding to finance the Foundation's activities and programs?
- Are there external funders keen on providing "flexible" funding, meaning not excessively restricted and allowing for a relative operational autonomy?
- Do these key social economy local actors have the necessary mindset to open up to other local, national and international networks and organizations belonging to different sectors and fields in order to exchange and pool together resources, expertise and experiences?
- Are there actors which can offer technical support for the formal constitution of the Community Foundation?

MAIN ACTIONS

The start-up phase coincides with the actual constitution of the Messina Community Foundation which succeeded in raising its initial funds thanks to three main interlinked trajectories of actions, namely:

- The setting up of an innovative welfare program for the social reinsertion of the former patients of a local judicial

- Proceed with the formal constitution of the umbrella organization (i.e., a community foundation)

- Which is the best legal form to formally set up the umbrella organization to pursue a common strategy for the community development and wellbeing (i.e., a community foundation or similar legal forms such as a philanthropic foundation)?

<p>psychiatric hospital and former prisoners thanks to a negotiation with the Ministry of Justice. The latter, instead of bearing the cost for each patient of the judicial psychiatric hospital, agreed to devolve its funds to the Community Foundation conditional to its investment in personalized “health budget” for successful reinsertion programs. Hence, thanks to this direct negotiation with a public body to identify a new source of finance, the Community Foundation managed to gather its first earmarked financial fund counting more than 500 000 euros.</p> <ul style="list-style-type: none"> - This initial financial endowment was then doubled by an important institutional funder (namely the CON IL SUD Foundation) specialized in financing social economy programs which was explicitly promoting the creation of Community Foundations. This support, along with the initial endowment, allowed to gather a fund of 5 million euros enabling the Community Foundation to carry out its strategy for a sustainable territorial and human development policy. - The opening of the social and economic actors to other local, national and international actors, networks and systems allowing for a greater supporting network and exchange of knowledge, resources and opportunities. 	<ul style="list-style-type: none"> • Raise the initial funds necessary to carry out your programs and strategies to the community’s benefit: <ul style="list-style-type: none"> - Experiment innovative funding models in order to unlock new sources of funding (i.e., from the public sector). - Prefer relevant external funders possibly providing more “flexible” funding, meaning not excessively restricted and allowing for a relative operational autonomy. <p>However, in some contexts, the only available funds might be those granted by international cooperation organization (i.e., UN, World Bank). In that case, it is advisable to integrate in the Community Foundation’s strategies and objectives which are also pursued by these organization so that it is more likely to obtain initial funding.</p> • Be flexible and open to network and partner with other local, national and international networks and organizations even if belonging to totally different sectors and fields. Heterogeneity and diversity of actors, expertise and sectors allows to exchange and pool together resources, expertise and experiences and to adopt a multi-dimensional response. 	<ul style="list-style-type: none"> • Which funding opportunities are there in your local context? • Is there the possibility to negotiate with public/private bodies in order to unlock new sources of funding? Are there external funders keen on providing “flexible” funding, meaning not excessively restricted and allowing for a relative operational autonomy? • Do these key social economy local actors have the necessary mindset to open up to other local, national and international networks and organizations belonging to different sectors and fields in order to exchange and pool together resources, expertise and experiences?
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PHASE 3. POOLING RESOURCES TO START WITH STRATEGIC INVESTMENTS



<i>Insights from the case-study</i>	<i>Suggested actions</i>	<i>Self-assessment questions</i>
MAIN ACTORS		
The founding partners started to carry out the Foundation's activity and opening up to all territorial stakeholders.	<ul style="list-style-type: none"> Carry out your actions/programs engaging and collaborating with all the necessary organizations. 	<ul style="list-style-type: none"> Are you able to begin carrying out concrete actions and programs as a Community Foundation? Are you able to involve other organizations functional to the activities in such programs?
MAIN RESOURCES		
<p>The Community Foundation, mainly thanks to the state funding and the contribution by the institutional funder (see Phase 2) started-off with initial assets of 5 million euros.</p> <p>Technical knowledge and expertise and knowledge provided by the Community Foundation partners and key actors to design and deliver quality community development programs and activities</p>	<ul style="list-style-type: none"> Manage to pool together a consistent amount of initial assets in order to start off with strategic investments. Draw from your partners' technical expertise and knowledge in order to design and deliver quality community development programs and activities 	<ul style="list-style-type: none"> Do key actors have the capacity to attract and pool together a consistent amount of initial assets in order to start off with strategic investments? Can the Community Foundation draw and exploit its partners' technical expertise and knowledge in order to design and deliver quality community development programs and activities?
MAIN ACTIONS		
Once gathered its financial assets, the Community Foundation opted for strategic and mission-oriented investments coherently with its innovative and transformative economic approach. In fact, instead of directly financing welfare programs, the Foundation invested its asset in revenue generating initiatives. In particular, the Community Foundation created a renewable energy park through which it can self-finance its territorial welfare and environmental programs, including the beforementioned re-insertion programs of the former patients of the judicial psychiatric hospital. The investment in the energy park thus fully becomes a mechanism to implement the Foundation's purposes and to support an ethical demand for a civil economy.	<ul style="list-style-type: none"> Invest the Community Foundation assets in revenue generating initiatives: <ul style="list-style-type: none"> - use the initial financial assets in order to carry out social economy-oriented strategic investments which, in turn, can guarantee a relatively stable and longer-term sources of revenue. - opt for investments that are fully in line with the human development vision you are pursuing. 	<ul style="list-style-type: none"> Are there opportunities to use the initial financial assets in order to carry out social economy-oriented strategic investments which, in turn, can guarantee a relatively stable and longer-term sources of revenue? Which type of investments are fully in line with the human development vision of the Community Foundation itself? Which type of investments can guarantee a stable revenue for the Community Foundation hence safeguarding its relative economic

<p>This operational strategy of investing in productive and mutually advantageous economies thus guaranteeing a sustainable self-generation of economic resources characterizes all the interventions of the Community Foundation allowing for its relative independence from external funders. Moreover, this approach also helped the Community Foundation not to become a simple service supplier for the public sector, but, instead, a co-designer and co-implementor of shared development policies.</p> <p>Following this operational strategy, the Community Foundation has carried out numerous interventions and programs in different fields and sectors, such as, for example:</p> <ul style="list-style-type: none"> - Urban and territorial regeneration programs allowing for the start-up of over 120 enterprises and cooperatives, employing more than 400 people. - More than 700 persons benefitting from personalized welfare programs. - Several research programs and technical and scientific collaborations with national and international centers, as well as the development of industrial patents. - The co-creation of a contemporary art museum showcasing an important artistic collection as well as of the first Summer School of Conservation and Restoration of Contemporary Art. 	<ul style="list-style-type: none"> - opt for investments that can guarantee stable revenues over time. - opt for investments safeguarding your relative economic autonomy and non-overreliance on external funders/public funding/project grants. 	<p>autonomy and non-overreliance on external funders?</p> <ul style="list-style-type: none"> • At the same time, which investments can guarantee the above and contemporarily activate productive economies able to self-generate economic resources?
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<i>Insights from the case-study</i>	<i>Suggested actions</i>	<i>Self-assessment questions</i>
<p>The Community Foundation operational strategy explained in Phase 3 constitutes the core feature of its sustainability strategy. In fact, the economic and financial sustainability underlying all the Foundation's investments and interventions was one of the founding prerequisites for the creation of the foundation itself and has been sustaining this experience in all its analysed phases as well as, presumably, its future ones.</p> <p>Another core element of sustainability of this experience is the already mentioned capacity to draw from its strong connections with local, national and international actors, resources and networks allowing for a rich internal heterogeneity and diversity. This guarantees a high degree of flexibility of the Community Foundation's articulated approach to the territorial complex, changing and multidimensional economic, social and environmental issues. It also allows to promptly intercept contextual changes and adapt its response to the community's needs. The Foundation is constantly exploring different sectors in search of new and innovative development opportunities, for example the bioplastic production sector.</p>	<ul style="list-style-type: none"> • Continue to pursue economic and financial sustainability in all future interventions. • Keep drawing from new multi-sector knowledge and expertise in order to maintain the capacity to structure innovative and articulated responses/interventions to solve changing and multi-dimensional territorial needs. 	<ul style="list-style-type: none"> • Is the underlying strategy of ensuring economic and financial sustainability applied to present and all future interventions? • Is the internal heterogeneity and biodiversity of actors and resources maintained and exploited when structuring articulated responses/interventions to solve the community's needs?

4. KEY DETERMINANTS FOR EFFECTIVE IMPLEMENTATION AND REPLICABILITY

Categories	Description	Self-assessment questions
ACTORS AND INSTITUTIONS	<ul style="list-style-type: none"> • Strong internal heterogeneity and diversity of active and motivated local actors and networks: universities, research centres, social cooperatives, social enterprises, cultural centres, ... • National and international networks supporting the social and solidarity economy. • Open minded local/national public and institutional bodies willing to experiment innovative welfare programs and models. • Institutional funders explicitly dedicated to support the social economy and focused in the geographical area. 	<ul style="list-style-type: none"> • Are there already active social economy actors in your context sharing the same strong vision of human development and that could benefit from an overarching coordinating body? Who are they? (Investigate in different sectors and fields of expertise, i.e. Universities, research and technology centres, Third Sector organizations, Private economy players, Financial sector- banks, Foundations, microcredit institutions; Public sector-welfare service providers, public organizations, etc.) • Are there existing social economy networks with a national and/or international reach which could provide more supporting resources and exchange of knowledge? • Are there local/national public and institutional bodies willing to experiment new and innovative welfare programs and models? • Are there relevant institutional funders willing to finance innovative social economy programs and interventions in the same territory?
SOCIAL CAPITAL	<ul style="list-style-type: none"> • The presence of a territorial collective system so strongly engaged and interconnected that it itself becomes self-generative, meaning capable of generating and producing self-organization and social cohesion. • Strong connection with the territorial community. 	<ul style="list-style-type: none"> • Is there a strong social/environmental concern for which grass-route movements are calling for an innovative solution in your context? • Is there a well engaged and interconnected territorial collective system in your context with which you can foster the creation of networks?
HUMAN CAPITAL	<ul style="list-style-type: none"> • Capacity to understand and govern the complex processes of change in a territory. • Strong personal motivation of actors. • Strong expertise and competences of actors. • Strong innovation, flexibility and willingness to experiment new and alternative solutions. 	<ul style="list-style-type: none"> • Are there human resources within the funders or in the territory that have the skills to coordinate, program and manage the activities of such organizations? • Are the human resources with the technical skills also motivated towards reaching the goals of the organization?

		<ul style="list-style-type: none"> Are the human resources pro-active and keen to innovate?
GOVERNANCE FRAMEWORK	<ul style="list-style-type: none"> Functional and structured governance entailing: <ul style="list-style-type: none"> A Foundation Council, setting the community foundation strategic direction and composed by representatives of the founding organizations and statutory partners. A Committee of Guarantors representing local public entities and institutions as well as investors. A Scientific Committee providing sector-specific expertise and advice. A Board of Auditors, supervising accounting and financial stability. A Director/Secretary General, nominated by the Foundation Council, having a representative and executive role and operating following the strategic direction of the Foundation Council. A President and vice-President of the Community Foundation nominated by the Foundation Council with a representative and supervising role. 	<ul style="list-style-type: none"> Are the founding organizations and statutory partners well represented within the managing bodies of the Foundation? Do they have decision-making power in setting the Foundation's strategic direction? Are key local public entities and institutions well represented within the Foundation governance and acting as its guarantors? Are scientific advisors included in the governance model? Is there a Board of Auditors supervising accounting and ensuring financial stability? Is there a staff person with executive role?
INSTITUTIONAL & LEGAL FRAMEWORK	<ul style="list-style-type: none"> The legal form of "Community Foundation" (or similar forms) allowing for juridical recognition of the non-profit community mission of the organization and providing, therefore, a form of guarantee towards third parties and potential investors. 	<ul style="list-style-type: none"> Is there a legal form recognizing Community Foundations in your country? If not, are there similar legal forms that could be used?
ECONOMIC RESOURCES	<ul style="list-style-type: none"> "Flexible" funds made available by an institutional funder explicitly aiming at supporting social and solidarity economy. Strategic and mission-oriented financial investments: ability to transform stocks and assets into financial flows and relatively stable sources of funding guaranteeing economic, decision-making and operational independence. 	<ul style="list-style-type: none"> Are external funders keen on providing "flexible" funding, meaning not excessively restricted and allowing for a relative operational autonomy? Are there opportunities to use the initial financial assets in order to carry out social economy-oriented strategic investments which, in turn, can guarantee a relatively stable and longer-term source of funding?

BASIC INFRASTRUCTURES	<ul style="list-style-type: none"> • A place where actors can meet (also virtual). • A place where the community foundation can run the activities (might vary according to the activities). 	<ul style="list-style-type: none"> • Are there physical or virtual places where to hold meetings? • Is there a place with the features needed to run the activities? (It could be an office, but it might vary according to the activities)
SERVICES	<ul style="list-style-type: none"> • Technical support to constitute/manage the foundation (legal, audit, ...). 	<ul style="list-style-type: none"> • Are there organizations/individuals that can provide technical support to constitute the Foundation?

5. DRAWBACKS AND RISKS

DRAWBACKS AND RISKS <i>Which are the main risks that may arise?</i>	COPING STRATEGIES <i>Which are the best strategies that could be implemented in order to cope with and/or prevent these risks?</i>
<p>The operational strategy of a Community Foundation which aims at maintaining economic autonomy by setting up economic models of mutual advantage is, at the same time, its core value and its element of intrinsic risk. In fact, investing in entrepreneurial and self-sustaining projects, instead of in-service provision programs, exposes the Foundation to the same risks faced by any enterprise operating in the markets.</p>	<ul style="list-style-type: none"> The underlying coping strategy is to try to minimize the entrepreneurial risk when carrying out the strategic investments. <p><i>In the case of the Messina Community Foundation, the initial and consistent investment in the renewable energy park and, in particular, in the photovoltaic system, minimized the risk on the supply side since the Foundation managed to intercept the State subsidy which consisted of a financial contribution per kWh of energy produced, hence ensuring a stable and foreseeable source of funding for the next 20 years. Moreover, the Community Foundation attempts to minimize the entrepreneurial risk also by offering tailored technical support services for example to entrepreneurs accessing its microcredit instruments in order to help them diversify their strategy to survive the Covid-19 pandemic.</i></p> <p><i>Also, the Community Foundation bets on entrepreneurial projects which showcase great innovation and capacity to grasp the opportunity to change and overturn production and work organization logics. This is the case, for example, of the Foundation's collaboration during the Covid-19 pandemic with a University and its newly created European network of young engineers. The latter managed to overturn production chains thanks to the use of 3D Printers supplying over 4000 spare parts for the healthcare sector in Italy while traditional centralized plants were forced to close during the national lockdown. This network is now setting-up a dedicated fund within the Community Foundation to further investigate investment opportunities in this new model of "dispersed" production chains which seemed to prove more efficient in the pandemic situation.</i></p>
<p>When promoting broad, articulated and complex territorial development policies together with a diversified system of actors there is a risk that single players end up acting in a compartmentalized way.</p>	<p>To minimize the risk of compartmentalized actions on the part of the system of actors which the Community Foundation brings together it is necessary that the actors have the competence to understand that their intervention is an integral part of one unique and coherent territorial development policy vision. In other words, this network of actors should have the capacity to adapt actions and strategies in order to optimize the final systemic response to the territorial development needs. To this respect, the Foundation governance framework, while providing articulated and multi-dimensional responses to territorial needs, it should also guarantee that a common strategic vision is always coherently pursued.</p>
<p>Once the Community Foundation becomes established as an important territorial actor, there is a risk of becoming autoreferential and to close into recurrent and sterile intervention logics</p>	<p>To minimize this risk, there is a need to constantly keep an eye open to spot new potential territorial players and partners, especially belonging to different sectors. This avoids losing the internal diversity of actors which is key to maintain a strong and concrete connection and understanding of the territory as well as to bring about articulated solutions tackling the multiple dimensions of territorial, environmental and social issues. Maintaining a strong</p>

missing the opportunity to spot new potential territorial players and partners.	connection and understanding of the territory also allows to quickly detect territorial changes and to promptly intervene with innovative responses.
When promoting a development policy in a territory with rooted criminal organizations and corruption there is a potential risk of corruption phenomena linking to the Foundation's activities and persons.	Rigorous transparency, soundness and supervision practices should be ensured within the Foundation's governance. Moreover, economic and financial autonomy from external funders and organizations, whether public or private, can contribute to greater resilience and solidity on the part of the Community Foundation.

6. FINAL REMARKS

- **Value-added of this model and case-study as a driver for sustainable human development and SDG localization.**

Community Foundations can represent a potential driving force for sustainable human development and SDG localization as they contribute to pursuing different purposes, such as:

1. spreading the culture of giving and responsibility towards the needs of a local context;
2. creating a participatory community institution, independent, autonomous and oriented towards concrete and locally relevant objectives, which guarantees efficiency in the collection as well as effectiveness and transparency in funding provision;
3. create a permanent common heritage destined, over time, to respond to the needs expressed by the local community.

The analysed model of the community foundation showcases, indeed, an interesting and virtuous system to implement a sustainable human development policy. It also proves how an **alternative vision of the economy** can generate a different local development strategy. In fact, the community foundation subverts egotistical, competitive and distorted economic mechanisms. In particular, it acts against the downside of the capitalistic predominant paradigm that seems to find no limits to profit maximisation and personal accumulation of wealth. Instead, the community foundation works to both theorize and implement economic strategies setting social and environmental boundaries to this logic, which, in market terms, means to force the bearing of costs. In fact, this model of community foundation explicitly places the **progressive expansion of substantial freedoms of the most fragile people at risk**/in the condition of social and economic marginalization as well as **environmental sustainability** as boundaries to profit maximisation.

Hence, the social and economic mechanisms proposed by the Foundation are conceived in the relational logic of mutual benefit. If this strategy is successfully implemented, the social and environmental impacts of welfare and environmental protection systems are expected to outnumber the bearing of those binding costs. In fact, to guarantee the sustainability of a permanent human development policy, the analysed model of community foundation invests in productive economies with a constant entrepreneurial mindset in order to catalyse and promote self-sustaining systems and, therefore, multiplying its sustainability effect and social and economic impact.

Moreover, the community foundation actively draws in its strategies and models different actors, systems and resources belonging to a wide range of sectors, spacing from art and culture, research and technology, agriculture, industries, health and welfare, architecture and urban development, democracy, civil rights and legality, and more.

Pooling such numerous and diverse sectoral resources, competences and knowledge, the Messina Community Foundation is thus able to provide articulated and cross-sectoral responses to the community's need acknowledging the multidimensionality of wellbeing and of territorial development.

Hence, this model can, indeed, be considered as a driver of sustainable human development which, by its operational strategy inherently pursues and localizes all SDGs.

- **Final determinants to be considered when implementing this model in other contexts.**

The community foundation model, as remarked in the introduction, is, by its own nature, context-specific and its way of operating on a given territory can vary widely. For this reason, it has a high degree of replicability potential, provided that its organizational model well suits the local context and is tailored to a given community's needs. Nevertheless, some assumptions need to be considered when implementing this model in other contexts:

the local presence of active and motivated local actors and networks (i.e., universities, research centres, social cooperatives, social enterprises, cultural centres) strongly motivated to set up an umbrella organization to coordinate and carry out a local policy for sustainable human development. In this regard, social capital and cohesion building as well as capacity building are key determinants for implementation.

the existence of a legal form recognizing "community foundations" or similar models (i.e., philanthropic foundations) allowing for the collecting and managing of local assets and resources to the benefit of the local community. Hence, institution building, in terms of laws and legal frameworks development should be fostered.

USEFUL CONTACTS

ARCO (Action Research for CO-development)

Contact person: Enrico Testi

Email: enrico.testi@pin.unifi.it

Website: www.arcolab.org



OTHER CONTACTS

Messina Community Foundation:

Contact person: Giacomo Pinaffo

Email: g.pinaffo@fdcmessina.org

Website: <http://www.fdcmessina.org/>



UNDP ART GLOBAL INITIATIVE

Contact person: Andrea Agostinucci; Raffaella Garutti

Email: andrea.agostinucci@undp.org; raffaella.garutti@undp.org

Website: www.undp.org



arco

ACTION RESEARCH FOR
CO-DEVELOPMENT

www.arcolab.org

