



# Community Foundations: A Functional and Institutional Analysis Across Four Countries

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*Turn your contribution into meaningful change*



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## Executive Summary

This study examines the development, institutional role, and operational characteristics of community foundations as locally embedded philanthropic organizations that mobilize financial and social resources to support community development. Community foundations represent a distinctive model within the nonprofit and philanthropic sector. Unlike many charitable organizations that focus on specific thematic issues, community foundations are primarily defined by their geographic focus and their commitment to improving the quality of life within a particular locality. Through grantmaking, partnerships, and civic leadership activities, these organizations contribute to strengthening local philanthropy, encouraging citizen participation and supporting sustainable community initiatives. The aim of the study is to provide an overview of the community foundation model and to analyze how it functions in different national contexts.

The research focuses on three European countries, such as Germany, Slovakia, and Romania, in order to illustrate different trajectories of the development of community foundations. These countries were selected because they represent distinct institutional and historical contexts that have influenced the evolution of the sector. Germany is widely recognized as having one of the most developed systems of community foundations in Europe. The sector operates within a stable legal framework and benefits from a strong tradition of civic engagement and philanthropy. Slovakia provides an example of how the community foundation model has developed in a post-socialist environment, where civil society institutions have gradually strengthened their role in local development following democratic transitions. Romania, in contrast, illustrates a more recent yet dynamic expansion of the sector, marked by the rapid growth of a national network of community foundations and the adoption of innovative fundraising and community engagement practices. Examining these cases comparatively highlights both the diversity and the adaptability of the community foundation model across different political, social, and economic contexts.

The research is based on a review of academic literature on philanthropy, civil society, and community development, as well as policy reports and sectoral analyses produced by international organizations. In addition, the

study examines institutional documents and statistical data published by community foundations themselves, including annual reports and strategic materials. To complement the broader analysis, the research incorporates selected case studies of individual foundations: Bürgerstiftung Gütersloh in Germany, Komunitná nadácia Zdravé mesto in Slovakia, and Fundația Comunitară Cluj in Romania. These examples provide practical insight into how community foundations operate, illustrating their governance structures, funding mechanisms, and relationships with local stakeholders.

The findings highlight several key characteristics that distinguish community foundations from other philanthropic organizations. First, they are territorially focused institutions that operate within a clearly defined geographic area, which allows them to develop a detailed understanding of local needs and priorities. Second, they rely on a diversified base of donors that may include individuals, businesses and institutional partners. This diversification strengthens both financial sustainability and public legitimacy. Third, many community foundations maintain endowment funds that generate income used for long-term grantmaking and community initiatives. Finally, they are typically governed by boards composed of representatives from the local community, ensuring that decision-making processes remain connected to local interests and perspectives.

Beyond these structural features, community foundations often play an important civic leadership role. They act as conveners that bring together nonprofit organizations, businesses, public institutions and community members to address shared challenges. By facilitating dialogue and cooperation among different stakeholders, they help strengthen local networks and encourage civic participation. At the same time, community foundations may face challenges related to balancing donor preferences with community priorities, ensuring inclusive governance, maintaining financial sustainability and evaluating long-term social impact.

Overall, the analysis demonstrates that despite operating in different institutional environments, community foundations share common principles and objectives. They combine philanthropic resource mobilization with civic leadership and community engagement, enabling them to play an important role in strengthening local development and supporting community-driven initiatives.