

Low profit. Why the Fondazione Crt  
has changed its approach to making grants

“Venture philanthropy”  
supporting local activities

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For the past few years the Fondazione Crt has undergone a significant change in its method of making grants and hence in its way of “being a foundation”, marking a turning-point in the spirit of its activities. The traditional ways of making grants have been supplemented by *venture philanthropy* - an innovative approach to philanthropic investment, both on the Italian scene and in particular in the system of bank foundations. Difficulty of gaining access to capital by non-profit bodies often limits their ability to achieve their mission. I believe that in order to have a robust market available for philanthropic investments, you need a conscious demand from the voluntary sector, efficient matching of supply and demand, mechanisms that favour a wide range of investments and, last but not least, a flexible supply of funding.

Substantially, *venture philanthropy* – unlike traditional donations – requires a complete investment strategy in which the key elements are the relationship with the organisation, evaluation of the initial investment, an exit strategy, sustainability, autonomy of the organisation in receipt of the financing and the transfer to it of organisational and managerial skills. The Fondazione Crt has created a new instrument - the Fondazione Sviluppo e Crescita–Crt (CRT Development and Growth Foundation ) - to put the philanthropic approach into practice. The area given precedence by the Fondazione Sviluppo e Crescita is our traditional field of operations: the Northwest, and specifically Piemonte and Valle d’Aosta.

One of the first concrete initiatives in this direction is the establishment of the *Social & Human Purpose* fund, a closed-end investment trust, dividend into compartments, with social purposes, exclusively reserved for qualified investors. One of the first operations is purchasing and restoring to a usable condition the San Francesco Certosa monastery at Avigliana, which will host the activities of the Abele Group and other organisations active in the social sector. The second project is the *Ivrea 24 Abitare Sostenibile Spa* social housing initiative in Turin, which Fondazione Sviluppo e Crescita–Crt has set up through a temporary business group – a concrete response to the housing difficulties of the socially fragile that promotes social integration at the same time. It will mean an improvement in quality of life for around 500 people in 180 flats, without falling into the “ghettoisation” which is sometimes associated with the council housing model. Finally, the *Management Company J. Stone Srl* will be established for innovation and technological transfer, with an attentive advisory activity during the whole development process and support in the market-entry phase: this is a unique opportunity to allow young Piedmontese researchers to access financial and international research networks.

The Fondazione Crt is going down a road that has hitherto been little explored. The challenge is to allow development in the “low profit” sector - an area, in fact, where private “for profit” companies

do not intervene because the returns are too low and where, at the same time, the public sector cannot intervene effectively because of its own rigid bureaucratic processes. In short, doing good is not enough; you have to learn to do good properly.