

**Charities Aid Foundation**

**Branch in Russia**

# **REPORT**

**on the Outcomes of the Research on  
Russian Community Foundations  
Practices and Strategies**

**The research has been carried out by CAF Russia within the Global Fund for Community  
Foundations' consultation process in Russia**

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### Attachments

Attachment 1. Complete list of community foundations

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## A. EXECUTIVE SUMMARY

This report was produced to summarize the findings and conclusions of over 6 months of consultation implemented by CAF in Russia and commissioned by the Global Fund for Community Foundations. The key finding of the exercise is that community foundations in Russia are the only functioning and relatively well spread model of community philanthropy that is rooted in the local community and both recognized and valued by a variety of stakeholders at community, regional and federal level.

Over more than a decade of community foundation development in Russia, more than 30 professionally run organizations have evolved, serving very diverse communities - from large urban cities to rural areas. They accumulate local resources provided by companies, local authorities and individuals, and some have even succeeded in building endowments. Despite an unfavorable legal framework and the often negative attitudes of both the government and society at large towards NGOs and charitable giving, community foundations have managed to position themselves right at the heart of the community development process and have themselves become agents of social change. They facilitate cross-sector dialogue, serve as community mobilizers and educators of young leaders, provide professional philanthropic services to local donors, and increase the institutional capacity of local civil society organizations and citizens' groups. At the same time, however, community foundations are still not yet themselves mature enough to be thinking about and tackling major issues of public concern, and remain collectively rather preoccupied with the promotion of the community foundation concept and with obtaining public recognition.

Community foundation development in Russia has tended to compliment and also been driven by the reform process in local self-governance structure – the less power and resources self-governance structures have the more important the role of community foundations becomes vis-à-vis community development needs. This situation may eventually change, transforming community foundations from components of local self-governance into philanthropic fund managers and endowment builders, but this is unlikely to happen before a broad variety of philanthropic institutions and community activist groups have emerged and engaged with the public.

Community foundation development in the near future will almost certainly be slowed by the current economic downturn – this and other negative factors that impact upon community foundations are considered in the report, along with positive factors which may be beneficial for their development. These include long awaited changes to the legislative framework and to the taxation of philanthropic activities, as well as the increasing interest of various government ministries in the community foundation movement. Community foundation development is facilitated by two key domestic elements within the existing philanthropic support infrastructure – CAF Russia's programme and the activities of the Community Foundation Partnership, a membership organization which provides a platform for peer review and learning, promotes community foundations at the federal level, and is widely regarded as setting the standards of community foundation work.

The report notes in conclusion that given the diversity of community foundations and of the vast territory of Russia itself, it is very important that the support structure also be more diverse and include a variety of partners and players. The extension of the support structure will also require national level leadership capable of providing commitment, vision and strategy, and possessing the capacity to mobilize adequate resources. There is also a need for increased access to resources from foundations (through grant programmes, for example), as well as for technical assistance to community foundation support organizations, and for projects aimed at regional and national promotion of the concept. This should be supported by the production and dissemination of more meaningful research into the field, the evaluation of results, and more opportunities for peer learning. The new opportunities

which are and will be provided for community foundations by current and prospective legislation should be tested in practice, and the best practices documented and disseminated. Finally, access to international experience and the establishment of close ties with the community foundation movement in a global context will be an empowering factor and an important resource for professional development and informed creativity within the Russian community foundation sector.

## B. BACKGROUND

The study was implemented by the Russian office of the Charities Aid Foundation (CAF Russia) as part of a wider consultation process on community foundation development in a number of regions supported by the Global Fund for Community Foundations. CAF Russia has been supporting and developing community foundations in Russia for over 13 years. Of the 45 institutions that CAF has supported, some have struggled to establish themselves as sustainable institutions and, in certain cases, have ceased to exist altogether. There are currently 30 functioning community foundations in Russia, covering 11 time-zones from Kaliningrad to Magadan (**Attachment 1**: complete list of community foundations) as well as a national association, the Community Foundation Partnership, formed by 26 community foundations (including members from Ukraine and Lithuania). The community foundation concept has been recognized by the federal government and is considered by the Ministry of Economic Development and the Public Chamber of Russia to be the most effective institutional model of social partnership and community philanthropy.

This study is based both on the outcomes of specifically designed events and activities, carried out in collaboration with GFCF programme staff, and on analytical materials developed within the framework of CAF's current community foundation support programme.

### Instruments of the Study

The study involved a number of research events and materials such as:

- **Telephone interviews** with community foundation leaders;
- **Individual interviews** with community foundation board members and executive managers;
- **Electronic questionnaires** for collecting quantitative data;
- **Events** organized by individual foundations;
- **Dedicated session** for community foundations at the Community Foundation Partnership conference in Togliatti in June 2008;
- **Dedicated session** for national donors in February 2009;
- **Materials** from previous strategic planning sessions of Russian community foundations and from the conference "New Strategies for NGOs in times of economic crisis";
- **Materials** developed during the institutional development grant programme for Russian community foundations;
- **Legal expertise** regarding the Russian Federal Law on Endowments.

## C. INTRODUCTION

2008, particularly its latter half, presented an important moment to analyse and rethink existing national economic and social models in Russia. The global economic crisis has led to a reconsideration of approaches to community development and philanthropy in general. While many conventional approaches in social partnership have already been put on hold, a key question is now emerging around which particular models and strategies have the potential to overcome these current hardships and survive.

Towards the end of 2008, a number of activities and events were organized, aimed at understanding the impact of the economic crisis on social and philanthropic infrastructures in Russia. At the same time, growing levels of attention have been turned towards questions of impact and evaluation of existing institutions.

In December 2008, at the Second National Conference on Social Corporate Responsibility, some of the largest Russian corporations introduced their short-term strategies for coping with the crisis. Most of them had redesigned their CSR programmes and, in doing so, have virtually phased out their philanthropic activities. A number of large corporate foundations and programmes have also been closed and many specialists responsible for social involvement have been made redundant. This means not only a reduction in *resources* for community development, but also a decline in companies' *participation* in community development and social partnerships.

These events have had a marked impact on Russian community foundations, although not all organizations have been affected in the same way or to the same degree. In fact, the crisis has, in many ways, become a test of the viability of the various community foundation models that have emerged in the last 10 years and has provided valuable material from which the potential for and trends within the institutional development of community foundations can be analyzed. The main conclusion that can already be drawn from this current situation is that community foundations have demonstrated their capacity to adapt to different circumstances and to find avenues for growth, even in times of economic hardship. It is our belief that the basis for this strength lies in community foundations' ability to accumulate *social capital* within their communities and to mobilize support in the form of human capital and volunteer contributions when financial resources become scarce.

This report aims to provide a comprehensive analysis of the state of the community foundation movement in Russia and of the factors influencing the development of the country's national philanthropic infrastructure.

### 1. Trends in Philanthropy in 2008

The first half of 2008 saw a significant growth in the amount of funds allocated by various Russian donor organizations to support third sector and charitable programmes. The largest Russian companies spent 13,8 billion rubles (approx. \$500 million) on community projects in 2008 compared with 5,75 billion rubles (approx. \$210 million) in 2007.<sup>1</sup>

On the eve of the crisis, the key area of growth in Russian philanthropy was **in individual giving**. Foundations and nonprofits recorded an increase in private donations as well as higher levels of volunteering and the growing popularity of internet giving. At the same time, however, and rather paradoxically perhaps, opinion polls also showed that the level of trust in charitable foundations and organizations remained low.

One reason for this increase in giving can be explained by the growth of "**assistance funds**". In recent years, such funds, which are aimed at raising money for high-cost medical

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<sup>1</sup> Data of Russian Donors Forum ([http://donorsforum.ru/projects/corporate\\_award/results\\_2008/](http://donorsforum.ru/projects/corporate_award/results_2008/))

treatment have transformed from sporadic, one-off initiatives into a new and distinct category of charitable foundation. Unlike most nonprofit organizations, “assistance funds” command high levels of trust from the public and are highly successful in attracting donations. The most famous funds of this kind are “*Gift Life*” established by well-known actress Chulpan Khamatova, “*Russian Assistance Fund*” set up by the “Kommersant” Publishing House, “*Children’s Hearts*” fund, “*Life Line*” fund, and the internet-project “*Pomogi.org*”. **These institutions represent an important step towards formalizing spontaneous and non-transparent direct assistance initiatives, such as campaigns to raise funds for disaster victims, as part of an organized and professionalized philanthropic system that enables donors to see more clearly the results of their involvement.**

In addition to more traditional fundraising methods (such as collection boxes in public places), there has also been a rise in the use of **technological methods of giving**, such as “mobile wallets”, SMS transfers, use of “payment terminals” which accept cash for various types of donations (*Who If Not Me*), credit cards (*Blago.RU*), and ATM machines (*Spread the Wings*). Another trend worth noting is the emergence of various volunteer projects that have developed through internet-based social networks.

2008 also saw the involvement in **charitable activities among celebrities** from a range of spheres including the performing arts, literature and sport, reach an all-time high. The high profile involvement of a well-known Russian actress, Chulpan Khamatova, transformed the *Gift Life* Foundation into one of Russia’s best-known “social brands.”

As economic growth continued during the first half of 2008, companies, particularly larger ones, became increasingly active in building stakeholder relationships as **CSR** standards improved and corporate-funded social programmes spread more widely. New corporate foundations were established (e.g. the Renova Foundation) and new corporate philanthropic programmes were introduced. In particular, company-led employee giving programmes (such as CAF Russia’s “Give as You Earn” programme) and corporate volunteer projects, including pro bono services for non-profits, became increasingly popular.

At the same time, an increasing number of successful Russians opted to institutionalize their philanthropy by establishing their own private and family foundations, both as a way of developing their own philanthropic identity and of addressing specific niches within the Russian charity sector. A further trend that emerged during this period was that of the **professionalization of donor organizations**. The launch of the “Foundation School”, for example, which was developed by CAF in partnership with the Russian Donors Forum, was a direct response to the demand for training that this created.

It remains difficult to estimate the full financial value of Russian philanthropy because information on donations and funding sources is not available, but based on indirect indicators (such as the reports of major foundations and NGOs) it is possible to conclude that the **vast majority of funds invested in charitable projects have come from the corporate sector**.

However, despite growing caution among businesses affected by the global economic downturn in recent months, it would appear that declining corporate involvement is increasingly being replaced by private donations. Over the long term, therefore, it is possible to conclude that those organizations that are equipped with practices for individual and large scale fundraising will have greater potential for survival and even growth.

## **2. Community Philanthropy in Russia**

During the consultation meeting held with national donors in February 2009, participants described a range of community philanthropy and community engagement models (apart

from community foundations) that exist in Russian provinces and which are supported by various types of donors. These include:

- Local self-governance bodies: municipal grants and public hearings organized by local authorities. These have been compulsory for the last two years, following the adoption of Federal Law # 131 on local self-governance;
- Private foundations: primarily established by local individuals (which are often perceived as politically motivated and are not normally viewed in a positive light by the general public);
- Corporate foundations or, given the complications involved in creating a legal entity, more often, CSR departments within companies;
- Municipal foundations: these are generally used by authorities to accumulate funds for various infrastructural purposes. At present, authorities are legally prohibited from founding or acting as trustees within these foundations;
- Schools, particularly those found in small towns and villages, that encourage children to get involved in community activities and may themselves as local activity centres. Certain universities are also known to promote similar types of activities among young adults;
- Associations of entrepreneurs;
- Chambers of Commerce and Industry;
- NGO Resource centres (primarily funded by international donors);
- Discussion clubs and giving circles (Rotary and Mercury Clubs, etc.);
- Centers for public initiatives established either by local authorities or large companies operating in “mono-cities” (cities with one key enterprise);
- Village committees in rural areas;
- Credit unions.

Most of the models noted above tend to be somewhat limited in scope, focusing either on the interests of a specific group of stakeholders (such as local authorities, or a particular company or business group), or on supporting a certain segment of the community (such as school children). In fact, it is only the structures of local self-government that can be said to have an in community development in its broadest sense: for many nonprofit organizations, therefore, securing local government funding is the best way of guaranteeing a degree of sustainability.

But there are limitations to working with local authorities, including limited funding for public welfare initiatives and complex legal limitations on how such money can be used. Furthermore, public faith in local governments’ ability to allocate funds fairly and without political pressure often means that other stakeholders can be reluctant to deal with local authorities.

### **3. Legal Environment**

Current national legislation in Russia does not provide an enabling environment for giving. Laws on NGO registration are strict, as are those governing reporting. There are many regulations that allow for government authorities to close down a nonprofit organization, or under which they can demand stringent reporting requirements. Although many of these regulations were a government response designed to prevent international organizations from funding political activities in Russia, it is in fact grassroots organizations and foundations that have been hardest hit by them.,

There are currently four regions, Samara, Leningrad and Moscow Oblasts, and Krasnoyarsk Krai, that have their own **regional legislation on charity**: However, it is only in Samara Oblast that the legislative framework has been translated into practice.

2006 saw the adoption of a long-awaited **Law on Endowments**. The law introduced the word “endowment” into Russian law and language, but it is very limited in scope, with only a narrowly defined set of programme areas set to benefit. The law is also heavily prescriptive regarding types of investment and methods of fund management. As such, it has provided almost no benefit to grantmaking foundations.

It would seem that the purpose of this law is to provide support to large educational and other social institutions. Since these institutions are predominantly state-run, the money they accumulate will still stay within the state system. Community foundations do not therefore stand to benefit from this Law in its current form, despite the fact that they were the first institutions in Russia to seek to build their own endowments.

## 4. Community Foundations in Russia: Roles and Positioning

### Roles in Communities

The community foundation concept has now taken root in Russia and is widely recognized as an effective model for community philanthropy. Community foundations occupy a unique niche at the crossroads of business, philanthropy, charitable funds management and community development, and are thus well placed to undertake the role of “social bridge”. Community foundations are almost certainly the first nonprofit organizations in Russia that learned to speak the language of business, structured their activity as a professional service and started to raise funds locally.

Having successfully adopted some of the basic management principles of institutionalized philanthropy, community foundations are now also *starting to influence* the social climate within their communities. By stimulating public action, fostering a sense of public responsibility and building social capital, community foundations have, in fact, begun to drive systemic change at the community level.

2007-2008 saw an increase in cooperation between community foundations and local governments. The Russian Federation Ministry of Economic Development has also shown great interest in the community foundation model, as have a number of large companies. Some companies are already working in collaboration with foundations, having recognized their potential as facilitators for regional development. While initial corporate interest in community foundations came mostly from larger national companies, medium-sized businesses operating at the regional level and with a vested interest in shaping regional development strategies have also begun to turn their attention to community foundations as strong and viable vehicles for facilitating dialogue among state, business and civil society institutions.

Participants in CAF Russia’s programme “From evaluation to understanding social change”, which provided support to community foundations in developing systems for self-evaluation, identified the following **key elements of the change facilitated by community foundations in their communities**:

- Greater cooperation between social sector and business organizations and thus the creation of stronger bonds between various sections of the community;

- Fostering of a sense of personal responsibility for the community, now and in the future, particularly among government welfare departments who seemed more motivated to make things happen and go beyond their job descriptions;
- Emergence of “social managers” within communities. This trend can be seen in the strengthening of a “project culture”, the delivery of higher quality projects, and a growth in the number of projects implemented independently by community foundations.

As a result of these changes community foundations have become an increasingly important and influential part of the local self-governance systems in their communities and are able to play the **role of professional consultants** in tackling social issues. This role brings a high level of responsibility, which in turn informs the priority of the **objectives pursued by community foundations**:

- Increased levels of professionalism among foundation staff and their programmes.
- Development of tools for identifying and understanding community needs;
- Provision of new programmes for and forms of interaction with communities, including increased participation of people in community foundation projects; a wider range of community foundation programmes including the implementation of municipal and regional grant competitions to the development new projects, such as scholarships and youth banks, corporate donor-advised programmes, and multi-layer development projects with joint business and government funding;
- Development of internal and programme evaluation tools;
- Facilitation of local partnerships with stakeholders and other community philanthropy and community engagement entities: business associations and Chambers of Commerce; private and corporate foundations and charitable initiatives; schools, universities, libraries and museums; and local government bodies;
- Development of endowment strategies, primarily with the purpose of setting precedents. As current legislation makes the accumulation of capital of a “classic” endowment virtually impossible other contextually-specific financial schemes have emerged as alternatives. Currently there are four main endowment strategies, which range from what a type of informal credit union in Rubtsovsk to an extensive banking scheme in Togliatti that makes use of unique regional legislation on charity.

## **Roles at the National Level**

The success of community foundations in different locations across Russia combined with an extensive range of promotional activities by CAF Russia and the Community Foundation Partnership, has meant that the movement as a whole has begun to receive nationwide recognition which comes with an increased responsibility for both existing and emerging organizations. The community foundation concept is now mentioned in the federal and regional governments’ strategies for socio-economic development and it has also been used by a number of national companies seeking to share their social responsibility programmes with local stakeholders.

The result of this recognition is an increased demand from emerging initiatives not only for peer learning, consultations and institutional support, but also for a well-articulated strategy for further development and a future vision for the place of a community foundation network within the national social infrastructure.

One important outcome of the community foundation meeting in Togliatti held in June 2008 , organized within this study, was that it became clear that the Russian community foundation movement has not been able to address the question of what bigger social issues it could

tackle if acting as a unified force. Currently, it is still taking what are only the first steps towards understanding its role at a national level. Presently the movement's only "big" concern is the promotion of the community foundation model and practice to various decision makers, rather than joint work on a public cause of any sort.

## 5. Factors Influencing Community Foundation Development in Russia

Despite the fact that much has been and continues to be achieved in terms of strengthening and developing community foundations in Russia, the external (legal, political and economic) environment continues to be generally unfavorable.

The consultation session in Togliatti provided an opportunity for community foundations practitioners to discuss some of the challenges they face, as well as positive factors influencing their organizations' development.

**Political risk** and government attempts to impose political pressure on foundations were identified as the main **negative factors** impacting on community foundation development. Community foundations reported that they had frequently found their role and place in the community subject to the constantly changing priorities of social policy makers that come with changes in the positions of local and regional political elites. The lack of endowment funds exacerbates this sense of instability, as does the absence of a **common legal framework for foundations**. At the same time, there are few incentives for accumulating a capital base and those community foundations that have managed to do so continue to feel vulnerable to external influences.

Another side to this is the strong influence of "administration driven charity" whereby, on account of the lack of adequate charity legislation, authorities are able to push businesses to make donations to government backed initiatives, such as infrastructural projects. In certain areas, instances of this have increased dramatically in recent years and many stakeholders are being deterred from involvement in philanthropy, with the result that the environment for starting up community foundations is being damaged.

There are however a number of **positive factors** that have emerged in the last few years.

The most important of these is the emergence of truly professional and committed charitable institutions, including community foundations, on a national and local level. This has helped to change attitudes towards philanthropy, which are now becoming more positive both within government and society at large.

The existence of the Community Foundation Partnership is another important factor improving the environment for philanthropy, both in terms of the introduction of standards and best practices, and in enhancing both the profile and local legitimacy of community foundations.

There has also been a strong contribution to community foundation from international donors and from CAF Russia, which provides financial and strategic support to community foundations and the philanthropic sector in general, carries out monitoring of community foundation activities through its organizational development programme, and assesses the needs of foundations at various stages of their development.

Another positive factor is the emergence of the **Global Fund for Community Foundations**. Over the course of 3 years, the GFCF has distributed over \$300,000 to 15 community

foundations and organizations supporting community foundation development in Russia. The funds provided by the GFCF have made a significant impact (exceeding CAF Russia's budget for the same period, for example), but it is not only in its financial contributions that the added value of the GFCF is to be found: GFCF has been open to various initiatives that fell outside of the framework and scope of CAF's programme and has thus been able to support the development of the field more widely.

## 6. Factors that will have influence in the future

In Autumn 2008 the country's and indeed the world's economic and financial situation changed radically. The growth in prosperity that many regions had experienced rapidly gave way to social and economic difficulties, as both businesses and individuals began to feel the impact of the downturn. So far, it remains unclear whether or not the public will become more socially engaged during this period of economic hardship: will local communities respond to increasing challenges by coming together? Or will people be too preoccupied with their own personal circumstances and problems to engage with community issues? Regardless, a decline in public philanthropic and charitable activity seems inevitable.

Changes to the current system of taxation for philanthropic activities may prove beneficial for community foundation development although the nature and timing of any proposed changes are far from clear.

In recent years, the **federal government** has repeatedly raised the issue of supporting local community development. Initiatives such as the Ministry for Regional Development's new funding programme for local level development, which will be organized on a competitive basis, offer new and promising opportunities for community foundations (who could organize and design the processes).

Current instability makes it difficult to offer any accurate prediction as to how community foundation development will progress. The financial resources that foundations hold are insufficient to sustain their activities at the level of recent years. The chances that those organizations with endowments will be able to preserve them are slim and there will be fewer opportunities for creating new foundations in general.

As community foundation support programmes are scaled back, there is a danger that the sector as a whole will lose professionals with valuable skills and training in areas such as management and information technology.

At the same time levels of corporate philanthropy are also declining sharply. As many of them struggle to meet their own day to day running costs, businesses have fewer resources to dedicate to philanthropy. Those that do continue to give will doubtless exercise greater scrutiny both in the selection of projects and seek higher returns on their investments.

Should these trends continue, a complete scaleback of community foundation operations cannot be entirely ruled out.

On a more positive note, there may be new opportunities for community foundations to work with local and regional authorities in the delivery of social alleviation programmes.

Similarly, in these times of crisis, communities may indeed begin to pull together and those community organizations that have proved their worth may in turn enjoy much greater public support.

CAF Russia's evaluation of the current situation and of community foundations' plans for 2009 has revealed that there are a number of foundations whose outlook remains positive, even as it becomes apparent that the economic crisis will have long term effects. In particular, those foundations that have not had access to funding from large corporations

and are therefore used to working with small and medium-sized businesses and mobilizing private donations seem better prepared to overcome the difficulties brought by the downturn.

Many foundations expect a reduction in funds but do not anticipate not complete closure. Scarcity of corporate resources has in many cases proved to be a powerful stimulus for foundations to invest their time in actively developing tools to facilitate private giving.

The discussions around community foundations' activities and objectives on which this report is based largely took place before the economic crisis had fully taken hold in Russia. Nonetheless, the factors affecting community foundation development that were identified remain relevant. It is worth remembering that the majority of **community foundations have always had to face multiple challenges**, it is simply part and parcel of what they do – they have always had to concern themselves simultaneously with both community development and their own survival.

Many of the negative factors affecting community foundation development have simply been exacerbated by the economic crisis. The most pressing question now concerns the role of community foundations and how they can position themselves at the local level so that they can be effective and relevant among all their stakeholders.

At the Togliatti consultation session community foundations were asked to name the most relevant issues affecting their development and also to envision their “dream” future and the kind of contribution that they saw themselves making. Some of the roles that community foundations saw for themselves included:

- Participation in legislative work and provision of public expertise;
- Community foundations serving as an important partner in attracting and implementing social investments, including those which improve the physical infrastructure of the region;
- Community foundation programmes facilitating people's understanding of personal responsibility and engagement in addressing a range of social issues from ecology to the support to vulnerable groups in society.
- Community foundations becoming a forum for discussion and a platform for reaching consensus between social groups;
- Community foundations becoming professional structures for supporting and advising on self-governance issues.

(Also in attendance at the consultation session were community foundation practitioners from the former Soviet Union and Central and Eastern Europe, who brought their own perspectives to the discussion. Participants from Bulgaria, for example, mentioned the need for better understanding among countries and the importance of fostering a sense social responsibility among both ordinary citizens and political leaders, while representatives from Central Asia were mostly concerned with poverty, as well as with protection of and fair access to natural resources. All these opinions significantly enriched the discussions and contributed to us developing a better understanding of the diversity of the roles of community philanthropy in different regional contexts).

## **7. CF Support Structure in Russia**

One important issue that was raised repeatedly during the discussions with community foundations was the worry among organizations that collectively, community foundations remain too few to facilitate real change and address wider social issues. Indeed, at 30, the number of community foundations in Russia is small in relation to the size of the territory. Moreover, some of the more established community foundation initiatives are largely concentrated in the European part of Russia, while the vast distances that separate those in

the Eastern regions of the country from those further west, combined with time differences, can make communications and the sharing of information difficult.

The community foundation support structure in Russia presently comprises of CAF Russia, the Community Foundation Partnership, which is a membership association of community foundations, and the Global Fund for Community Foundations.

### **CAF Russia**

CAF Russia, with support from the C.S.Mott Foundation, provides organizational development grants (ranging from \$5,000 to \$10,000) aimed at a range of organizational development activities – from fundraising to self-evaluation. Being a large international institution and having the advantage of a “big picture” view on the situation in Russia, CAF Russia is able to develop strategic approaches for promoting the community foundation concept nationwide, and provide support to community foundations, emerging initiatives, and community foundation networks and alliances. It is currently the only national player focusing on the strategic development of community foundation via a range of tools and partnerships.

CAF Russia also develops various donor-service tools and offers consulting to national and international donors seeking to introduce the community foundation concept in their areas of interest.

CAF Russia has partnered with a number of national companies on community foundation development, including YUKOS, SUAL, RUSAL, Polus-Gold. The consulting capacity of CAF Russia’s staff has also helped to initiate community foundation movements in the Baltic Republics (Latvia, Lithuania, and Estonia) and in Ukraine.

### **CF Partnership**

The Community Foundation Partnership provides a platform for member organizations to share information and experiences. Established in 2006 the partnership is currently reviewing its own strategy for community foundation support and development, which will become increasingly important in the future.

In discussions community foundation representatives have outlined a number of expectations regarding the role and influence of the Community Foundation Partnership in facilitating the institutional development of individual organizations and the sector as a whole. These include:

- Development of single (generally accepted) minimum standard of community foundation operation;
- Community Foundation Partnership to reach the next level of its own development: expansion of political, economic, and social influence.
- Increased support by the Community Foundation Partnership for nascent and emerging community foundations.
- Increased support for the Community Foundation Partnership from local level funds.
- Exploration of the possibility of setting up regional alliances of community foundations.
- Promotion of community foundation ideas and technologies and dissemination of success stories.
- Definition of community foundation professional standards, and sharing of best practices.

Members of the Community Foundation Partnership also formulated 4 key objectives to be addressed as priority issues. The objectives reflect many of the current concerns and objectives of the community foundations themselves:

- 1. Formulation of a 5 year development strategy for the Community Foundation Partnership**, including: lobbying on and promotion of community foundations and their areas of concern at both federal and regional funding competitions; promotion of Community Foundation Partnership members at the regional and federal levels; regional community foundation meetings to be held on a quarterly basis; training for community foundation staff in the use of successful technologies for mobilizing and managing private donations; setting of minimum operational standards for community foundations and development of corresponding evaluation and consulting systems; creation of a toolbox to support nascent community foundations in their development.
- 2. Recording of best practices and community foundation success stories:** including case studies and examples of the successful use of new technologies; creation and dissemination of a CD containing a compilation of best practices and case studies of community foundation activity among Community Foundation Partnership members.
- 3. Community foundation promotion in the public sphere and creation of a strong community foundation brand:** patenting of a community foundation trade mark and relevant technologies; creation of both community foundation and Community Foundation Partnership brands and implementation of a joint campaign to develop and promote the mission and vision; recognizable campaigns of the Community Foundation Partnership running simultaneously in different Russian cities; PR-promotion, including use of newspapers, social advertising, museums, and branding; shared strategy for developing a culture of philanthropy; a "Community Foundation Day".
- 4. Promotion of regional legislation on philanthropy.**

### **The Global Fund for Community Foundations**

Since 2006 the GFCF has awarded \$305,000 to 15 community foundations and support organizations in Russia. The flexibility of the GFCF's funding approach has enabled it to have an impact across a broad stretch of the Russian community foundation field. The community foundations of Pervouralsk and Rubtsovsk, for example, were each awarded a three year institutional development grant, and Penza community foundation received an endowment grant. These grants have played a crucial role in strengthening the middle-level community foundation cluster. A grant to the Community Foundation for Northern Primorye extended the coverage of community foundations to the farthest Eastern part of Russia, while a grant to the Community Foundation Partnership supported the board development process. Togliatti Community Foundation has received support for its initiative to establish a regional support network for community foundations, intended to improve access to technical assistance, particularly for those initiatives located in remote areas.

Another important aspect of the GFCF's involvement in Russia, has been its openness to forming partnerships with other players in the field, as well as its commitment to ongoing evaluation, which has provided valuable analytical material to the wider community development field.

### **Other players**

Over the last few years, a number of large national companies, as well as national and international foundations, such as the Potanin Foundation, Evolution and Philanthropy,

Eurasia Foundation, MATRA (Embassy of the Netherlands), DFID and USAID, have also provided essential support to community foundation development work.

The most recent development in the field is the emergence of regional alliances of community foundations, such as the alliance of Baikal-area foundations in Eastern Siberia.

Also worth mentioning, is the increased interest of the federal government in community foundations, as evidenced by the participation of officials in securing space for community foundation venues, and the provision of financial resources distributed by the Public Chamber.

While greater recognition of the community foundation concept and the trend towards increased support for community foundations are certainly positive, the demand for customized support is increasing and the volume of services available to provide this has not kept pace.

It has become increasingly clear that the capacity of the current support structure is not adequate to meet current demands, nor can it, in its current form, lead the movement forward. There is therefore a need to extend and diversify support structures both institutionally and in terms of their geographic coverage.

## **8. Conclusions and Recommendations**

Russian community foundations have proved both the viability and adaptability of the concept in an unstable economic situation, in an unfavorable legal environment, and in the midst of negative attitudes towards the nonprofit sector. The economic crisis and ensuing reduction in philanthropic funding will continue to test their strength in the coming months and years. Institutions have taken root in a diverse range of communities and reflect both the nature of these communities and of the individual skills, talents and styles of their leaders.

The key finding of this study is that **community foundations are the ONLY functioning institutional form of community philanthropy in Russia.**

The reason that community foundations have been able to establish themselves successfully (if not without some difficulties), is that they have been able to identify their niche within the community self-governance system and position themselves at the cross roads of local interests.

This has made community foundations not only truly sustainable and, in many cases capable of establishing endowments, but also an attractive partner for various groups interested in local development, including local and federal governments, local and national businesses, and emerging national private and corporate foundations.

Operating as part of the community's self-governance framework has helped the community foundation concept to establish itself in diverse communities ranging from large cities of a million or more inhabitants such as Togliatti, to towns like Shelekhov with around 30,000 citizens, to villages such as those in Perm Oblast with just a few thousand residents.

In general, community foundations in larger communities tend to take the classic "donor-advised" form and it remains the case that in all locations government participation is a prerequisite for successful operation. The flexibility of the community foundation concept enables these organizations to adapt to their environment and develop a message that fits the specific needs of their community.

We anticipate that Russian community foundations will evolve: rather than becoming merely instruments of local self-governance, they will move towards greater independence as financial managers and endowment builders. Such changes, however, cannot take place

until a wide variety of private philanthropic institutions on different levels throughout the country have emerged and a culture of philanthropy has been established in Russian society. For community foundations to achieve their full potential, an overhaul of the current national legislation on charity is also required.

Given the size of the country, there are not currently enough community foundations in Russia to meet the demand for the services that they offer and, as such, they cannot yet be considered a truly national movement. However, the concept is recognized by the national government and by business bodies. The number of community foundations is and will continue to grow, which in turn creates concerns regarding the capacities of the existing community foundation support structure and its ability to provide adequate consultancy and organizational development services, especially given the long distances involved when working in Russia. Despite the diversity of community foundations, it remains important to preserve a common identity among organizations within the movement and to establish a set of operational standards for community foundations.

The future development of community foundations will place increased demand on existing support structure, testing its ability to provide fast, individual and customized services. In order to meet this demand **the support structure must diversify and extend its presence throughout** Russia, which will require more partners and players to become involved. Since the professional resources of the nonprofit sector are scarce, this will mean incorporating structures that have previously been not involved in community foundation development. These might include organizations like the Siberian Center of Public Initiatives, and the NGO Resource Center network, as well as other existing philanthropy and community philanthropy institutions, and socially responsible businesses.

The extension of the support structure will also require **national level leadership** that would be capable of providing commitment, vision, strategy, and possessing the capacity to mobilize adequate resources. At the moment only CAF Russia, and to a lesser degree the Community Foundation Partnership, would be capable of undertaking this, and mutual and external collaboration with various types of regional and local coalition would be necessary. There is also a need for increased access to resources from foundations (through grant programmes, for example), as well as for technical assistance to community foundation support organizations and for projects aimed at regional and national promotion of the concept.

CAF Russia has already taken steps to restructure its capacity building grantmaking to better address the great diversity of initiatives in the field, but there is a pressing need for more resources, in particular for **research, evaluation and peer learning**.

There is also a need to **test the potential of the current legislative options** for endowment building and private giving and to establish to what degree they can benefit community foundations, even though the laws as they currently stand are not particularly favorable towards grantmaking institutions, and even though endowment building is currently not a viable option for many institutions. This remains necessary in order to set precedents and create examples that can be used to facilitate improvements to the legislation for the future. It is important to document and further develop the existing informal endowment patterns that have the potential to work in other communities.

It is also important to continue to develop and strengthen practices of **donor cooperation** in the field of community foundation development, in ways that go beyond networking. Given the political sensitivities within the community foundation sector and the general scarcity of resources for development, donors will be able to achieve significant results only by coordinating their strategies and funding flows. This cooperation could take the form of continuous peer review of strategies and greater sharing of information on the results of specific grants.

Finally, **access to international experience** and close ties with the community foundation movement in a global context will be an empowering factor and an important resource for professional development and informed creativity in the Russian community foundation sector.