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COMMUNITY FOUNDATIONS IN RUSSIA



PHASE OF INSTITUTIONAL
DEVELOPMENT

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This book is devoted to questions of the function of Russian community foundations as a form of institutional philanthropy. The empirical base of this publication is formed from results of sociological research, conducted by the Center for Civil Society Studies and the Non-profit Sector (State University – Higher School of Economics) in the year 2009. Particularities of community foundations as a specific type of nongovernmental noncommercial organizations, including personnel, volunteers, financial and grant-giving managing procedures are disclosed in the research. Issues of strategic planning are explored, as well as communication space of community foundations. Questions of interaction between community foundations and State are thoroughly analyzed in the publication. Among them there are issues of motives and benefits of cooperation, evaluation of community foundations' services to government authorities and other forms of cooperation.

The data provided allow estimating financial resources supply of community foundations. Impacts of the 2008–2009 economic crisis on activity of community foundation, including transformation of interactions with commercial structures, foreign donors and the changing role of personal donations in providing financial stability of community foundations are characterized in the book.

This book is addressed to social and political scientists, economists, teachers and students of the social sciences, experts, and anyone interested in the status of charitable activity and civil society development in the Russian Federation.

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PREFACE

In this publication we provide a full picture of a specific type of non-profit organization, the Community Foundation (CF). The features of CF social and cultural activities and the level of their institutional development are examined closely. CF organizational structure and mechanisms that support their operations, priority objectives, spheres of activities and the outlook for their future strategic development are also covered in detail.

Currently there is an urgent need in Russia for sources providing information about CFs and a systematic analysis of their work. Although CFs have existed in Russia for fifteen years, they have never been the subject of attention for researchers. This represents the first time they have been fully analyzed by focusing on specific cases of community foundation activities¹. The CAF² Representative office in Russia and the Donors Forum initiated this research³ and the CAF official website provides a review of existing foundations and the CF Partnership that is based on an analysis of documentary sources.

In the context of the economic crisis, the social role of CFs is being transformed. It is clear that in certain communities it has become increasingly important for CFs to provide an alternative instrument to support living standards. As a result, the CF survey conducted in April-June 2009 by the Center for the Study of Civil Society and the Non-Profit Sector at the Higher School of Economics has assumed added significance and constitutes the empiric background for this publication.

¹ See for more details, e.g.: compiled by V.Yu. Samorodov, S.B. Nikiforova: Community Foundations: Effective Charity.

² CAF (Charities Aid Foundation) – British charity foundation, its headquarters is located in Great Britain. The Foundation Representative Office operates in the USA, SAR, Australia, India, Brazil, Bulgaria, and in Russia (in Moscow since 1993). The activities conducted by CAF are diverse: charity program management, conducting grant competitions, consulting and research.

³ See for more details, e.g.: Avrorina L.V., Samorodov V.Yu.: Local Community Foundations in Russia // Charity in Russia. 2002: Historical and Social and Economical Researches / under the editorship of O.L. Leikind, A.V. Orlova, G.N. Ulianova. St.Petersburg: Faces of Russia, 2003. P. 397–417; Patten M., Kuzmin A.I., Balakirev V.P.: Russian Community Foundations // Charity in Russia (2005/2006): Historical and Social and Economical Researches/ under the editorship of O.L. Leikind, A.V. Orlova, G.N. Ulianova. St. Petersburg: “Star” magazine Publishing Company. 2007. P. 169–221.

Since CFs are largely understudied, preference was given to qualitative studies as a methodology for their investigation. The initial information was provided by CF executive directors and government representatives that interact extensively with CFs (see Appendix 1. List of the Empiric Information Sources).

The project included in-depth expert interviews (14 respondents) and semi-formalized questionnaires that included extended open-ended questions completed by CF directors (15 respondents). Among the 28 CFs surveyed 22 are members of the CF Partnership. Information was gathered from government representatives using similar techniques – 10 in-depth interviews and 8 questionnaires. Both directors and officials in different regions of Russia were interviewed on the basis of strict territorial representational principles.

Research results demonstrate that:

- The economic crisis had an impact on all foundations covered in the survey. However, for most of them the negative aspects of the crisis did not have a dramatic impact. There has been a decrease in the number and level of donations as well as a decrease in government support. Overall the foundation directors remain optimistic and are focused on overcoming the effects of the crisis.
- Government authorities and business are currently the key CF donors – they donate most of the money in the foundations budget. Interacting with government authorities makes it possible to accumulate the social capital that is of functional importance in securing long-term stability for the foundations.
- Business donors account for the largest share of all contributions to CF budgets. The decision to provide funding to a CF is made by the business director and not dependent on the functional benefits to the whole organization.
- CFs sustain close working relationship with municipal authorities. On a regional level there is less intensive cooperation and the focus areas are more limited. CFs and Federal level organizations cooperate only on some issues and this cooperation is fragmentary and non-systematic.
- Cooperation with government authorities is initiated by both the foundations and the authorities that results in the cooperation becoming institutionally dependent. Government authorities do not fully understand how instrumental CFs are in addressing important issues and social problems at the local level.
- Provision of services and goods is not sufficiently developed by CFs and as a result this line of CF activity does not contribute much to the founda-

tion budget. The services provided are primarily information or counseling on socially related issues.

- CFs provide a large number of services to the government primarily on the basis of grants.

- Sources of CF stability are the diversification of donors both in terms of the volume and areas of the support they provide. Another way to achieve stability is the formation of an endowment. The search for new sources of funding, including private endowments or paid services, is part of the strategic approach to insure long-term stability.

- The municipal population cannot serve as a focus-group for the foundations, information to the public is generally provided in a non-strategic manner. The level of awareness of the scope of CF activities among the general population is between low and medium. It is too soon to speak about the CF as a brand and there is no loyal target audience among citizens. Still, CF directors indicate that the people's confidence in CFs is growing.

- In recent years the foundations have applied all available information channels and formats for transmission of information to the target audience. However, for the most part they communicate through the traditional formats of personal interaction, social networks and local printed media. Electronic media potential is only partially exploited.

- CF Partnership is an organization that integrates most of the existing Russian community foundations. This organization is not maximizing its potential to support the social and educational capital of its members. The foundations are in need of stronger promotion of communication and experience exchange including the professional retraining of staff.

Chapter I

Local Community Foundations: Organizational characteristics

§ 1. Community Foundations as a Type of Non-Profit Organization

The Community Foundation model was first applied in Cleveland, Ohio, USA. The following is the classical definition of a community foundation as it has been applied in America – it is an independent non-profit organization supported by the members of society. It is a non-religious charitable institution with the long-term goal to establish an endowment. Their primary activity is to improve the standard of living for the people within a specific geographic territory⁴.

In other words, Community Foundations operate within a specific territory in order to pool the resources – economic, human, social – to solve the problems of the local community, raise the living standards and promote institutional charitable giving. Financing for these foundations comes in the form of donations from private donors, businesses, and government. The donations can be made in the form of cash or non-cash when goods or services are donated in the form of an in-kind contribution. A foundation's assets are distributed among non-profit organizations and initiative groups of community members through competitions. Decisions on the distribution of funds is made by a Grant Commission or Expert Council, the latter consisting of representatives from the three sectors of the local community (i.e. government, businesses, non-profit sector) as well as experts on the issues being addressed. Focus for grants CFs are determined by the CF together with the local community on the basis of

⁴ National Standards for U.S. Community Foundations/Council on Foundations. URL: http://www.cof.org/files/Documents/Community_Foundations/National_Standards/National_Standards.pdf

monitoring the trends and challenges in the community. CFs are run indirectly by the community itself through the equal representation of government, businesses and non-profit sectors in the foundation (for more detail, see § 3). CFs are transparent organizations responsible for providing information about their activities, financial status and allocation of funds to the community. How the CF features described above are applied to CFs in Russia is described below.

Currently, CFs exist in the USA, Europe and more than in 50 countries throughout the world. The total number of CFs is 1, 440. Nearly half of all existing foundations operate in the USA (more than 600). Most of the foundations were formed during recent decades. It makes sense to briefly turn to the experience of the CFs in western countries to gain a full understanding of how they operate in Russia in an international context.

Although there are not many CFs in the world, their financial performance is very high. For instance, by the middle of 2009, despite the economic crisis, there were 11 CFs operating in the USA with assets of more than 1 billion dollars⁵. It must be emphasized that the material stability and high total asset volume were attained gradually and, as a rule, the majority of these funds are not accumulated in less than 10 years (according to the FSG Social Impact Advisors data).

In addition to CF financial performance, scientists pay close attention to the phenomenon of social capital. It is understood to be an integral element enabling the foundations to effectively conduct their activities, generate and pool resources and contributes greatly to the society's growing confidence in the CF⁶. The same can be said of Russian foundations. The attention of researchers is focused on models for CF development and factors of influence. For instance, E.A. Graddy and D.L. Morgan created a model for CF development that can be equally applied to the CF movement in Russia. The researchers defined the set of development variables – specific organizational characteristics, characteristics of the community and territory within which the foundation operates and external forces. Thus the starting model for almost all foundations is they are donor-oriented, donors are the main sources of financing. Subsequently, the

⁵ 25 Largest Community Foundations by Asset Size / Foundation Center. URL: <http://foundationcenter.org/findndunders/topfundders/top25assets.html>.

⁶ C. Guo, W.A. Brown. Community Foundation Performance: Bridging Community Resources and Needs //Nonprofit and Voluntary Sector Quarterly. Vol. 35. 2006. P. 267.

services provided by the foundation are expected to develop. As the foundations “grow up” and become more stable they are ready to follow the society-oriented model. Thus, step by step, the foundations start playing an increasingly important role in the life of the society in addressing the problems not only on a social but a much larger scale⁷. G. Heells during his speech at the 10th CF Partnership conference (October 23, 2009, Public Chamber of the Russian Federation) described the three steps of foundation development that generally correspond to the model mentioned above. As far as a young foundation is concerned, it plays only one role as an instrumental facilitator for the provision of charitable aid. When a foundation reaches the second stage in its development process it becomes a professional financial adviser engaged in the investment of donor funds. At the top stage of its development a CF becomes a leading player in the life of the community. Russian CFs are in their first stage of development although some of them are showing progress and look like they are ready to move to the next stage. However, an issue we will discuss later is that even the large Russian foundations are still donor donation-oriented without wide community involvement in foundation development.

It is worth comparing the characteristics of Russian CFs with those in America as the latter are more developed institutionally and possess high social and economic potential. Below is data presented G. Heells, Director of FSG Social Impact Advisors, during his speech at the 10th CF Partnership conference, October 23, 2009 at the Public Chamber of the Russian Federation.

Table I.1

Comparative characteristics of in Russia and the USA

CFS in the USA	CFS in Russia
First CF was established in 1914, Cleveland	First CF was established in 1998, Tolyatti
More than 600 foundations	About 30 foundations
Private donations account for a considerable percentage of the budget	Private donations account for less than 5% of all budget funds
Legislation – incentives and tax benefits	Legislation – limited incentives

⁷ E.A. Graddy, D.L. Morgan. Community Foundations, Organizational Strategy, and Public Policy // Nonprofit and Voluntary Sector Quarterly. Vol. 35. 2006.

Community Foundations are registered as non-profit organizations in the form of non-political, non-profit foundations. Pursuant to the Civil Code of the Russian Federation, a foundation is deemed to be a non-profit organization without membership that is established by citizens and/or legal entities on the basis of voluntary contributions (see Table I.2). A foundation is a nonprofit organization when profit is not the main objective of its activity and it does not distribute an earned profit among the participants.

Non-profit organizations may be created for achieving social, charitable, cultural, educational and other socially useful goals. The main difference between the Social Foundation that is regulated by the Federal Law "On Social Associations" and the non-profit foundation regulated by the Federal Law "On Non-Profit Organizations" is described in the clause concerning the founders status. A social association may be founded by persons or legal entities and the non-profit foundation may be founded by only one person.

In Russia, CFs are relatively new and a comparatively less widely used model than other traditional types of non-profit organizations. Establishing a foundation requires a considerable level of organizational, educational and social capital. In addition, the local community should demonstrate it is prepared to address socially important challenges through the use of a CF. CFs are established to address social issues and provide support to various civic initiatives through grant making.

As a rule the initiative to establish a foundation is made by one person. In the initial stage he/she acts alone on his own authority and is engaged in a search for other founders, members of the coordinating and supervising bodies etc. As a result, an initiative group is formed and members of the CF Partnership together with different Russian and international associations join the group.

During a seminar in Novosibirsk a founder was introduced to a new technology called a CF. The idea of establishing a foundation of this kind was interesting to him, he got excited and when he returned home he formed a group of six people who created a foundation in 2000 (P. 7)⁸.

The reasons why a foundation is established are described in its mission and include the objectives for the charitable aid that will improve community

⁸ The personal codes given to the respondents are intended for reference convenience – **P** with the serial number is for the foundations directors, **G** with the serial number – for the government representatives.

Table I.2

Framework for non-profit and social foundations

Characteristic	Description
Activity Goals	Property is formed on the basis of voluntary and other contributions that have not been prohibited by the legislation and used for pursuing any socially useful objective
Membership	Without membership
Founders	Persons who have attained the age of 18 years and legal entities, but a non-profit foundation may be established by one person, and a social association – may be established by a minimum of three people who have attained the age of 18 years, and legal entities
Executive authorities	Designated on the basis of the Foundation Charter
Measure of property rights in the non-profit organization	The property transferred to the foundation by its founder(s) shall be owned by the foundation
The founders, members and the property of the organization, their liability	The founders shall not retain rights to the property transferred by them for ownership by the organization; the founders shall not be liable for the obligations of the foundation created by them, and the foundation shall not be liable for the obligations of its founders.
Liquidation, transformation	The decision to liquidate a foundation may be adopted only by the court based on an application by the interested persons.

living standards and increase citizen involvement in social activity. Most of the foundation executive directors (19 out of 28 interviewed) were able to state the mission of a foundation and all of them have an intuitive understanding of the objectives a foundation is meant to pursue.

Facilitating charity within the city of Angarsk, providing support to local initiatives, supporting citizen involvement (P. 1).

Pooling the resources from all sectors in order to improve the living standard for citizens living in Buryatia (P. 12).

Development of charitable support for the pursuit of reasonable solutions to the social problems faced by the local community (P. 3).

Improving the quality of life in the city community (P. 10).

We cannot say that the CF in Russia is institutionally mature as far as their organizational form is concerned. If we refer to the formal characteristics of a CF we see that, firstly, it is a grant-making organization operating within a certain territory, secondly, it is a philanthropy promoting organization that supports socially-oriented initiatives directed at addressing issues on a local level. The principal source of support is open tender financing. It is most common for CFs in Russia that several roles are combined but the primary role is as a grant-maker (see Fig. I.1).

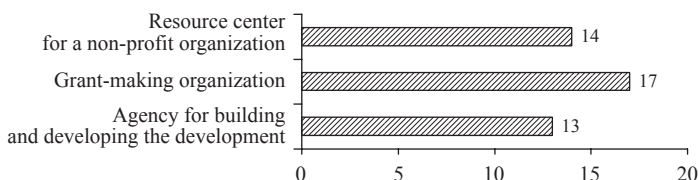


Fig. I.1. Chart presents interview responses to the question:
What is the main objective of your Foundation?
(number of respondents, multiple choice)

Based on the results of the survey we can say that Russian CFs, to a greater or lesser extent, are grant-making organizations, i.e. they mainly provide grants. This was supported by 17 out of 28 CFs interviewed that consider themselves to be grant-making organizations. However, the percentage of funds and resources allocated for grant-making and the foundations' program implementation differ in some respects. There are two models for CFs that work in Russia: grant-making-oriented and foundation program-oriented. This indicates that there is no standardized, uniform model for a CF yet. The foundations comprise the features of a charitable aid foundation, resource center and development organization while preserving grant-making as the key feature of a community foundation. In addition, when they are being established they often do not give themselves names that identify them as a community foundation. There are foundations that, when selecting their names, establish the territorial scale of their activity, its non-profit and charitable nature ("non-profit charitable

aid foundation of the community”, “regional social charitable aid foundation”, “foundation for the support of social initiatives”).

We perform all functions related to this region. We held an inter-regional social projects competition in 2007. The inter-municipal level is for projects that are of interest to four or five territories or projects that could be considered as pilots. These are the grant competitions. As a resource center for non-profit organizations – before we started working in this area there was only the Council of Veterans and Women Council. During the period of our project implementation, initiative groups have registered as non-profit organizations (P. 6).

§ 2. CFs as a Grant-Making Organization

Cooperation between CFs and their grantees is one of the fully developed aspects of the Russian foundations’ activities. This cooperation has clearly defined and documented standards with its own rules and procedures. CFs cooperate with local and regional non-profit organizations that meet all established requirements, competition selection procedures and agree to project evaluation. The main focus for projects that can participate in the grant competitions are land beautification, children, youth and pensioner resource centers, leisure and sports centers. There are also competitions to support the environment, culture, folklore projects etc.

Among the project participants are environmental, cultural, folk art and other organizations. The most common grant recipients are non-profit organizations. Sometimes individuals and municipal non-profit organizations are among grant applicants but there are very few instances of this.

We consider them to be a member of our target group. They are our grantees, I mean local organizations. They perceive us as the leader in the non-profit sector (P. 5).

Most foundations keep records of the non-profit organizations they cooperate with. Most often the database is updated by accumulating information about new non-profit organizations and collecting information from foundation officers. This database is very useful in working with non-profit organizations.

CFs use a number of techniques to identify the focus for their grant competitions. One CF asks non-profit organizations and initiative groups to submit

applications that describe the most important challenges. In this way the foundation receives information directly from the people who later are involved in implementing the project. A CF may use accumulated funds to support projects or they may look for sources of financing after a priority issue has been identified.

In one of the projects "Small Europe, we conducted a series of mini-projects. The idea was suggested by a woman during the competition. We managed to find money, people who were interested in the ideas suggested and then organized the mini grant competitions and distributed the money among the grantees (P. 12).

Another technique foundations use to identify community needs is to conduct research. Generally it is in the form of questionnaire survey analysis. Foundation officers evaluate information provided by personnel interviews. If there is a government administrative resource, the foundations use citizens' petitions to community government authorities to identify critical social problems and ways they can be addressed.

One more technique used to determine the focus of grant competitions is suggestions from donors. Donors do not often transfer their support to funding pools. They prefer to coordinate how their funds will be used and restrict the mandate for those applying for grants.

The procedure for notifying potential grant applicants is fairly well established. Contact information available in the database is used to inform non-profit organizations of new projects and competitions. This information includes the application form and reporting procedures. Samples of documents grantees are required to submit are available on the foundations' websites and applicants can obtain forms directly at the foundation office.

It appears that the foundations have built a mature model for informing grantees and have standardized documents and grant application submission rules so this procedure does not present any difficulties to non-profit organizations. Foundation representatives believe that standardized procedures and rules are necessary to govern their cooperation with the grantees and they monitor their compliance to these rules. 26 of the foundations surveyed reported they apply standardized regulations, formal rules or guidelines to govern their cooperation with grantees. However, not all the directors agree that these regulations and rules are essential (21 respondents). There is only one foundation that does not apply this approach.

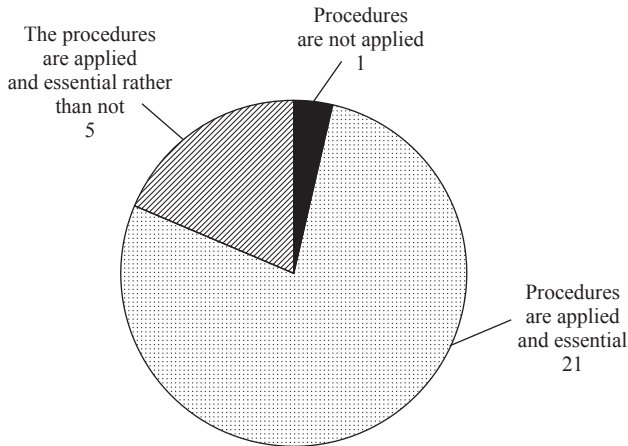


Fig. 1.2. Interview responses to the question:
“Are there standardized procedures, formal rules or guidelines to govern cooperation with grantees applied in your foundation? To what extent are they really used and are they essential?” (number of the respondents)

The survey allowed us to make one more important observation concerning providing applicants help that proves the competitive selection procedure has been established. The foundations use their own resources to conduct seminars and answer the applicants' questions. In some cases attending these seminars is a requirement to participate in the competition. Most of the foundations believe that providing educational services is necessary to ensure compliance with the procedures and to minimize potential difficulties in future. 24 foundations surveyed provide instructional and/or informational services for grantees. More significant is that most of the respondents consider the provision of these services essential. There are only two CF that do not provide these services.

Training is necessary at the stage of informing about the grant competition, at the stage of administering the project and at the stage of report preparation (P. 6).

The application selection procedure involves expert councils that determine the optimal results. A council is established for a specific topic. Each council consists of specialists who work on a volunteer basis. The experts are invited

by the foundation from groups representing their donors, other stakeholders and respected citizens in the community. It is important to emphasize that the expert council meetings are open to stakeholders who are interested in participating in the meetings. This allows the foundations to achieve professional evaluation of their applications and ensure the results are objective and impartial.

An applicant submits an application that contains full information about the project – goals and objectives, budget, budget comments etc. The experts examine and evaluate the application. The second stage is when the expert council meets and we select 10 projects that have received the highest evaluations among the 29 submitted. The council was comprised of government and businesses representatives. During the opening session the project managers present their projects and they were allowed to stay and take part in the discussion. Out of the 10 projects presented to the council 5 were approved for support (P. 15).

Project monitoring and evaluation are a very important part of the grant program implementation process. These practices are successfully applied in 25 of the 28 foundations surveyed. The directors of 18 foundations agreed that project evaluation is a key element. One aspect of this process involves formal requirements that grant recipients must satisfy such as submitting reports and documents related to the project including financial reports. Another aspect is when the officers conduct their own monitoring and observe the results of the project's implementation. In addition, foundations conduct questionnaires and personal interviews with project managers after a project is completed. However, an overall evaluation of the projects is not performed on a regular basis.

We interview but not that regularly. We ask them to fill out questionnaires and make up a summary table containing the data collected from the respondents and analyze this. We evaluate the youth bank of ideas as well. The supervisor used to send out questionnaires to all participants. As far as the grants are concerned this is called project monitoring. As a rule we attend events, read reports on the results of the project implementation and base our evaluation on this. If we have any questions we call the grantee and ask him (P. 13).

Regarding the evaluation of projects, it is worth noting that it is totally administered and performed on the basis of the foundations own resources (see Fig. I.3). Rarely are professional evaluators involved as their services would require money from the CF budget. Most of the respondents said it was totally unnecessary to engage professional outside evaluators. Based on the evalua-

tion formal amendments to the procedure are usually introduced and document requirements modified etc.

When evaluating a project we take into consideration compliance and non-compliance to the information – that is essential. An applicant fills in the form: achievements, progress for such-and-such period. Here we see non-compliance of the information provided. The applicant is found not to take part in any events. We verify all the data concerning such applicants and automatically remove them from the competition... (P. 15).

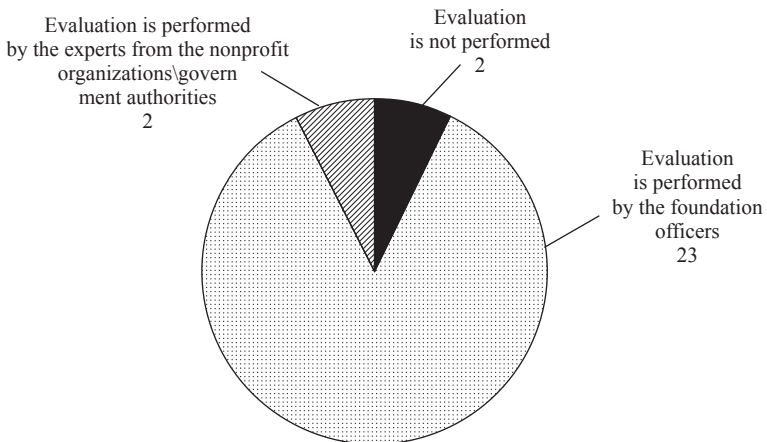


Fig. I.3. Interview results in response to the question:
Does your foundation engage professional evaluators to make project
implementation evaluation? Who usually performs the evaluation?
(number of the respondents)

The amount of financing foundations provide to non-profit organizations varies considerably from year to year. There are two models that describe the percentages of budget funds allocated by the foundations (see Fig. I.4).

In the first model the main expense item is grants that in several cases reaches 95% of the budget. Administrative expenses and those related to the realization of a foundation program account for 10–15% of the budget. One out of every four foundations provides 75% of their budget funds for grant making.

Every third CF allocates more than 50% of their assets to grant-making. This model is commonly used by the small foundations that are primarily competition oriented.

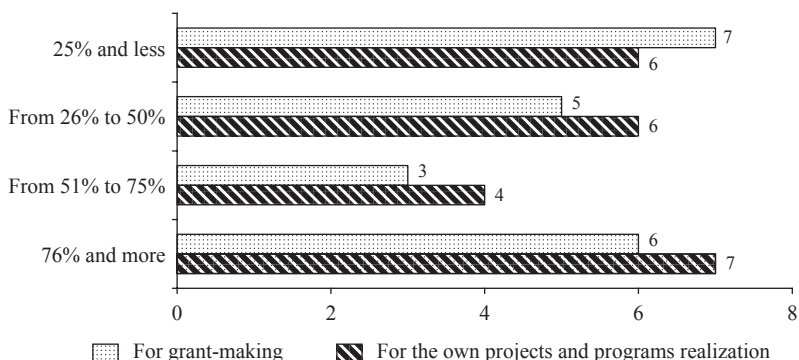


Fig. I.4. Interview results to the question:
What percentage of the assets of your foundation are distributed
for grant-making and your own program realization?
(on a sample basis, number of the respondents, multiple choice)

The second model is much more typical for the large and developed foundations that are focused on greater diversification of the programs and projects implemented. Grant-making accounts for less than half of all the budget funds or a minor share. Thus, for instance, every one foundation in four allocates more than 75% of the budgeting funds for the own program implementation. Generally, 11 foundations surveyed normally allocate more than 50% of their budget funds for their own programs and that is much more than that allocated for grant-making programs.

The total for administrative expenses does not usually exceed 15% and is often 10% of the CF budget. Below we can see the percentages of certain foundations budget distribution (see Table I.3).

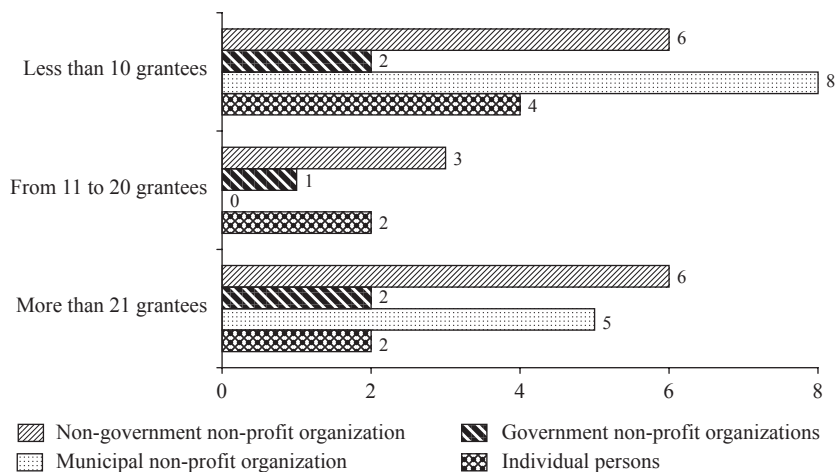
To a great extent the number of the grantees depends on the type of the recipient (see Fig. I.5). The foundations prefer to cooperate both with non-government/non-profit and government municipal local organizations. Among the 28 foundations surveyed there were 6 that had less than 10 non-profit organiza-

Table I.3

**Community foundation budget distribution
(on a sample basis, thousand rubles)**

City of the CF operation	Budget volume of the Foundation	Funds allocated for the realization of programs and grant-making	Administrative expenses
Tolyatti	10000	9900	100
Samara	4100	3910	190
Ulan-Ude	2400	1900	500
Obninsk	3800	3420	380

tions as grantees and 6 foundations that had more than 21 non-profit grantees. Non-governmental/non-profit organizations are considered more preferable for the purposes of grant-making than municipal organizations (13 CF surveyed award grants to this type of organization). The least popular grantee group is



*Fig. I.5. Interview results to the question:
Who are your principal grantees? How many of them do you have?
(on a sample basis, number of the respondents, a multiple choice)*

government non-profit organizations (there are only 5 of them). Individuals cooperate less often with CF as grant recipients (foundations are less willing to cooperate with individual grantees). Most foundations have no more than 10 individual grantees. However, the total number of individual grantees in two foundations is 21.

The quantity of grant applications received in a competition varies from 10 to 200. There are “skeleton” grantees who send most of the grant applications. It is the most active and/or large grantees operating within the territory who submit the grant applications. CFs receive many grant applications directed at various causes that can be classified in groups: community beautification, health, child,, teenager and elderly care, teenager leisure centers and sports oriented grants.

The average grant amount awarded by a CF is 30 thousand rubles. A mini grant is 5–10 thousand rubles. When a donor provides special-purpose financing for a specific competition a grant can be up to 300 thousand rubles.

Cooperation with the grantees and procedures are standardized and non-problematic. Interaction between the foundations and their grantees is one of the main objectives pursued by the foundations. This objective is characterized as the principal feature for their work in the form of awarding grants on a competitive basis. Thus, the organizational maturity of a CF can be measured on the basis of this feature.

§ 3. Organizational Structures of CF Management

Unlike other non-profit organizations there is no foundation governing body structure or scope of powers for them clearly defined by the federal law. It is determined by the federal law that the structure, competence and management will be identified in a charter (the management bodies who make decisions and supervise the foundations’ activity) and the procedure for its formation (procedure of the management body election). Clause 4 of article 118 of the Civil Code of the Russian Federation and clause 3 of article 7 and article 14 of the Federal Law “On Non-Profit Organizations” dd. 12.01.1996 No. 7-define a number of compulsory requirements for foundation structural bodies. In particular, the charter will contain information about the Board of Directors, its formation procedure and activities. Among other things the formation of the executive body and termination of their powers will also be established in the charter.

Most Russian CFS are registered as charitable foundations that are subject to the Federal Law “On Charitable Activity and Charitable Organizations” regulation dd. 11.08.1995 No. 135. The status of a charitable foundation has a number of characteristics. A charitable foundation may not be a member of an economic association with other persons. It is explicitly defined by the law that the supreme managing body of the charitable foundation shall be collective, and its members shall perform their responsibilities on a volunteer basis. There are restrictions regarding the charitable foundation’s use of its financial assets imposed by the law.

The survey yielded the following data about the existing organizational structures of CF management that include the founders (board of founders), board of guardians, foundation management, board of directors. Fig. I.6 represents the management structure of the city charitable foundation “Tolyatti Foundation”.

It is recommended that business, government and non-profit sector representatives are members of the foundation management bodies on a proportionate basis. The foundations try, though not always successfully, to comply with this recommendation (see Fig. I.7). It is among the CF founders that business and non-profit representatives are most widely included.

It is vitally important for CFs to recruit distinguished community members to serve as founders or in the foundation management body. The founders’ key responsibility is to provide the foundation both with economic and social start-up capital. With time their role contributing to improving the effectiveness of the foundation’s activities may be less essential. For the foundation the founders are like its starting gear that helps lay the foundation for its further development and position in society.

The Board of founders is the supreme management body of members who establish the foundation. The functions of the Board of Guardians and the Management Body is to respectively control and oversee foundation activities. As each of these foundation bodies is made up of representatives from the business, government and non-profit sectors there is the potential and an organizational forum for producing integrated management solutions by a team of experts.

The founders are represented by government authorities primarily from the municipal level and more rarely the regional level. There is an equal share of members from business, industrial and financial companies. Generally, the Board of Founders consists of local big businesses executives and less often

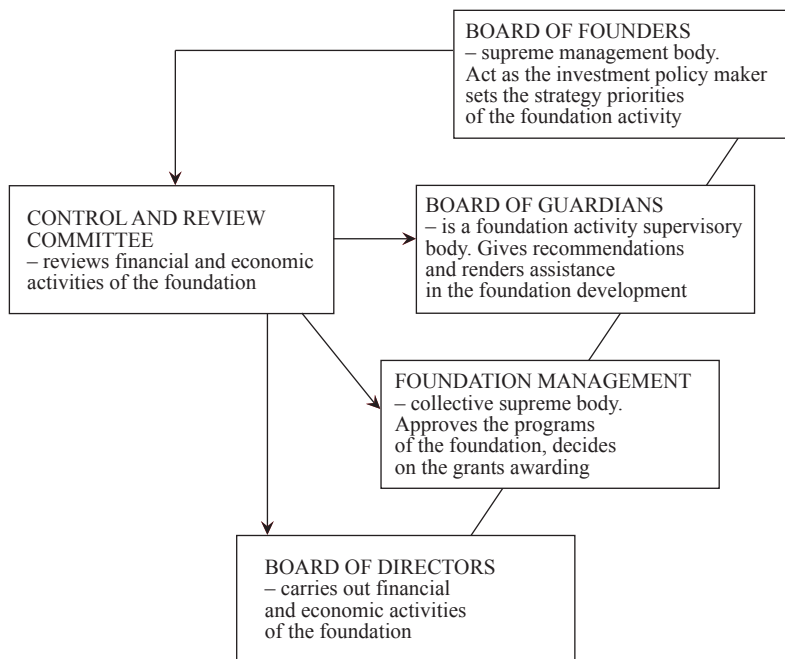


Fig. 1.6. Organizational structure of the management
(“Tolyatti Foundation” as an example)

regional businesses are involved. Non-profit organization officials participated in the establishment of the 12 CFs examined. Sometimes the founders include local media and scientific or educational community representatives. As for the management body and Board of Guardians, membership is similar to what has been described above. It is interesting to note that the Board of Guardians whose primary responsibility is to oversee the foundation’s activities is mostly composed of businesses executives. To some extent this tendency proves that the foundations are typically business-oriented. The Board of Directors is responsible for supporting the foundation’s every-day activities.

Strategic planning – is necessary to guarantee long-term stability for any organization including community foundations. Planning is defined as the com-

ponent required for the realization of the strategic management and organizational administration. It is reasonable to assume that the planning is more socially desired and approved than a felt-need. In the survey most of the CF managers had no vision of a strategy as their ideas about its role in the long-term development of the organization are far from clear. However, CFs are starting to use elements of strategic planning in their work. Most of the CFs have already developed their own strategies and the directors of 23 foundations surveyed indicated they have introduced strategic planning into their practices. Meanwhile it cannot be said that the foundation directors have acquired sufficient skills to professionally apply the strategy as an effective instrument of management.

The majority of the CF officers have a basic understanding of strategic planning as an “inner perception” of an executive director or the foundation

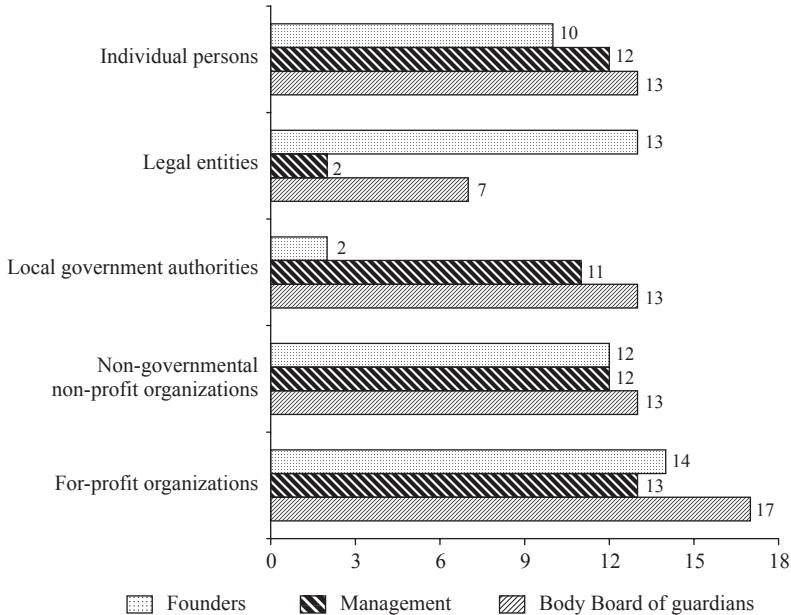


Fig. 1.7. Interview results to the question:
Who constitutes the board of founders, guardians and the management body
of your foundation? (number of the respondents, persons, open-end question)

management body members, reflecting their general ideas regarding the trends for the further development of the foundation: *“For example, now amid the crisis we have become more private donation-oriented – this is what we call our strategy”*, that was the general response from directors to describe their foundation strategy.

One of the specific features of strategic planning among CFs is the immaturity of the strategy – its low level of formalization. Stated differently, most of the foundations usually do not formalize the strategy they have developed, and the strategy in the form of a document cannot be distributed among interested people as required by the document rules of a foundation. In several foundations so-called “strategic trends” are simply informally paraphrased by the officers in their own language.

It can hardly be called strategic planning. We are making decisions in accordance with the present situation, that is the case-by-case strategy itself or, at least, the understanding of what we are doing (P. 1).

We are... far from the detailed study, the quantitative parameters grading quality (P. 11).

When identifying strategic trends of development the foundations generally rely on an analysis of the external environment, the situation taking place within the given territory where the foundation carries out its activities. Widely analyzed is information about the foundation’s activities, its achievements and failures, the key donors’ and stakeholders’ needs. It is worth noting that such analysis is hardly ever conducted on a formal basis by a sociological or marketing research survey. Foundations prefer to rely on their own vision of the situation. There are rare cases when the foundations have evaluated the social and economic situation in the region although this evaluation is generally made by non-professionals.

We are close cooperating with the social and economic laboratory at the university to conduct joint research. They have prepared 4 presentations and a detailed business development analysis concerning our region (P. 14).

The research was developed by the director and the accountant and amended by the members of the management body (P. 26).

CFs do not apply an approved procedure and do not have a permanent committee to consider and create plans for long-term prospective development. For instance, there is no common mechanism to help devise and approve strategic plans. Almost every foundation has its own vision of the essence of such planning and who are the potential participants in it (see Fig. I.8).

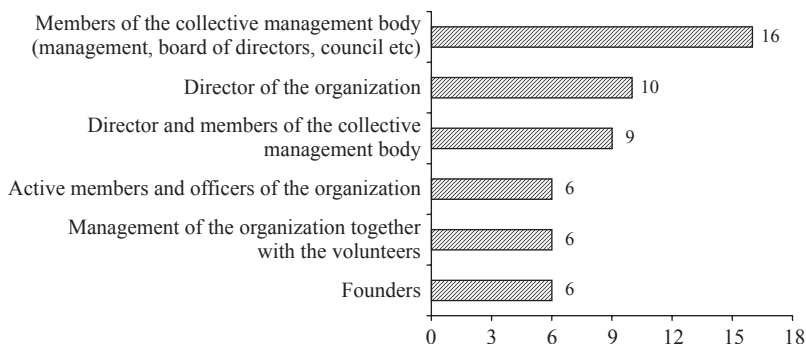


Fig. 1.8. Interview results to the question:
Who is involved in the strategic development process in your Foundation?
(number of the respondents, open-end question)

As a rule it is the founders who participate but more often it is the management body and the Board of Directors. There are also active members and officers of the organization, i.e. the volunteers with their own ideas, among the participants. As a rule we develop a plan for a year period as far as the arrangements and financial support is concerned, do a review and make a rough plan only for a year (P. 15).

The periodic format for the strategic development process can be considered a standard one. Most of the foundations used to adopt the development strategy within their own institution during the initial stages of their work. At these stages the strategy adopted used to satisfy the development demands and contain the key directions of activities that logically is very similar to the mission and objectives of the foundation. In this regard, some foundations adopt a strategy once in a year or two. However, there are contradictions in the foundation directors' visions of the essence of a strategy. As an example: "Yes, we kind of adopt a new strategy – based on the results of our activity over a year. It is just a roughly devised strategy". In fact, what they are calling strategic planning is a formulation of the short-term objectives and missions.

The specific features of strategic planning and lack of professionalism among foundation officers are the main reasons for such visions regarding CF strategy. It is often understood not as an integral part of organizational development and does not serve to adjust the foundation activities or insure its long-term stability.

Evaluation of CF activities is logically related to and characterized by the same specific features as those of strategic planning development. The foundations are getting more and more involved in the process of evaluation and aware of its importance. The foundations activity is regularly assessed with the application of formal characteristics that reflect the specific features and the level of foundation development and also certain characteristics of every-day activities. The relative maturity of the assessment system seems to be the result of its inherently logical nature so the directors and foundation personnel understand it. The need for the regular assessment of activities is much easier to understand than strategic development and so it is introduced in daily practice. In other words, the assessment is usually perceived as a relatively “simple and standard” operation and strategic planning is considered “a serious and very important measure” that tracks the long-term development of the foundation.

The assessment is typically conducted by foundation employees and the executive directors (see Fig. I.9). For example nearly 80% of all assessments are conducted by the foundation officers. Sometimes supervisors are included but this has not become popular not only because of the supervisor’s considerable work load but also because their services are not necessary. Experts engagement in the process of assessment is not as necessary as their involvement in strategic planning.

We use self-assessment to allow us to control changes to some parameters after an interval of time. Every six months we conduct our own assessment.

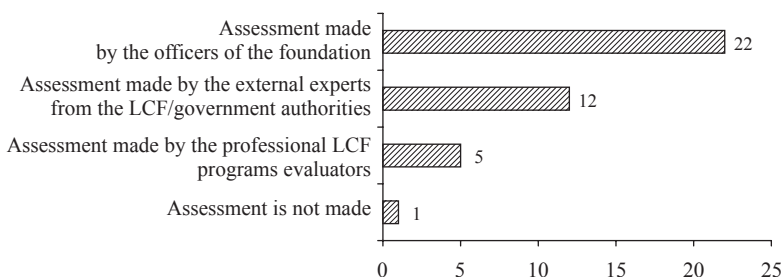


Fig. I.9. Interview results to the question: Is an assessment of how efficiently you are achieving your goals and overall activities conducted by your Foundation? Who conducts the assessment? (number of the respondents, open-end question)

This is team work with all the officers of the foundation involved. The prospects are identified based on our understanding of what is taking place and what has happened (P. 11).

It is worth noting that a number of foundations apply assessment procedures that to a greater or lesser degree are standardized. It is based on a group of characteristics among which the most often used are:

- Number of the projects already implemented;
- Number of donors involved;
- Media publicity, positive evaluations.

Thus, the applicable characteristics are predictable and consistent as they show the principal objectives pursued by the foundations as a whole (see Fig. I.10). The most important are the characteristics showing real activity such as characteristics showing the number of projects already implemented, support directly provided to the local community or individual groups. The “number of donors involved” is testimony to the strategic orientation on the volume and other parameters for diversification of donors adhered to by CFs.

Every foundation has its own combination of characteristics consisting of a large number of variables.

The system is carefully spelled out. It comprises about forty criteria and I can't name all of them right now. They are grouped by sections – personnel, finance, PR and so forth (P. 5).

The foundation directors indicated that the evaluation is of great importance providing its results to insure people know about the foundation's successful activities. More specifically they speak about its positive effect on the image of the foundation as an open institution that is ready to report on its activities and take the criticism. However most of the respondents found it difficult to name measures that have been taken based on the results of evaluations.

When making any decisions on arranging certain events the evaluation results together with the dynamics overall are taken into consideration. I don't know but they are certainly made allowance for (P. 9).

We have never taken any specific steps based on the results of an evaluation, we have just analyzed the weak links that were uncovered (P. 2).

Therefore, raising the level of the culture of strategic planning is a major challenge. As it exists now strategic development and evaluating foundation activities are for the most part formal procedures, their managerial potential is not fully recognized or realized. On the one side it is the result of the profes-

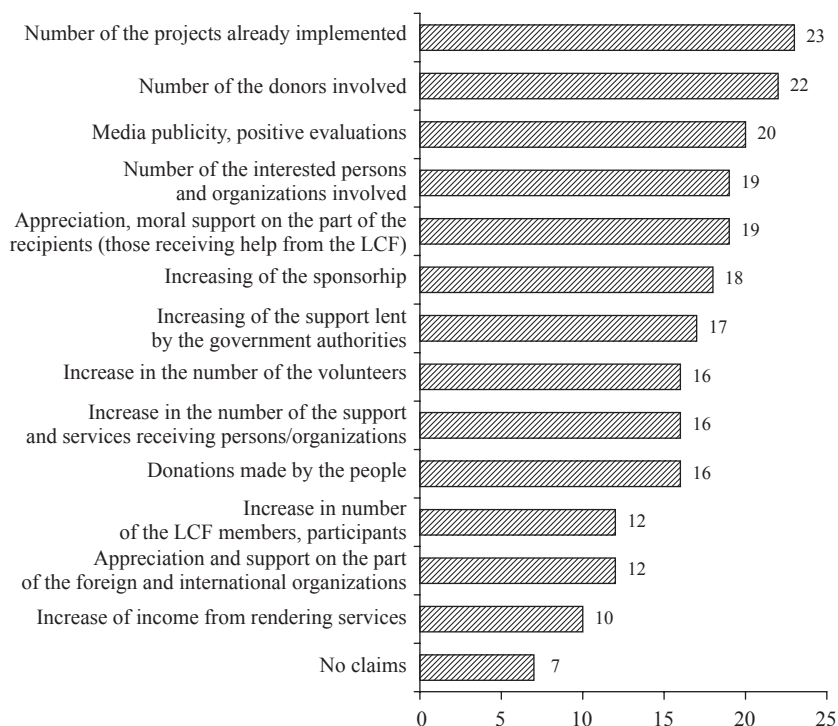


Fig. I.10. Interview results to the question:
What are the assessment parameters used in your Foundation when evaluating
the efficiency of achieving your goals and overall activities?
(number of respondents, open-end question)

sional qualifications of the foundation directors who do not have expertise in strategic planning. On the other hand, the directors are not always convinced of the necessity of evaluation as a factor in the effective management of the organization. The directors prefer to rely on relying on a situational analysis of the local community and other processes including their own in-depth knowledge of the nature of their foundations activities.

Chapter II

Human Resources of Community Foundations

§ 4. Description of CF Officers

Any activity conducted by non-profit organizations, including CFs, depends on the solidarity of the team of employees, their enthusiasm and expertise. The foundations are human resource oriented with employees having more than one job and volunteers are actively engaged in the realization of individual projects. Since there are not many full-time employees they are involved in the every-day activities of the foundation as well as its development. This human resource-oriented model is appropriate when an individual project is involved and when administrative resources are severely restricted because the full-time employees are paid a minimum wage. When part-time workers and volunteers are engaged it becomes possible to attract a professional whose qualifications correspond to the needs of project objectives.

The HR model for most of the foundations consists of several elements. The nucleus of the organization, those most deeply immersed in the foundation activities, are the full-time employees and board of directors. They constitute a relatively small nucleus for the foundation and most of the officers have been engaged for a long time or participated in the establishment of the foundation (see Fig. II.1). Typically the staff is not more than 6 employees and this includes the executive director, accountant, project managers and coordinators responsible for the every-day activities of the foundation. The number of staff in 20 of the 28 foundations surveyed varies from 2 to 6 people. Most commonly there are 3 employees. There were only 8 foundations among those surveyed where the number of employees exceeded 7 people. This included small and large foundations that were engaged in a large number of current projects.

The average age of employees varies from 20 to 40 years. For most of the staff employees and the executive directors the foundation is their primary



*Fig. II.1. Interview results to the question:
How many employees are there in your Foundation and for how many
of them is the foundation their primary employer? (on a sample basis,
number of the respondents, multiple choice)*

place of employment. There is not frequent staff turnover. As a general rule foundation employees work up to 40 hours per week and are awarded 28 days' paid vacation. The employees are engaged in carrying out the everyday activities of the foundation, sustaining its on-going operations, working on project implementation and fundraising. The employees' wages depend on the level of financing currently available. Widely used is the model of paying the employees their fixed salaries and bonuses on top of it based on the employee's and organizational performance. The fixed level of salary is generally not large.

As far as the staff is concerned, they got paid 10 thousand per month plus bonuses paid for one or two projects they administer (P. 5).

Those who work in more than one place (dual job holders) are an intermediary group and to a lesser extent entrenched and involved in foundation activities. They are hired for specific projects. The number of dual job holders depends on the project but on average there are between 1–4 dual job holders engaged in a project (see Fig. II.2). More than half of the CFs surveyed (15 foundations) hire 1–3 dual job holders and every one foundation in four has only one. It is rare that a foundation has more than 5 dual job holders.

Age and the demographic picture of the employees is not homogeneous with young people as well as middle aged employees working at foundations.

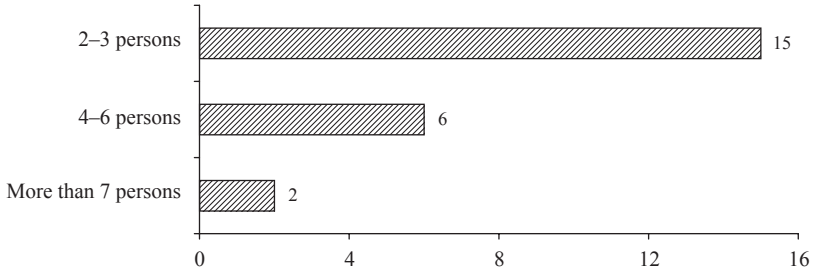


Fig. II.2. Interview results to the question:
How many employees are there in your Foundation who work more than one job?
(on a sample basis, number of the respondents, multiple-choice)

To some degree the work is task specific and skills dependent. Thus, it is the middle-aged work force that is most often involved in dealing with the traditional tasks: *“They are nice ladies in their fifties. They are teachers, choreographers”* (P. 11).

Volunteer resources: Most of the CFs surveyed use volunteers. The volunteers participate either in a specific project or are engaged on a permanent basis. In the former, it involves short-term cooperation when high level professional skills are not required for the job. *“We engage volunteers to act as organizers and registrars during various actions”* (P. 14).

Other than that, the foundations tend to maintain stable working relationships with volunteers. As a result an employee, his professional skills and social capital, becomes very valuable. *“We engage experts, culture, science and education representatives to serve on expert councils on a voluntary basis”* (P. 11). Specialists engaged in a pro bono voluntary basis work on issues related to public relations, information analysis, cooperation with the government authorities including arts and leisure.

Among the 28 foundations surveyed the directors of 6 of them did not give an exact answer to how many volunteers are involved in their foundations activities. According to the answers given by the rest, they use from 1 to 50 volunteers, so it is fair to say that on average a foundation uses 12 volunteers (see Fig. II.3).

The age of volunteers varies widely. Volunteers include groups of school children, university students and other age groups up to pensioners.

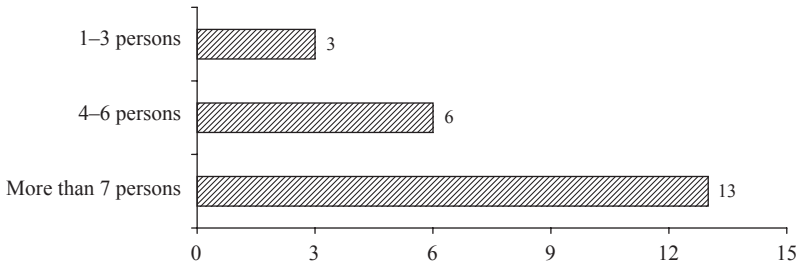


Fig. II.3. Interview results to the question:
How many volunteers are involved in your Foundations activities?
(number of the respondents)

The Human Resources model practiced by most of the foundations appears to possess a number of consistent features and can be described as a temporary staff model with few permanent employees. This model is effective for non-profit organizations (including foundations) that apply the project model to their work. However there are some weak aspects to this model:

- Need for new employee training. Most of foundations provide introductory training for the new dual job holders and volunteers. This appears to be useful in promoting unified work standards and creating a corporate emotional microclimate. However, in these circumstances the introductory training expenses are not always included in the program price and the foundations have to use their own resources.

We are a charitable foundation and may not include administrative expenses in the price of the project. For providing training we resort to our own human and temporary resources (P. 2).

- There is potential for conflict between the permanent employees and those who are not on the permanent staff. Most disputes arise from the working process yet there are conflicts that may emerge from ideological differences in relation to the project as a whole.

- The potential for volunteer engagement is underestimated because training volunteers consumes a lot of resources. Similarly, a lot of resources in the form of donations are required to create an effective information environment and provide facilities for their work. This is most pronounced when the volunteers are engaged for major actions or events.

§ 5. Employee and Volunteer Training

In the survey directors from the majority of foundations indicated the need for employee training and their efforts to meet this need. Staff training is appreciated and expected from foundations. Based on the survey, 21 CFs provide employee training and 7 do not. Most often it is the large organizations that are interested in providing training because of their developed organizational culture, need for a high level of professionalism and the programs they conduct require more advanced knowledge and skills than less complex projects. Regardless, providing training for employees is not a standard practice for all foundations.

There are several methods for organizing employee training. The first is to provide introductory training on the basis of the foundation's own resources. Sometimes, however, this is more a formality than real training. Most foundations apply this approach because it is requested and requires minimum inputs. We do not consider this an efficient approach for the following reasons: are comparatively young in Russia and minimal professional training of employees outside the foundation is often lacking. The foundations have not had enough time to accumulate effective models to be able to put them into practice. To be a sustainable organization able to maintain high level activities external experience is important to gain a broader perspective from examples of successful projects and solutions. Thus, while training for most employees is required, the on-the-job trainings based on simply exchanging experience are clearly not sufficient. Training is advantageous to both directors and operating personnel responsible for day-to-day foundation activities.

There is a concept of mentorship that exists in the foundations. There is no one to teach us how to do charity. The universities don't teach it and they do not teach cooperation. Today there are no educational programs. That is why a new employee needs mentoring (P. 8).

Another way to train employees of CFs is to make use of an extended variety of practices that promote the acquisition of professional skills. These practices rely on a great deal of involvement by employees. As a rule the training consists of practical training, exchanging experience and participating in Russian and international conferences. These measures are aimed at improving theoretical and practical skills but practical skills are of greater importance in relation to the special aspects of working in a CF. Employees become familiar

with and adopt project implementation experience and techniques to promote donor involvement that are widely used in other foundations.

We have a team of dedicate, professionals who have completed their training program and now they are successfully performing their duties as a targeted work force. Without that training we would not be able to build the stable and reliable ties with our partners in the business community (P. 11).

However, there are only several foundations that provide training for their employees on a regular basis. If the foundation is large and successful enough, every six months or annually its employees participate in training programs. It is worth noting that not necessarily all staff employees are required to get training. Often it is directors and the key employees of the foundation who get regular training and participate in conferences. However, there are several foundations where the executive directors support the involvement of a larger number of employees in educational programs. For example, after participating in a training employees share the information and experience they gained with the rest of the employees.

The employees participate in these training as well. We include staff training expenses in all development grants, whether it is a CAF or Global Fund grant (P. 13).

Our specialists have completed winter training in the PR school in St. Petersburg, we paid for the training from our own funds. During this period only two employees received this training (P. 13).

One of the training and educational program funding sources is the CF Partnership. Providing regular training programs is one of the Partnership objectives. In addition, training is presented as one of the requirements for becoming a member of the Partnership. To some extent this objective has been met as conferences and Partnership members working events are held annually. Yet the specific-field training programs, as well as the experience exchange with the other foundations, are not considered by the members to be effective enough. This is primarily due to the small number of programs that are relevant and accessible. Among the foundation directors the need for professional retraining exists.

We would like the Partnership to provide more educational seminars. It is important now to familiarize ourselves with the Law on Endowments and receive lessons on financial management. Financial education is of

primary importance. We need knowledge about working with business so we can diversify the foundation resources and increase income. We would like to make such training programs on both the Russian and international levels among successful foundations a regular practice. ...and exchange programs between Russia and those countries where foundations operate successfully. Not merely visiting a country to participate in a conference but the immersive training at a foundation. It could be accomplished by translating books with foreign cases and theories as well as publishing works by leading Russian experts (P. 5).

Chapter III

Cooperation Between CFs and the Government

§ 6. Major Features of Cooperation Between CFs and Government

Government authorities are a major target group for CFs . Cooperation is not based primarily on charitable funding but includes access to the social capital and social networks related to government authorities. Due to the specific nature of CF activities, approval and support from the local government are necessary for the foundations to operate within the given territory. The government acts as donors providing opportunities for CFs to participate in the realization of municipal programs (this is much rarer in regional programs), receive grants, contracts for services and providing discounts on office rental. Foundations cooperate equally with municipal, regional and federal government authorities. Cooperation with government is characterized as more institutionally dependent with a lower value on personal relationships in comparison to the relationship with business. The scope of cooperation between CFs and government was less extensive during the crisis. However, CFs preserve their orientation on a close working relationship and continue to provide the government with a wide range of services on a volunteer basis.

Cooperation between CFs and government authorities at different levels is generally rooted in a territorial principle at the local government level because of mutual interests in addressing local issues. Though improving the people's quality of life is a shared goal at all levels of government. Thus, among the 28 foundations surveyed the directors of 23 of them described their cooperation with local government authorities, 19 foundations cooperate with regional authorities and only 4 foundations with federal government authorities (see Fig. III.1).

Most often the CFs cooperate with those structural subdivisions of the government authorities that deal with social policy implementation as a whole or

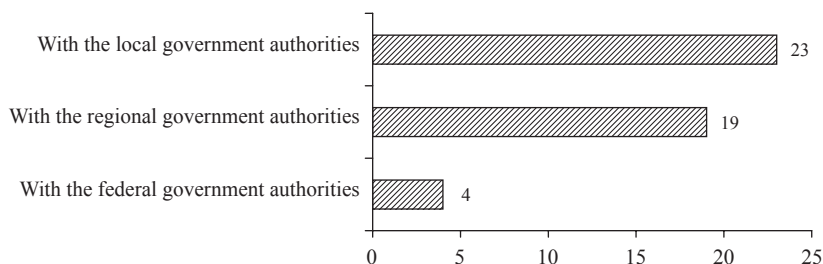


Fig. III.1. Interview results to the question:
What government authorities does your foundation cooperate with?
(on a sample basis, number of the respondents, multiple choice)

specific issues (for instance Committees on Youth Policy, Family and Women Affairs Department, Department of Social Development and Health Care, Social Protection Committee, city employment centers etc.). In addition, foundations cooperate with the highest officials in local government (city mayor and his deputies), deputies of the local and regional parliaments.

In some cases the above mentioned officials, municipal workers and deputies are members of the foundation boards of trustees or the foundation founders. Most often government authorities cooperate with the CFs from their establishment. The foundations are interested in this as it insures a political lobby for them and credit worthiness with the community.

We cooperate with the foundation from the date of its establishment. One of the founders was, as far as I remember, Deputy Mayor for Social Policy Mikhail Alexeevich (G. 42).

We are the Community Development Foundation, I mean, it is a city foundation. And without involvement of the government authorities as one of the life-supporting structure sector the foundation's normal performance is absolutely impossible (P. 1).

The territorial orientation of cooperation between the foundations and government authorities is testified to by the assessments of the degree of the government representatives' awareness of CF activities provided by the officials (see Fig. III.2). The current level of government awareness is estimated to be average" whereas most of the government authorities are generally aware of the existence of the foundations.

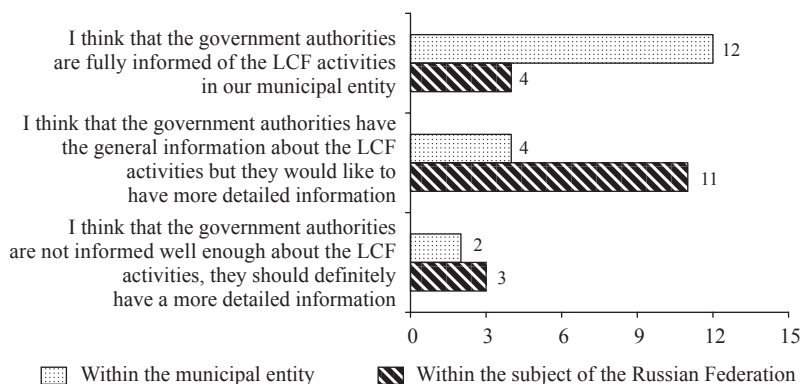


Fig. III.2. Interview results to the question:
What is your evaluation of the government authorities' general awareness of CF activities within your municipal entity and your region in the Russian Federation?
(on a sample basis, number of the respondents, multiple choice)

More than half of the officials believe that, on the whole, government representatives are fully informed about CF activities within a certain municipal entity (12 out of 18 respondents). At the same time, approximately the same number of respondents indicated their interest in receiving more detailed information about the foundation activities (11 out of 18 officials). Municipal government authorities were more fully aware of CF activities than the regional government authorities.

Speaking frankly the level of awareness is low. In other words, there is some mistrust and misunderstanding of what the Foundation is, especially as it concerns the specific features of a Community Foundation (G. 31).

Plus or minus, so to say. Total awareness – I would not say the existing awareness is total one, but they possess general information about the Foundation in Samara (G. 39).

Regarding how the government receives information about the CF, the foundations apply some strategies. The first one could be referred to as an “extended” one. It is target audience-oriented with a regional or, in some cases, federal scope. As a result resources are distributed from the municipal to the regional level. As the CF directors reported the foundations try to make maxi-

mally comprehensive information available to the regional government and business representatives. This sometimes appears to be quite successful and results in active cooperation with and support of the foundation at the regional level.

Government authorities are well aware of us. But as far as the city administration is concerned they have not been our priority. Honestly... we decided to concentrate on the religious authorities. This was from the beginning because the governor was so active so he knows us. And as for the business, our top priority is to become known to business (P. 13).

Whereas most of the CF directors consider the community foundations' primary purpose to be local community activities-oriented and to provide information to the community, decentralization will become possible only when the first objective is achieved. This attitude is reflected in every day operations where most of the foundations, 23 out of 28, surveyed cooperate primarily with municipal authorities and local for-profit organizations.

For example, Penza, Samara and Ulan-Ude are clearly regional funds and oriented on attracting regional officials. It gives them certain advantages but still they forget about their mission – they are community foundations, they are supposed to work with the public, the citizens (P. 14).

Analyzing the general appeal of cooperation between foundations and government, we see proof of CF and government cooperation focused on the territorial level. The level of foundation appeal for government as registered by the directors who responded was just more over average (see Fig. III.3). To a greater or lesser degree 11 respondents assessed interest as high, 10 respondents as average and 6 foundation respondents described government authorities as "rather low".

We, as the administration, are interested in the foundation's activities. Actually, it is our foundation, we are interested in the existence of such a foundation, its operation, its implementation of certain projects that benefit the people. In turn, they are interested in our financial, organizational and other support (G. 37).

Municipal entities express a more profound interest than the regional ones because they feel directly a lack of funding and we are a source for funding their programs. Also, the situation in an administration depends on the committees. The Economic Committee has purely analytical interest as opposed to the Committee for Social Policy that is very interested in our activities, The Committee for Consumers and Entrepreneurship has become

more interested after we started the Youth Entrepreneurship program. So, there are accordingly different levels, different interests and degree of involvement (P. 12).

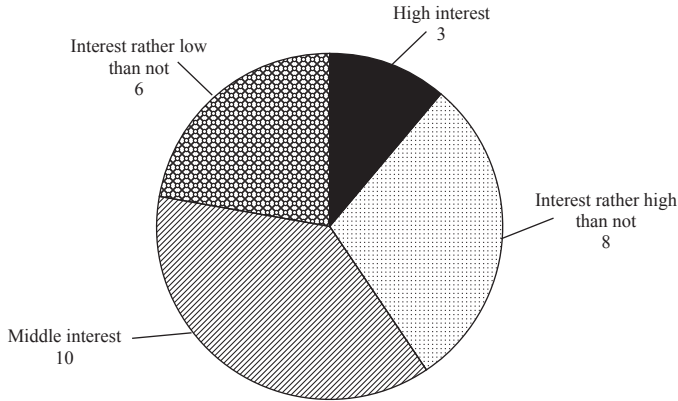


Fig. III.3. Interview results to the question: What is your evaluation of the government authorities' general appeal and interest in cooperation with CFs? (number of the respondents)

Most of the foundation directors (21 out of 28) reported that government understands the CFs potential to attract additional investment to the social sphere and to address local issues

Government and CF cooperation is largely institutionally dependent and this determines the barriers to active cooperation. *"The foundation to a great extent depends on the political environment"* (P. 13). In this way it can be compared to for-profit donors where the interest of government representatives is to a lesser degree dictated by personal motives and more the result of receiving orders and the allocated funds. If no instructions are provided to government authorities, they are very unlikely to independently decide on providing support to the foundations. This situation was mentioned both by the CFs and the government representatives as one of the most important problems related to cooperation between government and CFs.

The major obstacle here is probably that government wishes it was not that restricted in realizing their initiatives. There are quite severe restrictions

on how decisions are made, spending budget funds and how to account for them etc. In this regard the foundations definitely provide more freedom (G. 40).

Another issue of importance in regard to government and CF cooperation is varying time limits of service for officials. Well-established social networks with the certain office holders that contribute a lot to the stability of foundation activities can be disrupted when this official leaves office. This then means spending time to re-build a system of cooperation with the newly appointed official.

The weakest relationships that we have are those with the administration and authorities. They change every five years. It takes two full years to build a new relationship and additionally they need a year and a half for their election campaign, so they are busy and cannot afford the time (P. 1).

To overcome the obstacle described above, the larger and more powerful community foundations employ a strategy of diversification of their contacts with government authorities. In other words, they build working relationships not only with the highest officials but with the operating personnel as well. The CF respondents say this provides a guarantee of stability when government chief officials are replaced.

From a research point of view this may be interpreted as a step towards the institutionalization of the foundations and government authorities operations, a step towards the establishment of an organizational structure for cooperation. However, the young foundations are not structurally stable enough not to follow the traditional strategy of cooperation with the highest officials.

Our government authorities have no institutional memory. What is that? It is when the mayor-in-office is Mr. Petrov, for instance, we have just established relationship with the deputy mayor for Social Affairs, Mr. Ivanov, reached some agreements and have been involved in a certain program. Than the deputy mayor gets replaced and the newly appointed one says he has nothing to do with agreements previously reached and we have to tell him once again who and what we are and what we need to do. This prevents progress. It is like a kind of stopper for the organization as it will take it at least half a year to re-develop cooperation (P. 10).

In some cases the barrier is competition between the CF and another non-profit organizations that are able and ready to provide the authorities with a similar set of services. Moreover, the government authorities do not basically

trust non-profit organizations and are not always ready to assign certain jobs to external contractors. In practice less than half of all municipal issues are resolved with the participation of CFs.

The need for social investments and the non-profit organizations' ability to address social problems through closed competitive tenders and their potential to assist the government never occurs to the officials (G. 29).

We can talk about positive results from CF efforts but currently there is no literal perception of CFs as an instrument for addressing the social problems municipal entities have to deal with. Regardless of the fact that most CF representatives think the government understands the importance of CFs, they are for the most part mistaking a wish for the reality.

§ 7. Origins and Forms of Cooperation Between the Government and CFs

Cooperation between government and community foundations has a number of roots the majority of which are of an organizational and institutional character. The key-reason for local government interest in the foundations is the limited municipal budget and limited staff resources to help people living in the territory who are in need. Thus, when conducting its programs a CF partially assumes some tasks and responsibilities of the government.

There are some problems the foundation has to handle. Basically it is the social sphere, that is issues related to people's daily life: education, culture, social support (G. 40).

As already mentioned, the foundations cooperate with municipal government authorities. The cooperation is mainly providing consulting and information services (see the Fig. III.4). The specific nature of this interaction with the government is mostly non-financial: most of the services are provided without compensation. Most often the CF provides information and analytical data to the local government (19 foundations). The information relates to a general social review, people's living conditions, social situational analysis and other issues. Among other things the CFs provide consulting services to government representatives and the foundation directors act as experts on socially significant issues faced by the municipality (14 foundations). For the local govern-

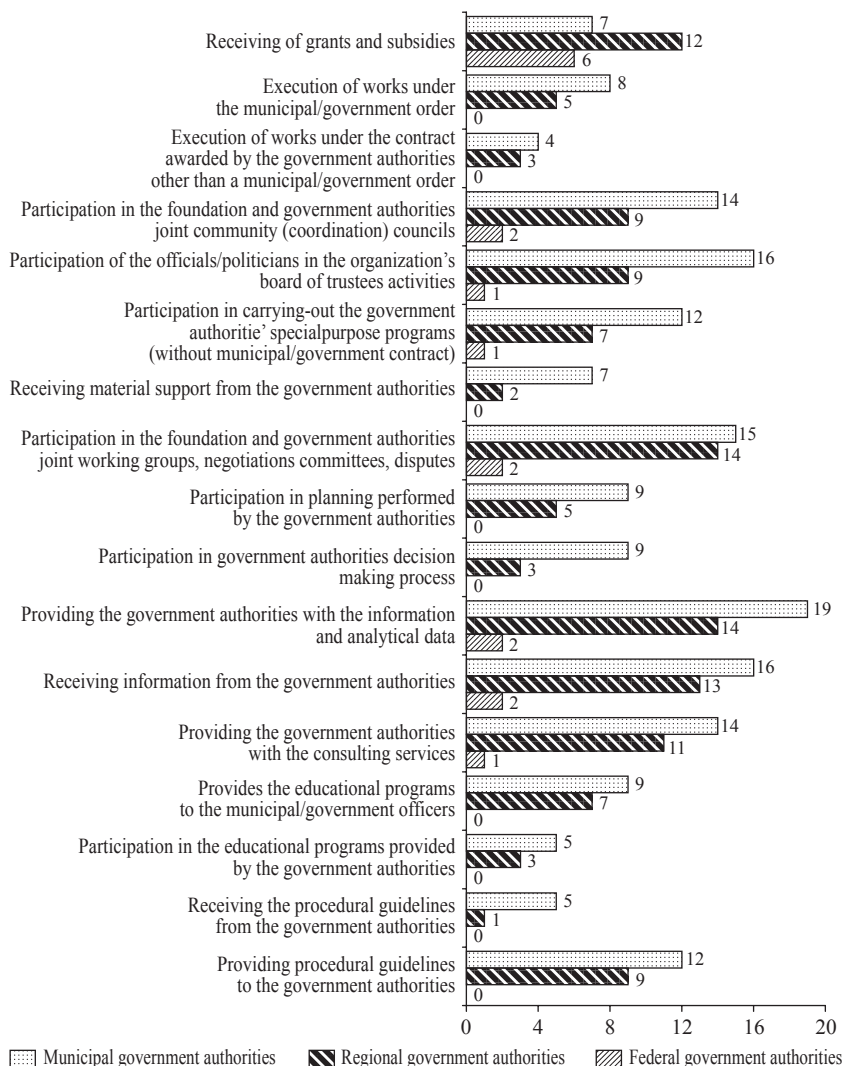


Fig. III.4. Interview results to the question: What is the form of cooperation between your Foundation and municipal, regional and federal government authorities? (on a sample basis, number of the respondents, multiple choice)

ment authorities the CFs are an additional source of information on the people's living conditions, their vital problems. The foundations frequently provide government with procedural guidelines for arranging and holding competitive tenders, awarding grants and monitoring (12 foundations).

The branch divisions executives, mainly in the social sphere, work to address socially significant issues so whether they are willing or not, they have to be familiar with and able to apply the various techniques of addressing these tasks. And one of the techniques is cooperation with the Community Foundation (G. 40).

The government authorities provide encouragement to a CF. While the services they provide and their encouragement is primarily non-monetary, these allow for a supply of consulting and information. Another practice extensively used is the participation of officials and politicians in the activities of the foundation board of trustees. This helps create an image of the CF among target groups such as business and other structural subdivision of the governmental authorities. There is a cumulative social capital effect takes place and the resulting social network is then used by the CF to search for sponsors.

Financial relationships between the foundations and the government are less intensive than the informational and non-monetary cooperation between them. It should be emphasized that the government always has alternative solutions to address crucial social problems and alternative mechanisms for the accumulation of financial resources and redistribution to address local issues with the participation of the non-profit organizations. According to half of the officials responding, the resources are distributed through municipal contracts awarded to non-profit organizations. 10 government representatives out of 18 mentioned the practice of distributing funds through municipal grants. All this shows the limited financial interaction between the CFs and government authorities and the lack of stable donor support from the latter.

Some organizations participate in these events, some - in the other. Because of the different area of the foundation's activities different organizations are involved (G. 39).

Most often the CFs participate in the realization of municipal government target programs. However, less than half of the foundations are involved in these practices (12 CFs). Far less common is the practice of executing work under municipal (7 foundations) and government contracts (1 foundation). 7 foundations were awarded grants and subsidies from the municipal government.

The same number of foundations was provided with material support from the government that consisted of providing space and transportation available and providing offices for lower than market rate rents.

There are various mechanisms for support of non-profit organizations: subsidized social activities, subsidized charter activities, municipal contracts. But they are a poor substitute for the technologies used by the Foundation. Certainly, there is the mechanism of a municipal contract but that is not non-profit sector-oriented. When a tender for any service is announced the winner can be a business, non-profit or for-profit depending on who is a successful bidder (G.40).

Financial relationships between the CFs and regional government during the crisis can be described as a decreased intensity and number of foundations participating. 12 CF directors mentioned subsidies and grants awarded by the regional government authorities. Only 5 foundations were involved in conducting work under a government contract, half as many than foundations worked under municipal contracts. Cooperation with the federal government is minimal, limited to individual foundations and features limited forms of cooperation. As a rule these are grants and subsidies awarded by the federal government (6 foundations surveyed). These federal programs are the most attractive for CFs as they can provide a level of funding that is greater than that provided by municipal budget funds, regular benefits and a long-term relationship.

The outlook for further cooperation between CFs and government is assessed differently by the two sides. Government representatives are optimistic and are sure the CFs are instrumental in addressing issues faced by the municipal entity. This opinion was expressed by half the government respondents. At the same time there are the CF directors and government officials who are pessimistic about cooperation and that is an indication that both foundations and authorities are conscious of existing barriers to cooperation and the lack of well-established communication with government authorities in certain foundations.

There is a declared interest but there is another question to answer, the question of priorities. If the list of issues to address is made by government, we are very unlikely to get in the top twenty, maybe somewhere in the first 50. We are curious to know about our position in that list (P. 13).

I can say that the officials do not consider a structure as necessary. However, I am sure that structures like this, community foundations, are really necessary (G. 40).

Taking into consideration all of the above, we can say that the relationship between the foundations and government is not stable or institutionally established and lacks a well-established, time-proven organizational form. Successful cooperation depends largely, on the one hand, on federal instructions and, on the other hand, on the foundations efforts to establish agreements with government authorities. The government is less energetic in making steps forward. There is an imbalance between the foundations' efforts to develop fruitful cooperation and those of government. Despite the economic crisis the cooperation is probably going to develop according to the current format.

CF Financing and the Impact of the Economic Crisis on the Foundations Activities

§ 8. Funding Sources, Donor Motives

Most of the community foundations follow a funding strategy of decentralization for funding sources that allows them stability in the context of a crisis. The key donors in relation to funding are business and to a lesser degree government. Private donations, funding from foreign foundations, proceeds from services and membership fees account for a small per cent of foundation budgets. Regardless of the growing interest in private donations, as indicated by the foundation directors, the foundations remain business oriented. One of the key reasons for cooperation between business and the foundations is personal interest in forming a positive image within the community and facilitating cooperation with the government.

Most of the foundation directors described their current financial standing as fairly good (see Fig. IV.1). Most often it was observed by respondents that their foundations “have enough resources to fulfill the tasks of the organization but most of the new ideas remain unrealized because of a lack of resources”.

The size of the CF budgets varies considerably from less than 500 thousand rubles to 40 and more million rubles (see Fig. IV.2). The size of the budget of three foundations together in 2008 was less than 1 million rubles. The size of the majority of CF budgets varies from 1 to 3 million rubles. It is remarkable that a noticeable number of foundations have large budgets – 5 foundations the budget exceeds 10 million rubles. Moreover, the budget sizes mentioned are estimated by the respondents as stable and sufficient from a long-term perspective.

Among the most valuable sources of financing the respondents named were charitable donations made by Russian companies including voluntary contribu-

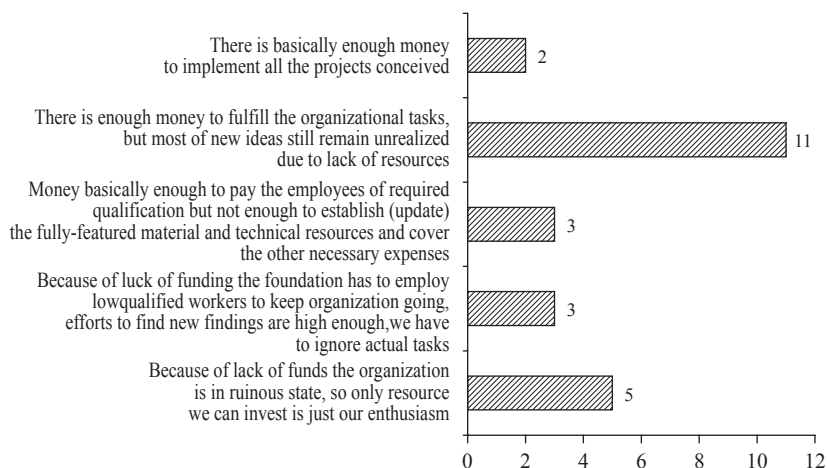


Fig. IV.1. Interview results to the question:
What is your evaluation of the current economic status of your foundation?
(on a sample basis, number of the respondents, multiple choice)

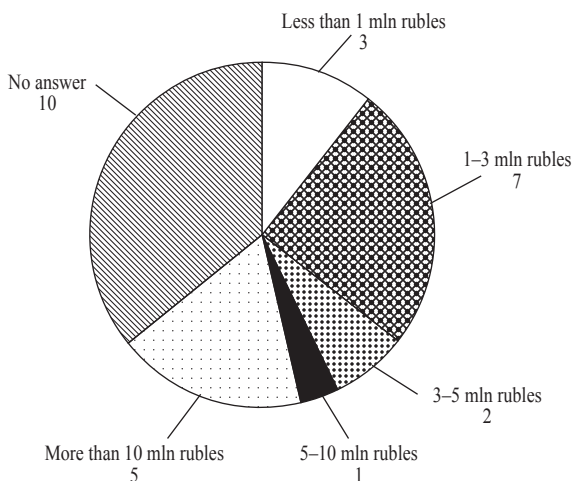


Fig. IV.2. Interview results to the question:
What was your foundation budget size in 2008? (number of the respondents)

tions and private (individual) donations (see Fig. IV.3). It is remarkable that the grants awarded by Russian foundations and foreign non-profit organizations are almost equal and a popular source of money for foundation budgets (in 16 foundations out of 14 accordingly). Other charitable actors are mentioned less frequently by the respondents, their donor activities are not extensive.

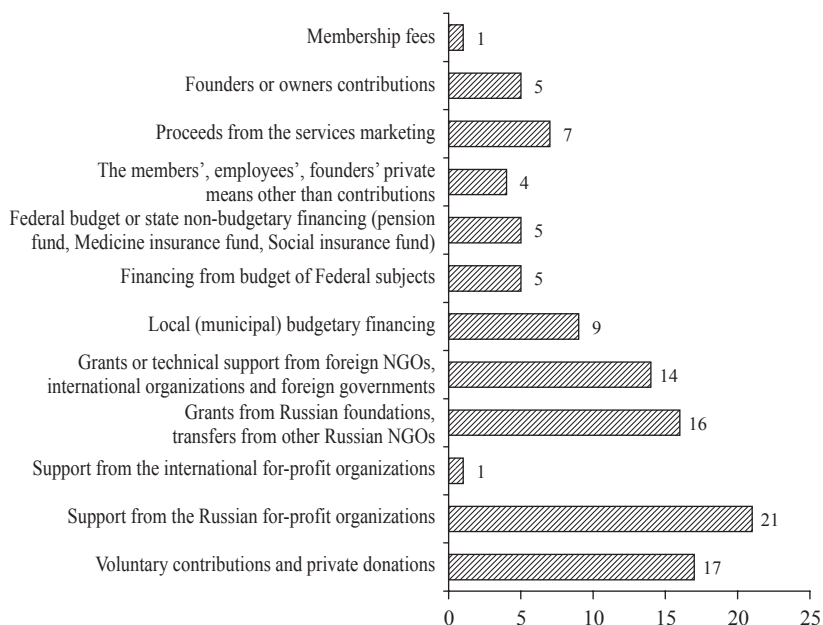


Fig. IV.3. Interview results to the question:
What are the principal financing sources for your foundation?
(on a sample basis, number of the respondents, multiple choice)

The most traditional organizational form for receiving funds from donors is the general fund. Private funds (named after donors) are also widely used and, in some cases, fellowship programs. In 20 of the 28 CF respondents the general fund is used as the organizational form. 11 CFs provide fellowship programs.

Apart from the principle of diversification of donors, the foundations tend to become more stable and independent thought the use of a reserve capital mecha-

nism. Currently 11 CFs have reserve capital (see Fig. IV.4). They try to invest it or deposit it to raise additional funds. The reserve capital amounts on average to 1 million rubles. There are foundations with much larger reserve capital and other with more modest reserve funds. For example, the reserve capital of the Tolyatti Foundation is 54–55 million rubles. In the context of the current crisis foundations are reserved in assessing their potential for accumulating reserve capital.

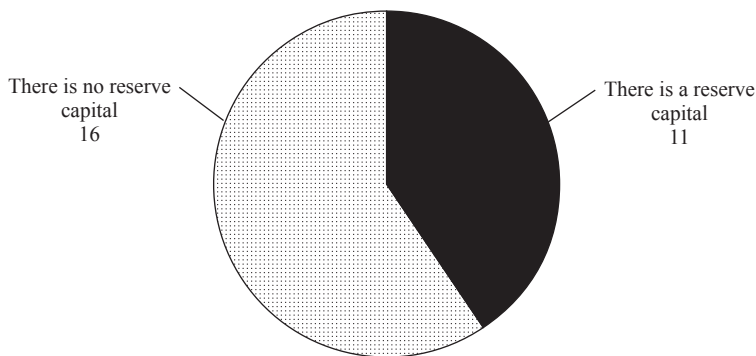


Fig. IV.4. Interview results to the question:
Does your Foundation have reserve capital? (number of the respondents)

When planning for the future the directors of the foundations count more on for-profit organizations and private donations because they consider government as a more unstable source of support (see Fig. IV.5). 18 CFs consider business as the most stable and reliable source of financial support. More than half of the CF directors reported that cooperation with the government was unreliable in the present context (crisis).

As mentioned above, business is the key donor for CFs and this support is considered quite stable.

It is logical to assume that the foundations are interested in attracting businesses as new donors as actively as possible. In this respect it is important that donors already working with the CFs remain loyal and maintain their commitments and devotion to the foundation. The CFs use various donor motivation tools that satisfy donor personal and social need for recognition, career advancement and success in their own organization.

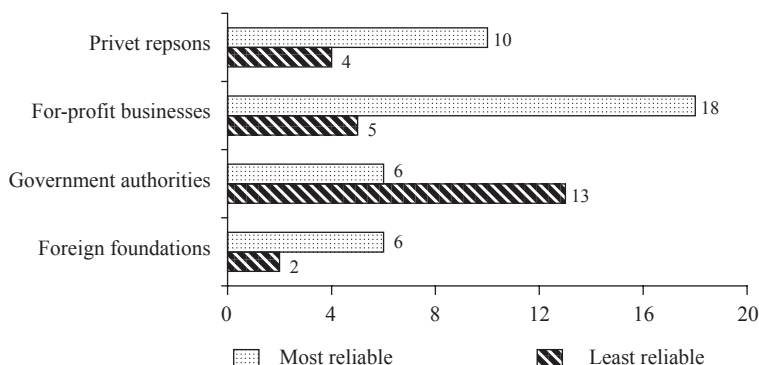


Fig. IV.5. Interview results to the question:
What donor cooperation do you view as the most and the least reliable?
(on a sample basis, number of the respondents, multiple choice)

The Fig. IV.6 shows the distribution of CF director opinions on the advantages donors gain from cooperation with their foundation.

Most important to the donors is moral satisfaction and the realization of personal motives. In second place for philanthropists is to receive positive effects in the form of media recognition and overall community and target audience approval. In other words, the donor organization through their charitable activities create an image with the target audience, a public relations campaign takes place and this may lead to increased customer loyalty. Similarly important is the media coverage of the donor's activity, bringing information to the attention of the target groups. In addition, charity and positive publicity promotes the rooting of a corporate culture in the donor organization.

In addition to what was mentioned above, cooperation with the CF is an additional channel for donors to enter the business and government communities and professional clubs that provide opportunities for career advancement.

I am a member of different business communities – Russia's Support (Opora Rossii), Business Club of Penza, management board of Business Russia. We are used to inviting donors and speaking about them. Participation, personal meetings above all, personal communications plus participation in business communities is also very important for the donors (P. 5).

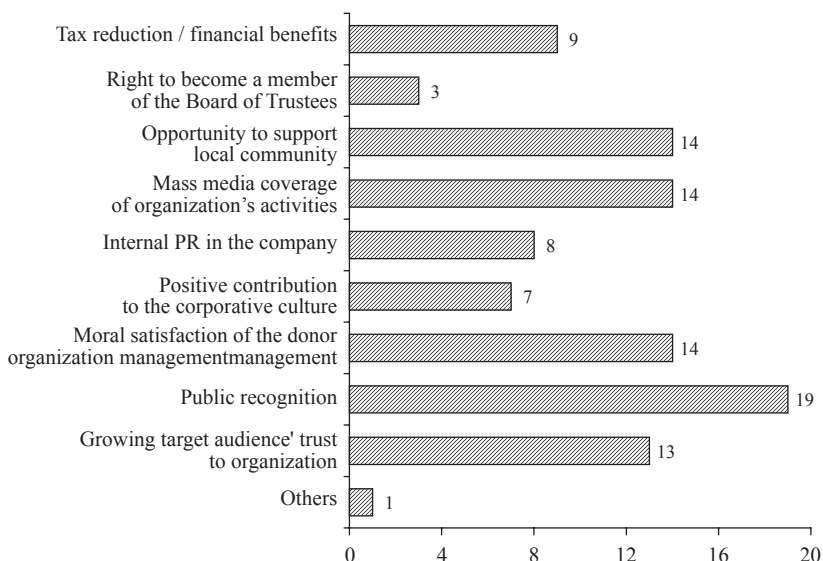


Fig. IV.6. Interview results to the question:

What are the advantages that donors receive from the cooperation with your foundation? (on a sample basis, number of the respondents, multiple choice)

It is worthwhile to note an important characteristic of the functioning of government and business that to some extent determines the specific features of cooperation between the foundations and these groups. The business activity is very often associated with the government and business is interested in building fruitful interactions with officials. As a result the CFs act as an intermediary that provides the additional service of enabling communication and satisfying common interests. The most pronounced aspect of this is arranging joint events for government authorities and business, annual gubernatorial parties, conferences etc. These actions are one more channel to inform potential and existing donors about the CFs activities and for donors, they are a motivating force to cooperate with the CFs.

We hold the Business Olympics competition organized for businessmen and public figures. Officials can also participate in this competition, top officials. Plus, at the Business Olympics we hold a charity auction. The

principal lot is dinner with the governor that means it will insure participants a good opportunity for promotion among the government authorities and business representatives. The next lot to the last is a 'performance' together with the mayor. Last year we had a 'duel' with the mayor. That means the auction winner competes with the mayor in a shooting gallery (P. 5).

To attract donors the foundations provide a wide choice of forms to potential donors. The logic of this is based on the donors' need for recognition. Private or fellowship funds named after a donor have become popular. Some of the CF respondents keep on developing new organizational methods to receive financing, introducing new named funds such as those named for families.

An interesting, innovative practice is the foundations' "access" to the space of business activities, communication with the donors in "their language" using arguments well known to them. In other words the format of cooperation proposed by the foundations involves donors obtaining economic benefits from the charity. The foundations are offering business programs that are transparent and measured in terms of costs and profit.

We launched joint projects from which we and business can benefit, and the community as well. For example, we are trying to embark on a new program arranging for a game room in the supermarket. Business needs this to the same extent as we are interested in it and what is more important it is an absolutely great idea for the people. More customers will go to the shops, we drive their earnings up – and as result we increase our funding or we have an agreement that will provide us with expensive items we can sell. We charge 100 rubles per such item sold (P. 12).

Currently, the foundations provide a wide range of services to the donors in addition to those already mentioned (see Fig. IV.7). These are provided on a paid and non-compensated basis, the latter being more common.

The most in-demand package of services comprises PR and advertising. Growing recognition of a company or an individual charity provider within the community highly motivates the financing of a CF.

Corporate charity program management – on a paid basis, from 10 to 20% of all the funds are appropriated for this purpose. As far as PR, we do not market them as a service but they realize that everything coming from the charity foundation is not charged for and represents a savings to them. As for events, we arrange them pro bono. Educational services, professional retraining – we only charge government authorities (P. 11).



Fig. IV.7. Interview results to the question:
What services provided by your CF are the most sought-after by the donors?
(on a sample basis, number of the respondents, multiple choice)

Conducting different activities, including concerts, performances, community open air celebrations, competitions and exhibitions is also a common practice for CFs and popular with donors.

For the government we can say that through our works they report accomplishing some of the social tasks included in their programs. We promote their own expense optimization and an increase in the number of the tasks. They also like to be among the first. There are not many CFs across the country but we have one (P. 14).

Financial resource administration, corporate charity program management and different consulting services are very interesting and sought-after by the donors. These services and others like them can be provided on a paid basis. 60% of all the paid services provided relate just to the donor's financial resources administration.

Economic standing of the CFs during the crisis. Currently, most of the community foundations are to a greater or lesser extent influenced by the economic crisis and it has had a primarily negative impact on their activities. That does not mean the crisis poses a real threat to the existence of the CFs. On the one hand the foundations are reported they are stable enough and on the other, they are ready to fight and overcome the difficulties that have arisen. With certain assumptions made the CFs may be considered quite optimistic.

The CF directors, notwithstanding the general positive evaluation of their financial standing, point out existing difficulties. The problems existed since before the crisis, but with it they have become central (see Fig. IV.8).

Private donations in the economics of the CFs. During the crisis there was a slight spontaneous increase in private donations from people living within the CF territory. According to the CF directors this tendency bears a weak relationship to measures taken by the CFs to encourage private philanthropy (individual donations). This is especially true because systematic efforts in this direction are being made by a limited number of foundations.

The results of interviewing CF executive directors demonstrated a duality of the people's confidence in the CFs as an intermediary between an individual donor and the recipient of the charitable aid (see Fig. IV.9). 13 CF directors mentioned the private contributors willingness to perceive the foundation's mediator role as the intermediate link between its own resources and the charity recipient, and 14 respondents indicated the public's unwillingness to do that. Thereby the desired level of confidence has not been reached but the barrier of the people's mistrust seems to be broken.

On the one hand this fact may be the result of emotional trust on the part of the people rather than a rational choice based on the completeness of information. Emotional factors count in any charity action, there is an effect of emotional involvement and in some cases of striving for socially approved behavior. Often emotional involvement arises in response to a problem related to a specific individual, for example a demand for treatment for an ill child or a specific orphanage that is in desperate need of repair. The foundations

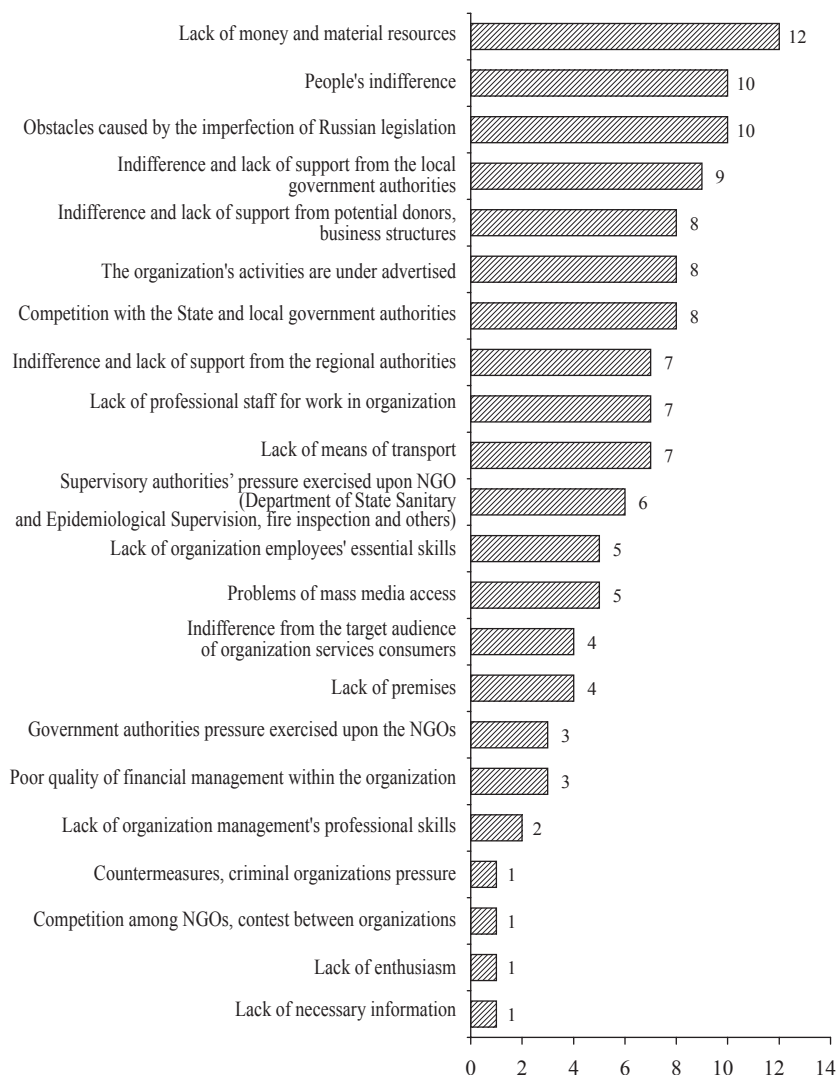


Fig. IV.8. Interview results to the question:
 What are the central problems to your organization's successful functioning?
 (on a sample basis, number of the respondents, a multiple choice)

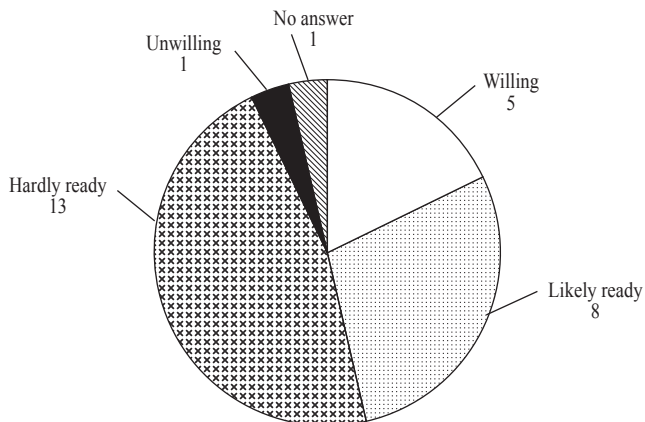


Fig. IV.9. Interview results to the question:

To what extent are the private contributors willing to use your Foundation as the intermediate link between their own resources and the charity recipient?
(number of the respondents)

try to exploit specific situation when arranging fundraising events – represent the charity as providing support to specific recipients, rather than support in a general sense.

The citizens are willing to support a certain child in need. It is much easier to raise funds for such a child. When we invite them general to participate in fundraising the difficulties begin, the invitation made in this form doesn't work (P. 12).

Private (individual) contributions to the budget of a foundation on average accounts for 5–7% of all receipts. The directors of most of the foundations despite modest receipts from private contributors indicate a direct effect of private donations on the diversification of financing channels and an indirect effect on the stability of the CF.

Regarding private donations in the context of the crisis, it is worthwhile to note the technical aspect where we include both direct monetary contributions, in-kind contributions and volunteer work. Independent mass surveys indicate a large potential for people to engage in charitable activities and involvement by ordinary citizens in the practices of private philanthropy by omitting any or-

ganizational form and providing aid directly to those in need. On the one hand it confirms the statements made by the foundations concerning the low awareness of and confidence in the CFs as the instrument on the part of the people. On the other hand, it serves as an additional argument in favor of development any forms and instruments to facilitate charitable activities on the part of the citizens.

Procedural and organizational aspects of conducting charity through CFs are embryonic. Most of the foundations, after making some unsuccessful attempts (charity boxes, postcard sales at post office etc.), stopped their efforts to create opportunities for individuals to donate and invited them to participate in actions arranged by the foundations.

Among the limitations of private charity the following are considered the most acute:

- Lack of information about CFs as an instrument for performing charitable activity. Private donations made by the Russian people are generally poorly channeled. An All-Russian population survey indicated that the Russian people tend to provide support to those in need without an intermediary. Only a few people mentioned mediators assisting them in performing their charitable activities (1%)⁹. The following is a typical generalized statement made by the CF directors: *“People simply do not know that they can just come to the foundation and donate some money for a certain purpose. The question immediately arises – does one just give this money directly to the foundation, to the cash-desk? Or how?”*

- There are large costs associated with this form of the charitable activity. Arranging for the charity boxes, sale of goods, receiving interest purchases made by the customers is associated with large financial costs. On the one hand there has to be a chain of mediators and executors needed for the realization. On the other hand the financial mechanisms for transferring the funds to the account of the foundation or another organization have to be established. Taking into account the small amounts of the total flow of the contributions and individual ones, the CFs consider these charitable activities as an important but minor source.

In addition, significant investments have to be made in order to receive a comparable return. Roughly speaking, to get a ruble as a return from

⁹ See for details: I.V. Mersiyanova, L.I. Jakobson. *Philanthropy in Russia: Public Attitudes and Participation*. Moscow, HSE. 2010. P. 48–51.

private donations you have to invest 70 kopecks. They will be spent for the fundraising organization. There are different ways to raise donations. It could be either an e-payment or the boxes in the shops or you may just walk the streets – it turns out to be pretty expensive (P. 6).

A similar situation exists for material charity and volunteer work. Organizing an information program, delivery station (station where you may bring the things you do not need any more) or the volunteers primary training is human and financial resource consuming and the foundations are not always ready to provide this.

In summary, the CFs do not consider the development of a private philanthropic movement a priority. Its implementation requires resources and it is used on the basis of a leftover principle. During the crisis, however, the foundations started to talk about a strategic orientation on the development of an infrastructure to support private contributions.

Chapter V

CF Communicative Space

§ 9. Characteristics of CF Network Interaction

Community Foundations belong to the non-profit sector of organizations, but they possess their own specific features. These are expressed in the principles of the organizational system and their work. The CF model is complicated to be reproduced, “copied”, and it is disseminated mainly via counseling from existing CFs. The latter are most often members of the CF Partnership that have sufficient organizational and social resources along with the experience necessary to distribute the CF model and create new foundations. CFs and non-profit organizations or initiative groups cooperate primarily through the Partnership with the exception of grant making as a type of service.

There are only 10 CFs among the 28 surveyed that cooperate directly with other non-profit organizations and foundations without the Partnership as a mediator.

Today every one of us receives requests for consulting as well as requests for submitting the required documents for registration. Not all organizations that receive our counseling, can finish what they started. That makes it even more heartwarming when others are able to do this. For example, we consider ourselves the mentors for the foundation that was established in the Primorie Territory (Primorski Krai), Plastun Village, on the coast of the Sea of Japan (P. 11).

As for the members of the Partnership we communicate only with the Tyumen Foundation (P. 26).

Apparently, the current CF model does not imply close cooperation with other non-profit organizations pursuing the same objectives. Several foundations mentioned the non-profit organizations operating within their territory that face the same challenges. There is lack of awareness among the foundations of other non-profit organizations and vice versa. This statement of was made by half of the government respondents. This may be seen as a lack of the

common interests and conflicts between the two types of non-profit organizations regardless of their similar goals. The one common trait is neutrality, there are isolated cases of partnership and competitive relations.

I'd call such relations to other organizations as absolutely indifferent. Only those non-profit organizations that are similar, charity foundations, do we have cooperation. As for the government non-profit organizations, regional foundations, we do not interfere with each other's activities (P. 8).

On the one hand, their attitude is positive, but on the other, it is a competitive environment. On the one hand, the parties may award grants to each other, on the other they may compete with each other in order to win a grant from local and other sources. It depends on the situation (G. 36).

The CF Partnership is an institutionalized form of interaction. It was mentioned earlier that most of the existing foundations are members of the CF Partnership with more and less active members. Among the 28 CFs surveyed 22 of them are Partnership members. The current characteristic of the CF movement is a centralization process for the human, information and administrative resources within the CF Partnership. Currently the Partnership consists of 26 foundations, including both Russian CFs and foundations in the former Soviet republics of Ukraine, Kazakhstan and Lithuania. Most of the members joined the association simultaneously in 2003, at the very beginning of the Partnership work, 10 foundations among those surveyed (see Fig. V.1). For several years the Partnership membership grew intensively. In 2009, at the time of this survey, only two organizations joined the Partnership as members.

Below are the expectations of the foundations from their membership in the Partnership. It is arranged in order of importance in decreasing order. All of them reveal the need for creating an institutionally accomplished professional community with developed horizontal and vertical communications and information exchange. Their primary expectations are:

- Access to information resources, materials and exchange of contacts.

The foundations boast a large number of theoretical, practical and organizational pilot projects and materials that illustrate the domestic and foreign experience. For most foundations the Partnership accumulates the methodological “advanced working experience”, necessary for foundation establishment and development. The Partnership is perceived as an educational resource.

We cooperate closely with the non-profit organizations but Chernov from Chaikovski City said there is a Partnership, format for a negotiation plat-

form that is meant to help an organization recover. I was not familiar with either the foundation, the model or the community-based organization so I had to have a look (P. 6).

- Internships, regular meetings for the purpose of upgrading qualifications, experience exchange and the development of Partnership member cooperation. Interpersonal communication during meetings promotes building an efficient community with reciprocal exchanges between the participants and the involvement of the social resources related to each of them.

We understand that we have to. Our joining the Partnership was beyond any question for us. At least for now we have a constant incentive for development even if it is to be “dragged” (P. 8).

- Support for CFs in the legislative and entrepreneurial worlds. One of the objectives pursued by the Partnership is the “development of a single legal framework”. This is exactly what the Partnership members count on. The association is to popularize the positive image of the foundations at the All-Russian level and promote the idea of the “community foundation”.

I have the opportunity to come to the level of the authorities and federal business. I mean we have reached the point when our foundation needs to join its forces with federal business (P. 12).

- In certain cases the foundation participants were expressing their expectations of the Partnership providing a fundraising service, attracting donors for the Partnership members’ needs.

As far as the extent to which the above expectations have been met. There are two opposing groups of opinion (see the Fig. V.1).

In the first group are directors of foundations who are to a greater or lesser extent satisfied with their participation in the Partnership and it consists of 16 people. The directors emphasize the considerable organizational support they receive from the Partnership. They provide positive feedback on the single information field, contact establishing opportunities, annual conferences and training programs. There is a stable and positive image created by the Partnership in the information space at the federal level. Indirectly it assists in obtaining financing from donors as it testifies to the reliability, quality and professionalism of a certain foundation.

Our membership in the Partnership matters to our partners when they decide on where to invest their funds and eventually they choose us (P. 8).

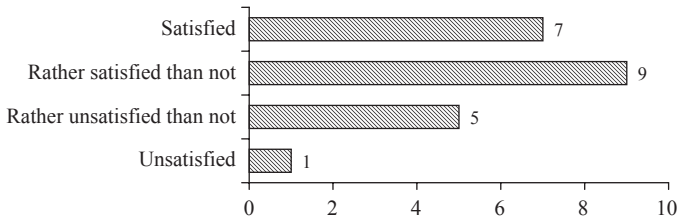


Fig. V.1. Interview results to the question:
Are you satisfied with the results of your foundation participation in the Partnership? (number of the respondents)

The foundation representatives belonging to the second group are to a greater or lesser degree dissatisfied with their participation in the Partnership – 6 CFs are in this group. Among the principal reasons for their dissatisfaction are (arranged in the decreasing order regarding their relevance to the respondents):

1. Rare trainings and educational trips, meetings with members of the Partnership, working intercommunications and cooperation. This aspect has a lot in common with the personnel training at the foundation level that is also undervalued. Some of the member foundations have had only a few opportunities to complete training programs during the period of their membership. There were not enough annual conferences held at the Partnership's expense.

Sure, there is the information exchange via a press relations service, but... training opportunities in general, we have never had any, we have just Ivan who attended the Donors Forum conference (P. 13).

2. The activities are not transparent enough. The Partnership members are concerned about the transparency of internal competition procedures, training participant selection etc.

3. Untimely reporting of information. It was reported that information about seminars or training programs being arranged are often not provided in a timely manner or distributed on a comprehensive basis.

4. There is no well-established mechanism for the re-election of the Partnership Chairman. Pursuant to the Charter of the Partnership, this post is elective and implies replacement of the directors. But the chairman has not been re-elected for a long period of time.

I think that the problem is in the organization itself, it has a conflict inside. Our charter does not define how many times the chairman may be re-elected. The rules of the game must be fairly plain, how many people may hold this post and what about the other leaders, whether they may or not? (P. 13).

In other words, it has been observed by the foundations that the practices do not correspond to the Partnership's general idea of distribution of the culture of communication and the creation of a community consisting of equal partners. On the whole, the foundations remain oriented on cooperation with and membership in the Partnership but still are expecting the organization to make steps forward and accomplish the tasks identified.

I needed some help, support, discussion, exchange of opinions with my colleagues. I think that the way the Partnership assists the new director will affect the foundations activities greatly (P. 13).

We are expecting information. If there are any projects we could take part in, we will turn our thumb up for them. And, of course, to the extent the CFs are concerned, this organization is a uniting one (P. 1).

§ 10. Communication Between the CFs and Their Target Audience

The results of the survey attest to different types of CF communication depending on the target audience. In addition, the general level of people's awareness of foundations is rather low. The government and business are the priority target groups for the foundations and the foundations pay more attention to keeping their level of awareness high. As a rule, communications with the people living in a territory are covered by a leftover principle and rarely do they achieve their desired result. Furthermore, regarding the information space of CFs, just traditional channels are used and only some foundations are actively represented in cyberspace.

Currently the government, for-profit and citizens of a municipality are the main target groups for the CFs. The first two groups are priority donors for the foundations, the latter they are making efforts to maintain communication. During the crisis foundations started to consider community members as real alternatives to existing donors. This breakdown was determined by the traditional and stable character of established fundraising mechanisms. Moreover,

the government and for-profits are generally well-known within small towns and the directors of the foundations know most of them personally. This situation, to a certain extent, expands the opportunities to attract donors to cooperate with the CFs. Cooperation with distinguished people in town, the leaders, positively impacts on foundation branding among target audience groups.

For the moment we are involved in branding. The brand is known among citizens, but there are not yet people who cooperate with the Foundation (P. 1).

As a result, the representatives of different government structures are well aware of the CFs. For example the Department of Social Development, Youth Development etc. including entrepreneurs in different professions know about them. However, it is too early to talk about a direct relationship between knowledge and perception of foundation activities. According to respondents the majority of the target audience has limited knowledge of the organization.

No, the new donors and the old ones have to be further educated. The understanding of the CFs existence we have now is not that clear-eyed (P. 3).

Citizens of the municipality are also considered a target group, however in most cases it is not reflected in the foundations activities. Communications and creation of public awareness are dealt with according to the leftover principle.

We send out information to the organizations, businesses and post it on the administration website as well. Naturally, the same deputies are involved and read those newsletters. Basically the citizens who visit the administration website can read all the news and get to know about the foundation's central events (P. 15).

According to the foundation directors and the government representatives there is a low level of awareness about citizens of the CF activities that is particularly true with regard to the large cities. More than half of all the officials responding do not doubt there is limited public awareness about foundation activities (12 respondents). Only 2 respondents are certain that the public has a low level of awareness.

Today, people, citizens are not fully aware of things. I mean there is still misunderstanding and ignorance about the community foundations specific features (G. 31).

One of the reasons for the existing lack of attention paid by the foundation to communicating with citizens lies in their “diversity” and “numbers”. The CFs do not have developed communications and sufficient resources to widely share information with people. The CFs prefer focusing on coopera-

tion with the key donors. However, there are some population involvement-oriented initiatives taking place such as competitions, projects, social events, public activities etc.

We conducted street interview research and the result was we were recognized 10–15%. We will have to work more to raise this level of awareness (P. 13).

According to our surveys the majority of people say that know about the Christmas Tree, Santa Clause and his presents. I mean they are familiar with the events that the foundation has been arranging for several years already. People know and understand these events. Still almost none of them can name any foundation (P. 11).

Channels of communications. Currently the CFs are the primary initiators of interaction with the target audience. The role of the printed media is less evident as they are more channels for transmitting information provided by the CFs rather than independently providing this information. CF activities are not attractive for coverage by mass media.

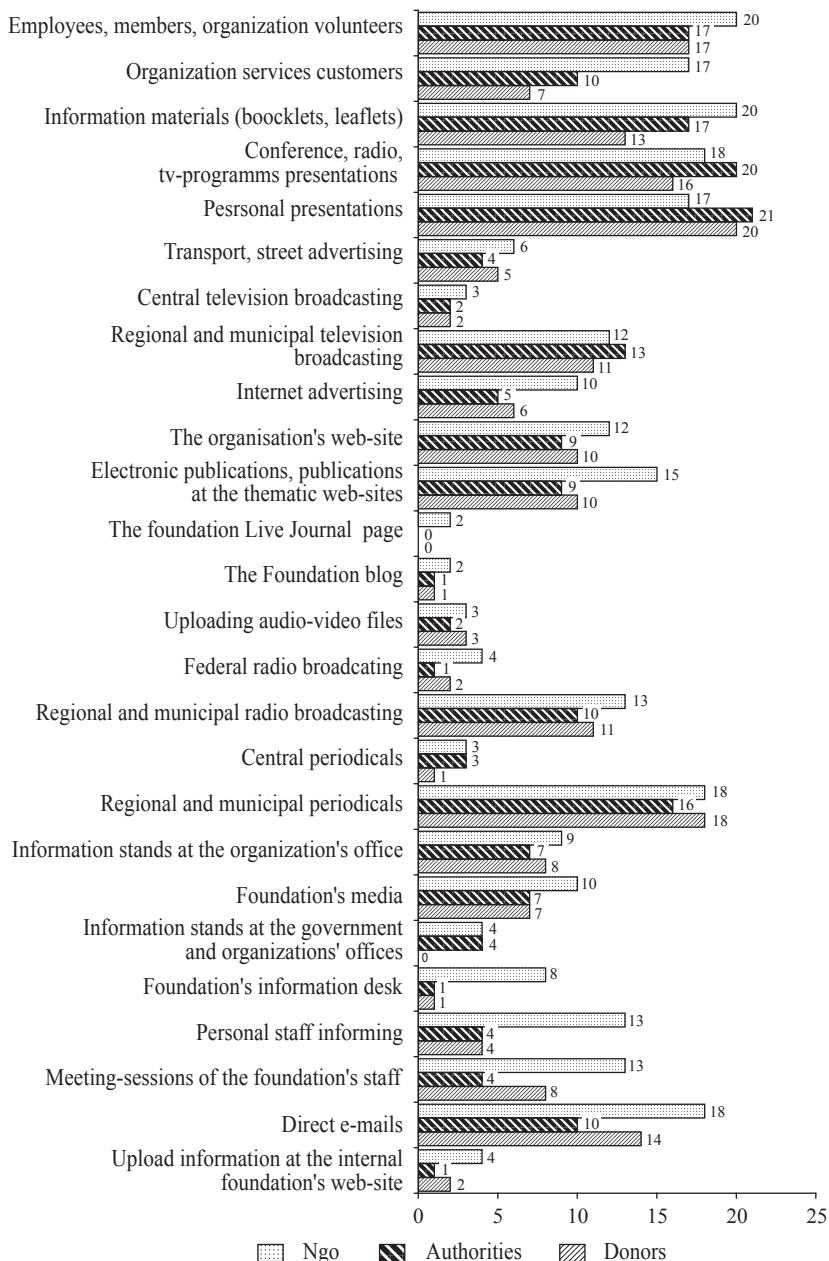
We write news for the ASI (Automatics, Communications, Computer Science) and send it to the Partnership – about the events arranged by the Partnership. Then the information is reflected in the municipal mass media – in newspapers, on the television and more rarely on the radio (P. 3).

The contribution of electronic mass media to the creation of public awareness of the CF activities is minor. Often the internet-resources just report on past events or actions, presenting them mainly in the format of a News Brief where nothing else but the foundation, event and sometimes the foundation director is featured.

Sometimes our programs are not noticed by the mass media. They say we need only the latest news and something you've arranged for the first time ever. And if you stick with one program they won't talk about it because you do it every year (P. 14).

The foundations report their use of a wide range of channels to keep all groups in the target audience fully informed (see Fig. V.2). Almost all the ac-

*Fig. V.2. Interview results to the question:
What are the channels used by your Foundation to distribute information
among non-profit organizations, government and donors?
(on a sample basis, number of the respondents, multiple choice)*



cessible methods are more or less used for distribution of information among the target groups. Most popular are personal presentations, speeches at conferences, on television programs, information materials, booklets, broadcasting, publications in the local media and newsletters sent out via e-mail. Despite the use of various information distribution channels the most effective, according to 15 foundation directors, are personal presentations (see Fig. V.3). The frequency for other channels are: local newspapers (8 respondents), speeches at conferences, television and radio programs (7 respondents), the CFs own web site (7 respondents).

It is worth noting the information distribution channels: municipal print media is the most developed and effective channel as opposed to regional or federal printed media. There is a high degree of confidence and interest on the part of the target groups in the information published by “their” close, in the territorial sense of the word, publications that cover local issues.

The central newspaper is inefficient. If you are not going to take the initiative and republish it in a local paper no one will have any idea what the central media said about your foundation. The same happens if you are given an award in Moscow, no one will know about that until you make sure it is covered in the local media (P. 14).

Secondly, distribution of the local printed media may be focused on certain groups, the key groups of donors and interested people are frequent subscribers to local publications and the latter can be easily accessed.

In the Mayor’s Office there are always a lot of municipal issues hot off the press – everyone takes a copy before work. It is just a small circulation paper, 2.500 copies but on the plus side it is officials and large business who read it (P. 5).

Direct e-mails are usually considered an integral means of communication both with the internal (employees) and external target audience. The majority of respondents said they send out direct e-mails to government authorities, business representatives or legislative members. However the foundations are not always certain this is an effective information distribution channel because some direct e-mails are received as spam or unsolicited bulk e-mail.

Television and radio are not used by the foundations because of the costs and an insufficient motive to provide this information. This channel can potentially be used at the municipal and regional level provided there is sufficient social capital.

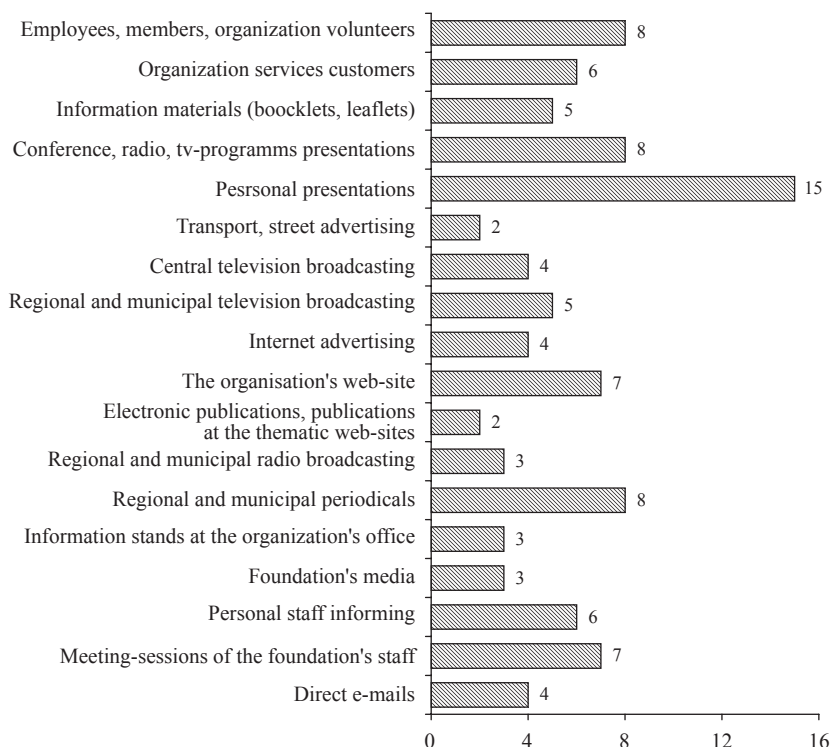


Fig. V.3. Interview results to the question:
What are the information distribution channels that are the most effective attracting donor organizations, private donations, etc.?
(on a sample basis, number of the respondents, multiple choice)

The electronic media are used in a limited way. In some cases the informational materials, analytical articles or interviews with the foundations directors are published. The materials are generally posted both on specialized Internet platforms devoted to the charity, for example, and in the electronic mass media with a general information orientation. However this activity is conducted on a regular basis.

We have been poorly represented in cyberspace so far and the people are equally poorly aware about us, what we do. We are getting down to work. There are some pieces of information about the Foundation on social networking web sites like “Classmates” (“Odnoklassniki”), “In Touch” (“V Kontakte”), “My World” (“Moi Mir”). We are about to design our own web site (P. 1).

Personal and institutional meetings/conferences, award ceremonies, sessions, dinner parties etc. In most cases the CF directors are members of, or have access to, the communities of government authorities and municipalities or regional business structures. The foundations try to maximize this social capital and use it to promote the foundations activities. The most instrumental are personal meetings and presentations and participation in formal events where key donors are involved.

The maximum effect is reached if you personally participate, tell about your foundation, your achievements, give some examples. Or you meet at conferences, the foundation is used to arranging charity balls for the Mayor, or you may speak at meetings. Then, as a result an understanding of, and confidence in, the foundation activities is growing. Having positive examples to show certain donors your “instinct” also serves as a suggestion that they should not lag behind (P. 10).

The foundation directors say they are interested in feedback from the people in the community and interested groups including independent foundation partners. They intend to use the data to change and make adjustments to their current foundation activities in order to better understand the needs of the target audience. However, there are only some foundations that are oriented on the realization of the potential that exists in adequate two-way communication. The information received as the result of feedback is not always used in the current work. Most often they are used just nominally, in organizational procedures.

Many problems are just the same, wherever you come you can find them. We are all familiar with them, if you are visiting this city there are the same problems. It is simple, the specific problems of a territory can be determined by some economic, social background and tendencies. I do not think it is necessary to conduct serious research (P. 13).

So, the foundations are making serious efforts to create their own image with the target audience and they are oriented on their presence in the information space. Among the key groups of the target audience, the foundations have become popular with them. They use a wide range of information distribu-

tion channels where the most effective are the traditional ones such as personal meetings and the printed media. However, it cannot be said that the foundations have become a common presence in the people's daily life. If cooperation with the foundation and, in a broader sense, charitable activities are not an everyday practice, this is a demonstration that the potential for charity is not being exploited by the foundations to the full extent and there is insufficient local self-organization in facilitating solutions to community issues.

TRENDS IN CF DEVELOPMENT IN RUSSIA (CONCLUSION)

A detailed analysis of community foundation activities during the short (from the historical point of view, let us remember that the first CFS was established in 1998) period of their existence in Russia, conducted on the basis of empirical data from a survey of most CFs, allows us to make certain conclusions about the status of this aspect of Russian civil society during the period of its formation. First, in the context of the economic crisis taking place when the survey was conducted, the CFs demonstrated their resilience. They did not give up, they continued to operate. Secondly, the number of CFs is gradually growing, active individuals involved in addressing the problems of their community see the foundation as a means to unlock their potential and fulfill their aspirations to improve people's living conditions (though in absolute terms there are just a few of them). Thirdly, it is not insignificant considering the centripetal arrangement of economics, politics and culture in our country, that a large majority of the CFs are located in the most diverse and remote locations away from the capital cities.

It is understood by the directors that the near-term outlook for the CFs is associated with the process of minimizing the effects of the crisis. As measures to overcome those effects they are searching for and developing new sources of financing, strengthening cooperation with the government, adjusting the mechanisms for carrying out the foundations activities, intensifying cooperation with other foundations, forming new spaces for communication, promoting experience exchange and professional retraining.

For the foundations it is important to correlate the interests of all parties and government authorities and donors who pursue their own goals. What is more important in the context of crisis is the interests of the people. It is, no doubt, very difficult, not to have a preference for someone's interests. However, you cannot prefer one donor's interests over others. CFs are an opportunity to unite the interests of all, protect the people's interests from the state... and business needs protection as well. I mean that the foundation in a crisis environment is seen as a catalyzer for the social conditions (P. 6).

The CFs long-term development objectives depend on the successful elimination of movement weaknesses. The following are the key issues:

Creation of a positive image for CFs among the target groups: government, business and the community that will allow them to attract donors and volunteers. Taking a long-term perspective this will strengthen the foundations stability and provide more opportunities for their charitable performance.

Development of financing depends on a further diversification of donors. This is also a factor for long term financial stability. This primarily suggests that the receipt of private donations increases (primarily the monetary form). In addition, the CFs find it easier and more efficient to work with small and medium businesses that operate within the municipal territory. Donors that are rooted in the community are more involved in addressing certain issues and consequently are potentially far more prepared to provide donations than large regional and federal charity donors. The established practice of receiving funding in the form of state/municipal programs and contracts remains attractive to CFs as it allows them to plan and maintain communication with both community members and the local government authorities.

Formation and investment of reserve capital, even in the form of real estate, provides a contribution to the long-term stability of the foundation and insures financial independence. It would be useful for foundation employees to receive education in financial management to be able to independently, securely and economically advantageously invest the reserve capital.

Reserve capital is a principle position, it has to be formed. Otherwise we won't be able to progress and will have to choose nothing but searching for money to make a living. Moreover, the people should understand that the foundation was established to exist for more than a one- or two-day period. This longer term money is the reserve money, the guarantor of the continued work of the foundation regardless of when we leave, when life changes, or anything that might happen. It provides the guarantee and confidence that must be (P. 8).

Social marketing – is the way to receive additional financing from the marketing of goods and services. Among the services there are not only the traditional (counseling, corporate charity foundation management) but also innovative practices since the foundations closely work with business and turns charity into profit and including new services for the government.

Intensification of cooperation with other foundations, formation of a common communication space, experience exchange and professional retraining are needed. The improvement of Partnership activities is related to the further

development of the network organizational functions and the provision of support and training to member foundations. Moreover, the Partnership has to develop a culture of charity among the people and lobby the interests of the foundations at a national level.

In relation to the development of the Russian CF movement, essential opportunities have been created at the institutional level. This involves Government Decree N 1054-p dd. 30.07.2009, the Promotion of Charity and Volunteerism Concept. The Concept supports the establishment of community foundations to promote the development of charitable activities at the municipal and regional level.

Appendix I

Cited empirical information sources

City Region	Name of the organization	Full name of the respondent	Number in the text of survey
CF directors, the members of the CF Partnership			
Angarsk, the Irkutsk Region	Charitable Foundation “The City of “New Angarsk” Development Foundation”	Igor Shadrin	1
Astrakhan	Astrakhan Non-Profit Charitable Community Foundation	Shateeva Tatiana	2
Novokuznetsk, Kemerovo Region	Charitable Community Foundation “Novokuznetsk”	Lyzlova Galina Anatolievna	3
Obninsk, the Kaluga Region	Non-Profit Foundation “Community Foundation of the City Obninsk”	Sinitsyn Mikhail	4
Penza	Penza Regional Community Charitable Foundation “Civic Union”	Sharipkov Oleg Viktorovich	5
Perm	Social Initiatives Support Foundation “Assistance” (“Sodeistvie”)	Samarina Nina Nikolaevna	6
Rubtsovsk, the Altai Territory	City Charitable Foundation “Development” (“Razvitie”)	Bukanovich Tatiana Vladimirovna	7
Samara	Regional Charitable Foundation “Samara Province” (“Samarskaia Gubernia”)	Andrey Sapozhnikov	8
St. Petersburg	St. Petersburg Community Charitable Foundation “Goodness” (“Milost”)	Astapenko Irina Viktorovna	9

City Region	Name of the organization	Full name of the respondent	Number in the text of survey
Tolyatti, the Samara Region	Community Foundation “Tolyatti Foundation”	Tsirulnikov Boris Albertovich	10
Tyumen	Charitable Foundation for the Development of Tyumen City	Barova Vera Vladimirovna	11
Ulan-Ude, the Republic of Buryatia	Baikal Community Foundation	Grudinin Anatoly Viktorovich	12
Ulyanovsk	Non-Profit Organization “Regional Information and Resource Foundation”	Maksimova Ekaterina Viktorovna	13
Chaikovsky, the Perm Region	City Charitable Foundation “Local Community Foundation of the City of Chaikovsky”	Chernov Mikhail Yurievich	14
Shelekhov, the Irkutsk Region	Charitable Community Foundation n.a. Grigory Shelekhov	Prokopieva Nadejda Ivanovna	15
Kaliningrad, the Kaliningrad Region	Regional Non-Profit Charitable Local Community Foundation “Kaliningrad”	Trifonova Yulia Vladimirovna	16
Kovrov, the Vladimir Region	Local Community Foundation “The Kovrov City Development Foundation”	Prikhozhev Alexander Pavlovich	17
Pervouralsk, the Sverdlovsk Region	Charitable Community Foundation “Pervouralsk – 21 st century”	Ananiina Vera Demianovna	18
Revda, the Sverdlovsk Region	Charitable Community Foundation “Commonwealth of Revda”	Panova Elena Germanovna	19
Saratov	Foundation “Saratov Province” (“Saratovskaia Gubernia”)	Chukalin Ilia Vladimirovich	20
Kirovo-Chepetsk, the Kirov Region	Non-Profit Organization “Charitable Community Foundation “Mesopotamia” (“Dvurechie”)	Plotnikov Andrey Leonidovch	21

City Region	Name of the organization	Full name of the respondent	Number in the text of survey
Krasnokamsk, the Perm Territory	Local Community Support Foundation of Krasnokamsk “The Territory Of Success”	Volkova Elena Mikhailovna	22
The CFS directors, non-members of the CF Partnership			
Dzerzhinsk, the Nizhny Novgorod Region	Non-Profit Association Charitable Foundation “Social Initiative Development Foundation of Dzerzhinsk”	Grishina Tatiana Alexandrovna	23
Zhigulevsk, the Samara Region	City Charitable Foundation “Way Home”	Momot Olga Ivanovna	24
Kinel-Cherkassy, the Samara Region	Social and Patriotic Education Promotion Foundation “Citizen of Kinel-Cherkassy Is the Citizen Of Russia”	Krivosheev Alexander Dmitrievich	25
Plastun, the Primorie Territory	Charitable Development Foundation of North Primorie	Trimasova Olga Vladislavovna	26
St. Petersburg	Regional Charitable Foundation for the Promotion and Development of Charitable Initiatives “Kindness”(“Dobrota”)	Solovieva Natalia	27
Municipal officers and the municipal government authorities officials			
Angarsk	Administration of the Angarsk Municipality	Tsyenko Irina Yevgenievna	28
Astrakhan	Office of the Plenipotentiary on Human Rights in the Astrakhan Region	Batrashev Daniyar Kubyshevich	29
Astrakhan	Office of the Plenipotentiary on Human Rights in the Astrakhan Region	Chureev Nikolay Nikolaevich	30
Barnaul	Administration of the Industrial District of the City of Barnaul	Yeremeev Nikolay Nikolaevich	31

City Region	Name of the organization	Full name of the respondent	Number in the text of survey
Kirovo-Chepetsk	Municipality Administration “City of Kirovo-Chepetsk ” of the Kirov Region	Golovanov Nikolay Vadimovich	32
Obninsk	Administration of the City of Obninsk	Popova Tatiana Sergeevna	33
Obninsk	Social Protection Department of the City of Obninsk	Zharsky Vladimir Alexeevich	34
Okhansk, the Perm Territory	Education Department of the Administration of the Okhansk District	Trushnikova Lyudmila Borisovna	35
Penza	City Council (Duma) Deputy	Seinov Alexander Sergeevich	36
Pervouralsk	Administration of the Pervouralsk City District	Popov Vladimir Petrovich	37
Rubtsovsk	Administration of the City of Rubtsovsk	Papushev Igor Andreevich	38
Samara	Samara Regional Duma	Klenova Elena Borisovna	39
Tolyatti	Tolyatti Duma	Makarova Tatiana Viktorovna	40
Tyumen	Administration of the City of Tyumen	Novoselov Andrey Alexeevich	41
Ulan-Ude	Committee on Social Policy of the City Administration	Gylykova Erzhena Vladimirovna	42
Chaikovsky	Administration of the Chaikovsky Municipal District	Shitova Valentina Leonidovna	43

City Region	Name of the organization	Full name of the respondent	Number in the text of survey
Chaikovsky	Administration of the Chaikovsky Municipal District	Kalabina Natalia Vasilievna	44
Ulyanovsk	Regional State Institution “Administrative Department of the Ulyanovsk Region”	Mironov Sergey Vladimirovich	45
Shelekhov	City Duma of the city of Shelekhov	Kazakova Larisa Vladimirovna	45

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На английском языке

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CENTER FOR THE STUDY OF CIVIL SOCIETY AND THE NON-PROFIT SECTOR

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