

**EUROPEAN FOUNDATION CENTRE (EFC)
GRANTMAKERS EAST GROUP (GEG)
NINTH ANNUAL MEETING
21-22 OCTOBER 2004**

REPORT

This report summarises the plenary sessions and workshops of the Ninth Annual Meeting of the European Foundation Centre (EFC) Grantmakers East Group (GEG) held on 21-22 October 2004 in Sofia, Bulgaria. The meeting brought together 160 representatives of private, public, and corporate funders from 33 countries. The event was organised by the GEG Steering Committee and the EFC and was hosted by the Bulgarian Donors' Forum.

At the Annual Meeting of the Group in Sofia, the participants concluded that Central and Eastern Europe (CEE) and the Newly Independent States (NIS) are bursting with dynamism and confidence. This is partly due to the success of the 2004 European Union (EU) enlargement and the momentum that it has created. The confidence also manifests itself among independent donors who advocate that foundations need to support the policy-making process to add value to grantmaking and make it sustainable.

The meeting's plenary sessions and workshops organised in four tracks addressed key challenges facing donors in the countries they work in. The programme was enriched by satellite events held prior to the meeting.

Plenary Sessions:

- Can Grantmaking be Sustained in the Region without External Funding?
- Citizens and Civic Organisations - Stakeholders in Prosperity (the Experience of Bulgaria and the Balkans)
- The Civil and the Political - Understanding Linkages

Four Tracks of Workshops:

- **Grantmaking Practice**
 - Long-Distance Grantmaking
 - Multi-Donor Granting
 - Models of Grantmaking
- **Public Participation**
 - Civil Society Monitoring of the EU Enlargement Process
 - Culture and Participation
 - Representation or Participation: Minorities in Public Life
- **Sustainable Funding**
 - Indigenisation of Grantmaking: Life beyond Foreign Aid
 - Resource Development for Grantmaking Organisations
 - New Mechanisms to Secure Sustainability
- **GEG Classics (GC)**
 - Institutional Development Grants
 - Cross-Border Cooperation
 - Community Philanthropy: Building on Local Traditions

Satellite Events:

- Russian Private Foundations: New Donors from the East
- What Can Donors' Fora Do to Support Development of Local Independent Funding Sources in CEE
- Caucasus and Central Asia: Challenges for Promotion of Democratic Ideals

Evaluations

As in previous years, participant evaluations showed that the meeting was very successful and relevant for attendees. Almost two-thirds of the participants submitted evaluations. Most respondents commented positively and made valuable suggestions for the 2005 Annual Meeting. Any additional comments on the GEG Annual Meetings or any suggestions for the forthcoming meeting should be forwarded to the GEG Secretariat at the EFC Warsaw Office, Jaracza 3/39, 00-378 Warsaw, Poland, tel./fax: +48.22.8272227, e-mail: gegam@efc.be

SUMMARIES OF PLENARY SESSIONS

Can Grantmaking be Sustained in the Region without External Funding?

Chair: John Richardson, EFC
Speakers: Elena Chernyshkova, The Dynasty Foundation
Vera Dakova, independent consultant

Philanthropy, and particularly organised philanthropy, remains weak despite its considerable untapped potential. Even in Russia, where, as described by Elena Chernyshkova, there is a huge growth in philanthropy, the sector is neither professionalised nor institutionalised. The programming choices of new philanthropists in the region tend to be conservative, leaving issues such as human rights to foreign donors.

Other than Russia, the region as a whole has limited philanthropic assets and this narrows strategic choices for grantmakers. Local funding tends to go directly to local initiatives, rather than to or through institutionalised NGOs, so the reliance on foreign donors is likely to continue for some time.

There is potential for local philanthropy, but much more needs to be done to understand traditions, build local grantmaking capacity, and institutionalise existing foundations. In other words, the answer to the opening plenary question – can grantmaking be sustained with foreign funding – is ‘probably at some point, but not yet’.

Citizens and Civic Organisations - Stakeholders in Prosperity (the Experience of Bulgaria and the Balkans)

Chair: Rayna Gavrilova, Open Society Institute-Sofia
Speakers: Ivan Krastev, Centre for Liberal Strategies
Maria Metodieva, United Nations Development Programme
Salmon Passy, Ministry of Foreign Affairs of Bulgaria

The session focused on the role of civil society in setting the political agenda. It was stressed that external factors can help promote changes. The task of international organisations is to facilitate and support the transition.

The speakers agreed that it is people who constitute the main driving force of transformation. Since they are the most valued asset of societies, it is crucial to raise the interest of people to act to bring about change. There is a need for real dissent and passion in societies and NGO work. A consensus should be strived for but not at the cost of responsible and involved argumentation. The speakers concluded that the third sector should play a key role in reviving the solidarity and passion in societies.

The Civil and the Political – Understanding Linkages

Chair: Ivan Vejvoda, The German Marshall Fund of the United States, Balkan Trust for Democracy
Speakers: Olga Aleexeva, Charities Aid Foundation
Ognyan Minchev, Institute for Regional and International Studies

The session focused on the close links and differences between the civil and the political in modern society in relation to the challenges of democratic transitions. Through examples from the recent history of countries like Slovakia, Serbia, Georgia but also Russia, Bulgaria and others, the speakers showed the relationship between civil society and political life in the overall post-communist region.

Questions of the democratic deficit, the loss of trust in institutions, the perception of citizens not being adequately represented in policy processes, took centre stage. Democracy is much more than just elections every four years, but it's also the interactions and commingling of citizens and institutions in the meantime. The question of how the civic actors and civil society in general can act as a mobilizing agent in addressing the concerns of daily political, economic and social challenges was confronted from a variety of angles. The particular role of political society (political parties) and its relationship to both civil society and the state, as well as to democracy building were a crucial part of the debate. Propositions were put forward that civil society could become a crisis manager for weaker democracies.

A number of issues arose for donor activities related to the space at the intersection between the civic and the political. Finally, speakers stressed the need to work on a longer term basis realizing that the consolidation of democracy is a result of evolving social dynamics.

SUMMARIES OF WORKSHOPS

Grantmaking Practice:

Long-Distance Grantmaking

Respondents: Jonathan Edwards, Allavida
Walter Veirs, Charles Stewart Mott Foundation

This interactive session, based on a facilitated round table format, explored the challenges of making grants over long distances. Although participants discussed a range of systems and procedures that can assist in meeting these challenges, much of the discussion suggested that 'distance' is a concept much more complex than a matter of kilometres.

Grantmakers make choices about the nature of the relationship they wish to develop with applicants and grantees. Within these relationships, 'distance' can be created or diminished. It was pointed out that sometimes grantmakers create distance unwittingly, though in cases of limited capacity e.g. a single grants officer running a large regional or even national programme, it is hard to avoid.

Ultimately, the values of a grantmaker will determine whether actual distance is managed in such a way as to limit the 'distance' experienced by the applicant.

Multi-Donor Granting

Chair: Yevhen Bystrytsky, International Renaissance Foundation
Speakers: Nick Deychakiwsky, Charles Stewart Mott Foundation
Andrew Masiuk, Economic Education and Research Consortium

Andrew Masiuk laid out guidelines for programmes supported by a multitude of donors. He recommended treating donors as customers to keep them engaged. This includes regular updating of all donors, visible acknowledgement of donor support and external evaluations to prove the quality of the project. He emphasized the importance of a portfolio approach, adapted to the diverging interests of donors with regard to a geographic focus and types of activities, purchases and roles. Donors diversity should be reflected in a suitable accounting system, matching expenses with donor funds on an ongoing basis. The establishment of a special bank account is also crucial to fiscal accountability. Finally, donor fatigue may create a need to set up exit strategies, e. g. indigenisation. Continuing acknowledgement should remain as a legacy even after donors have exited the project.

Nick Deychakiwsky shared his experience with multi-donor projects in Ukraine and Belarus. In order to ensure the success of a project, its manager(s) should set up a working group, draw up a common description of the project and secure internal support within each donor's organisation. It is also crucial to be frank about problems and to simplify the channelling of funds so that the grantees will not have to deal with several institutions.

Participants of the session drew attention to further cooperation issues. In spite of successful collaboration, donors should not be "too romantic" about partnerships. If a realistic agreement cannot be reached, donors should not embark on a project. Critical situations within the course of a project can be mastered if the partner donors are well-prepared for crisis management before the crisis actually breaks out.

Models of Grantmaking

Chair: Gabriele Woidelko, Koerber Foundation

Speakers: Sandor Koles, Carpathian Foundation

Leslie McCuaig, Institute for Sustainable Communities

Bert van Geel, Ministry of Foreign Affairs of the Netherlands

The session presented models of grantmaking used by public and private donors as well as by re-granting organisations who operate in the field and receive the majority of their funds from public donors.

As for the public donors who spend tax money it became clear that transparency and accountability is imperative for all their grantmaking. The countries in CEE and South Eastern Europe (SEE) have undergone severe changes and transformation processes during the last couple of years. One of the main aims of public donors was to support these transformation processes and to foster democracy in the region. Therefore, the strategy of public donors was (and still is) very much focused on longstanding relationships with regional partners in the framework of programs. Through these programs, public donors also practice different forms of institutional grantmaking. Self-sustainability and clear communication was outlined as the basis of all partnerships. All partners have to know that they are responsible for themselves and that support from public donors is only one part of the game.

From the private donors' side, the speaker very much outlined the difficulties of indigenous grantmaking organisations who very often receive their grants from a large variety of different donors. Although diversification of funding was highlighted as a crucial issue for those indigenous grantmakers who want to survive during the next couple of years, it was also mentioned how difficult it is for these organisations to depend on sometimes up to 20 different donors who all have to be satisfied. To operate these different budgets and grants better, some of the organisations have recently tried to minimize the great number of different grant programs and merge them into bigger grant programs. The aim of this concentration process also was to make the application procedure more transparent and easier for the applicants.

Based on the example of the Ukrainian Citizens Action Network (UCAN), operating from Kiev basically with resources from the United States Agency for International Development (USAID), but also with private funds, it was shown how an organisation working in the field uses grants for programmatic purposes. During the short presentation it was stressed very much how important it is for such organisations to really foster active participation of the society/the country in which they operate. To support civil society in the region and to change citizens' attitudes, one must not implement Western models but let the potential grantees define the needs of their countries and their societies themselves. To raise more awareness among the grantees and to serve the aim of self-responsibility, giving project grants for not more than one year was highlighted as being a successful strategy. Further funding for a second year is possible, but only after the projects have competed with each other. With this strategy, the organisations could ensure that the projects are developed further

and that there is no repetitive funding.

During the discussion, there were a couple of strategic questions which were brought up by the workshop participants. The first important question, basically related to the more bureaucratic public donors, was about how to define the needs of the countries the donors operate in. Both representatives of public donors stressed that this has to be done through intensive contacts in the target countries themselves as well as through the use of official and diplomatic structures (i.e. embassies, ministries) in the donor countries. It became clear that very often public donors are in a difficult position in between these two different processes. The second issue was about the strategy of grantmaking and whether it would be better to have a pro-active or a re-active grantmaking strategy. All speakers agreed that defining the aims of grant programs is crucial before starting any grantmaking operations.

Additionally, the participants of the workshop were also interested in evaluation methods used by the different grantmaking organisations. They discussed questions like: Which methods are used? Where are the evaluators hired? How are results of evaluation processes communicated back for daily work and how does one make use of the evaluation results in general? In the answers of the three speakers it turned out that from their experience it has proved to be successful to basically rely on local evaluators. Some evaluation can be done in-house, for example by staff members. Other things have to be outsourced to external organisations. Donors have realized the importance of evaluation and, therefore, continue to provide additional funding for it.

Finally, the participants raised the question of human resources and their effect on the work of grantmaking organisations. It turned out that for all grantmakers operating in the region human resources, i.e. the people themselves, are the most important tool for their work. This not only goes for their own staff, which has to be capable, passionate and highly qualified, but this also goes for their contacts to regional and local grantees. Trust, personal relationships and respect were stressed as the basic factors of cooperation between donors and their grantees in CEE and SEE.

Public Participation:

Civil Society Monitoring of the EU Enlargement Process

Chair: Andre Wilkens, Open Society Institute-Brussels

Speakers: Penelope Farrar, Open Society Institute-Budapest
Dick Oosting, Amnesty International

The EU accession process has had a huge and direct impact on fostering democracy and good governance in Central Europe, and will continue to do so in EU candidate countries (Bulgaria, Romania, Turkey and Croatia) and, to a lesser extent, also in the potential candidate countries in the Balkans.

EU accession is a case where grantmakers' interest largely coincides with an official government policy. Monitoring is a tool to supporting the process. By supporting independent monitoring of the EU accession process, grantmakers can help shape public policy based on democratic values in a cost-effective manner. In order to be successful, monitoring has to be accompanied by advocacy at the national and the EU level. This means getting the results of and recommendations from the monitoring to the right people (government officials, parliamentarians, media) at the right time (best during the preparation of official government reports) in the right format (briefings, parliament hearings, focused press releases).

EU accession should not be the end of independent monitoring. After the accession this practice is even more important than before. Often, however, countries experience a reversed trend. The outside pressure on the 'new' EU members is off, there are no more EU regular reports and countries 'relax'. There are already cases of 'falling behind' (Latvia). Also, many of the accession criteria were fulfilled only on paper and still need to be implemented in practice. For all these reasons, EU monitoring in the

'new' EU member countries should continue and wherever possible should also be extended to the 'old' EU member countries. The whole process should be supported by grantmakers. Within the EU there is no funding for independent human rights and democracy monitoring. The creation of the EU Human Rights Agency later this year provides an interesting opening. However, the mandate and role of the Agency is as yet unclear, as is the manner in which its monitoring will be conducted.

The experience from the EU accession monitoring is very relevant to the new EU neighbourhood policy. The neighbourhood agreements include a monitoring procedure, and civil society is currently advocating for an institutional place in the monitoring of the neighbourhood agreements. Grantmakers are encouraged to consider this opportunity in Ukraine, Moldova, Georgia, Armenia and Azerbaijan. Methodology and lessons learnt are available from Open Society Institute's EUMAP programme (contact: Penelope Farrar pfarrar@osieurope.org).

Culture and Participation

Chair: Rayna Gavrilova, Open Society Institute-Sofia
Speakers: Krzysztof Czyzewski, The Borderland Foundation
Francois Matarasso, specialist in cultural policy

The workshop underlined the developmental value of cultural resources through the presentation of two case-studies: the experience of the Borderland Foundation (Poland) and of the Living Heritage, a community development programme in Southeast Europe.

Although not an easy solution and definitely not the only one, culture offers a powerful instrument to promote diversity and intercommunity dialogue and can therefore contribute to social cohesion as well as to local democracy through the concept of cultural agora where people can meet, interact and participate.

Moreover, investing in culture is a source of confidence and welfare for local communities. In this regard, the lessons learned from the case studies emphasised how important it is to work primarily at the grass-root level and to make sure that donors do not impose their cultural models.

Representation or Participation: Minorities in Public Life

Chair: Fabrice de Kerchove, King Baudouin Foundation
Speakers: Deborah Harding, Open Society Institute-Washington
Ayder Khalilov, Institute for Social Researchers

The workshop focused on the political representation of minorities. The speakers were unanimous that this issue should be a subject of national public debate. The role of NGOs is to create and support political representation of minorities. There is a need for a shared national vision on this issue which would help influence the political agenda. An example of such a generally shared vision is the inclusion policy.

The speakers stressed the need for a positive discrimination mechanism as an indispensable tool for achieving a political balance. Mainstreaming approaches had proved to be inadequate to reach this goal. Positive discrimination helps the young minority generation to trigger the changes in their society.

It was concluded that the political representation of minorities suffers from a gap between positive legislation and its implementation. It also faces opposition from majority groups and the government. This can be changed only with the help of a new generation of politicians and NGOs.

Sustainable Funding:

Indigenisation of Grantmaking: Life beyond Foreign Aid

Chair: Olga Alexeeva, Charities Aid Foundation

Speakers: Pavol Demes, The German Marshall Fund of the United States

Joerg Forbrig, The German Marshall Fund of the United States

Alexander Osovtsov, Open Russia Foundation

Regina Yan, The Eurasia Foundation

The workshop started with the question from Alexander Osovtsov whether or not grantmaking could be sustained in the region. Several issues were raised that the non-profit sector in the region could face when it establishes a dialogue with local donors. Local donors, as seen in Russia, in many cases have different priorities for giving than international foundations. Their resources are often scarce or focused on two-three self-managed projects; there is a significant gap in relations between local donors and leading NGOs. In addition to the above-mentioned problems that are common to most countries in the region, Osovtsov mentioned several issues specific for Russia: the negative attitude of the public at large towards wealthy people, and the political move of the authorities towards so-called “managed democracy”. He suggested that in order to sustain local grantmaking and the independent non-profit sector, both donors and NGOs should not concentrate their efforts in developing philanthropy only on billionaires but involve in the growing middle class in giving practices of. He also pointed out the importance of the development of the volunteering movement as an entry point for many people into the world of philanthropy and the non-profit sector. Specifically for Russia, Osovtsov stressed the importance of even a symbolic presence of international donors and the influence of Europe on the development of democracy and civil society in Russia.

Regina Yan analysed the recent experience of the Eurasia Foundation in indigenising Eurasia Foundation presence and activities in countries of the former Soviet Union, and especially the creation of the New Eurasia Foundation in Russia. She listed several important reasons for indigenisation: the necessity of local ownership of programmes and approach; legitimacy of the foundation’s work that a local team and especially an influx of local resources provide in the eyes of the local community – it becomes not just a foreign project. But Regina Yan also shared some lessons that the Eurasia Foundation learned in the process of creation of the New Eurasia Foundation. One of the main lessons: changes should be brought from within. It took a long time for leaders of the foundation to bring on board its own staff in the country who were concerned with risks attached to indigenisation. Another important lesson: the indigenisation process takes time, it is impossible to quickly transfer a primarily foreign funded institution into a locally owned and especially locally funded grantmaker.

Pavol Demes and Joerg Forbrig in a joint presentation shared results of a new study that researched indigenous grantmaking institutions in CEE. The research team found 177 indigenous grantmaking organisations in the region, with the largest number in Poland and Czech Republic. Altogether 177 grantmakers provided \$71,8 million to local communities (data of 2002), most of the funds came from foreign donors or government sources. Local donations comprised approximately 20% of the total amount. The survey not only showed for the first time the scope of indigenous grantmaking in the region but it also highlighted numerous problems in the development of indigenous foundations. The level of local funding is still extremely low (the survey did not include Russia where local grantmaking exceeds the total figure for the whole CEE), the level of development and “survival rate” of organisations are also not very high. Therefore it is important to focus on empowering local institutions, maybe even consider some mergers and to pay specific attention to locally funded grantmaking foundations. For more details, see the complete presentation: [Discovering indigenous grantmakers in Central Europe](#)

Resource Development for Grantmaking Organisations

Chair: Nicole Sirak, The German Marshall Fund of the United States, Balkan Trust for Democracy
Speakers: Elitsa Barakova, Charity Aid Foundation
Veronika Bilski, Environmental Partnership Consortium

The panel shared best practices and lessons learned from grantmaking organisations that successfully raised funds from different sources. The session focused on practical methods, case studies and experiences that can be tested and tried.

Main findings:

- a) **Philanthropy:** Local philanthropy is “here”, with many companies and individuals donating more and more in CEE and SEE countries, so it does not need to be reinvented. However, at the moment NGOs are not the number one recipients of these donations.
- b) **Legal Framework:** Tax incentives have been improved in the region, except for Russia, but they are not the number one factor for assuring financial sustainability for NGOs and grantmakers.
- c) **Challenge Grants:** Challenge grants for endowment building are seen as a solution for assuring financial sustainability for many grantmaking organisations, although this method is still being pioneered. Endowment building must be a systematic and well-structured process. Recent experience shows that corporate donors are not always open to donating to an endowment campaign, preferring instead to donate to specific programs and projects. At the same time they are more open to country-level support rather than regional support.
- d) **Need for Appropriate Response to Challenges:** Before beginning a fundraising process, one needs to be ready for the entire process. Strategic planning with outside facilitation can be extremely helpful in putting different resources together and developing a proper fundraising and sustainability strategy.

New Mechanisms to Secure Sustainability

Chair: Jacek Wojnarowski, Trust for Civil Society in Central & Eastern Europe
Speakers: Pavlina Kalousova, Czech Donors Forum
Veronika Mora, Environmental Partnership Foundation

It is necessary to realise that none of the discussed new mechanisms (charitable lotteries, donor SMS, National Civil Fund in Hungary) to secure sustainable funding for philanthropic organisations is a panacea. However, they all represent an important shift from short-term, project-based funding to long-term institutional funding for charitable organisations. Also, the positive impact is that organisations learn to work for the cause they represent with the larger public, including broader constituencies of potential supporters.

There is huge space for cross-border exchange of experience in this field, as some of the mechanisms have been tested and have worked in several countries. Exchange of know-how on how these mechanisms work, and how they were built is an essential component of success. Nonetheless, it is necessary to avoid mechanical copying, and instead support learning from both successes and failures – to look critically at both positive and negative sides of each funding mechanism.

The use of a funding mechanism by a charitable/public benefit organisation has to be a part of a comprehensive strategy/approach to market the cause of the organisation to public, private and commercial partners. Any funding mechanism is based on the trust of the donors which has to be cultivated on an ongoing and long-term basis.

GEG Classics:

Institutional Development Grants

Chair: Roland Kovats, Freedom House

Speakers: Anna Belia, Soros Foundation Hungary
Gaynor Humphreys, Worldwide Initiatives for Grantmaker Support

The session focused on ensuring institutional sustainability through increasing capacity as well as securing funding through community-based resources.

Emphasising the dangers of politicisation and dependency of civil society, the low level of institutionalisation as well as lack of local initiative and strategic thinking, Anna Belia detailed OSI Hungary's latest funding programme to increase sustainability and independence through institutional grants and loans. The programme targets in particular key players who assist other NGOs such as advocacy and legal defence organisations, think tanks but also service providers (especially those with innovative methods and policy-shaping capacities). In strategic terms, the programme seeks to strengthen the ability of institutions to retain key core staff, bridge gaps in funding, support innovation in programming exercises as well as staff development and, finally, build up reserve funds (for more details, please contact Anna Belia at belia@soros.hu)

As the spotlight shifted to the "supply-side" of community funding, Gaynor Humphries explained the steps and commitment needed to build up a successful network of community foundations, thereby ensuring a reliable source of "internal" funding. The difficult task of preparing the ground (such as through concise and realistic business plans, persuading the local community of the fund's individual and collective benefits) would be greatly enhanced by benefiting from in-country experience, operating *within* a network and – of course – by sharing lessons learned. The ideal aim of setting up a network of community foundations is to "create a tide to lift all boats". Community spirit and solidarity can only take root if it is widely shared.

Subsequent discussions focused on the difficult first steps of setting up community foundations, the selection criteria for identifying key players for institutional development grants, the challenge of strengthening strategic planning as well as state tax provisions to fund the third sector (notably the Hungarian 1% tax for public benefit fund).

Finally, summarising the session, the Chair presented 4 areas of continued concern:

- 1) The difficulty to find NGOs with a demonstrative commitment (key players and multipliers)
- 2) The widespread weakness in developing viable business/organisational plans
- 3) Establishing benchmarks for institutional successes and/or failures
- 4) The need to re-assess programming methods as well as improve timing.

Cross-Border Cooperation

Chair: Robert O'Donovan, The Eurasia Foundation

Speakers: Jonathan Cohen, Conciliation Resources
Jeff Erlich, The Eurasia Foundation
Marie Stock, EastWest Institute

It was stressed at the very beginning of the workshop that cross-border cooperation is politically charged. First, "cross-border work" is a complicated, politically charged concept, especially in the Caucasus, the Balkans and the Central Asia (e.g. the Ferghana Valley of Kyrgyzstan). Creating space for peace partners or building constituencies for peace takes patience and persistence. Therefore, donors supporting this type of activity must adopt a long-term view of their interventions. This type of work can remove the myths and prejudices, but it can be rather difficult to measure these kinds of changes in a society or societies. Jonathan Cohen's presentation in particular gave us an insight into

the detailed political calculation that an international actor must make before intervening in a conflicted society.

Second, mono-communal work is a key first step before engaging in cross-border transformation initiatives. A process of identifying peace as a priority on each side of the conflict is a necessary first step before actors from both sides can be brought together.

All three presenters noted that it is extraordinarily difficult to measure the impact of their work and it is especially complicated in post-conflict regions such as the Balkans, and Georgia, particularly its Abkhazia region. However, one can note a growing maturity in post-conflict societies, especially when they go through stressful periods such as elections. Long-term commitment is required since the peace process needs to be maintained, even during difficult political conditions. Given that political circumstances can change rapidly, a certain level of funding flexibility is necessary in order to face new realities with sufficient resources. Rigorous political analysis must underpin the donor's proposed intervention in a conflicted society. It was concluded that as always (but especially so in conflict situations), donor coordination must be a priority.

Community Philanthropy: Building on Local Traditions

Chair: Shannon St. John, Triangle Community Foundation

Speakers: Katarina Minarova, Presov Community Foundation
Vadim Samorodov, Charities Aid Foundation

In both Slovakia and Russia, there is an increasing interest in private charitable giving. In rural Eastern Slovakia people still have few material resources to give, while in Russia, wealth is starting to accumulate at least in several cities. Nevertheless, the main sources of domestic funding are still viewed as business and government, rather than individuals. But it appears that all local donors are increasingly interested in transparency and accountability of their recipients.

The community foundation model is getting more and more attractive as a form of community philanthropy. Community foundations offer a sense of permanence (investing in the future) and are seen as a mediating entity between donors and recipients. They also offer donors assistance in arranging their philanthropic activities. They serve to provide a platform for donor involvement in their local community, and stimulate dialogue among donors about how best to tackle community problems. Adaptations in Slovakia and Russia from a classical model are the acceptance of in-kind contributions, a higher degree of participation of local government, some operational programs rather than pure grantmaking, and the absence of endowment funds in the initial years after establishment.

The primary source of sustainability in both Russia and Slovakia is not endowments, but the professionalism of community foundations and the level of the community's trust in them. While international funding was extremely helpful, too much of it could actually set back the advancement of the community foundation. Community foundations also contribute to their own sustainability through developing the skills of the NGO sector and fostering a culture of philanthropy in their communities. The creation of a sense of community is the main path to sustainability, and it is more important than the amount of financial resources a community foundation has at its disposal.

SUMMARIES OF SATELLITE EVENTS

Russian Private Foundations: New Donors from the East

Chair: Olga Aleexeva, Charities Aid Foundation
Speakers: Elena Chernyshkova, The Dynasty Foundation
Alexander Osovtsov, Open Russia Foundation
Larisa Zelkova, Vladimir Potanin Charitable Fund

This satellite event gave the floor to representatives of new emerging Russian private foundations to present and discuss the state and perspectives of the development of new Russian philanthropy. Russian private foundations established by the wealthiest businessmen of the country in the last five years have become a significant source of funds for non-profit programmes in Russia and important players in the field of philanthropy. Elena Chernyshkova, CEO of the “Dynastia” family foundation created by businessman Dmitri Zimin and his son Boris; Alexander Osovtsov, programme director of the “Open Russia” foundation established by Michael Khodorkovsky; and Larisa Zelkova, CEO of the Vladimir Potanin private foundation, shared their views on trends and perspectives in the development of private philanthropy in Russia and on the role their foundations play in supporting civil society.

All speakers noted that the situation in Russia in the area of philanthropy is mixed. On the one hand, one could see the explosive growth of wealthy private foundations, the strong interest of leading Russian companies in concepts of corporate social responsibility and corporate community involvement. On the other hand, the political environment does not encourage wealthy individuals to show their initiative and independence in giving, while the legal and tax environment does not encourage more people to give. Alexander Osovtsov in his presentation stressed that philanthropy is an area of freedom and it is seen by wealthy Russians not only as a form of giving back to society, but also as a way to express themselves, their views and positions on the development of the country. Larissa Zelkova from the Potanin foundation encouraged more communication between Russian grantmaking foundations and their counterparts in European countries. Such cooperation may not only lead to creating more effective and transparent foundations in Russia, it could also support their position and their stand on protecting democracy and civil society.

The discussion that followed showed the audience’s strong interest in new philanthropy in Russia and encouraged a follow-up dialogue between the EFC and participating Russian foundations in establishing a better connection between Russian grantmaking foundations and foundations from EU countries.

What Can Donors’ Fora Do to Support Development of Local Independent Funding Sources in CEE?

Chair: Gaynor Humphreys, Worldwide Initiatives for Grantmaker Support
Speakers: Nick Deychakiwsky, Charles Stewart Mott Foundation
Vessela Gertcheva, Bulgarian Donors’ Forum
Pavlina Kalousova, Czech Donors’ Forum

The overall goal of the satellite event was to share with participants the impact which Donors’ Fora can have on fostering local philanthropy development. Gaynor Humphreys introduced the topic and shared WINGS’ motivation for involvement with Donors’ Fora. Nick Deychakiwsky outlined five main reasons for getting involved and supporting Donors’ Fora in CEE and NIS: developing relationships, mutual learning, standards, more clout, and expanding the resource pool. Vessela Gertcheva discussed the boom in philanthropy in the USA and Western Europe in the last decade and offered views on why this hasn’t been replicated in CEE and NIS, where to some extent similar circumstances exist. She suggested that regional cooperation between Donors’ Fora is an opportunity

for them to provide services on a different scope. Pavlina Kalousova looked at different models for regional cooperation among organisations similar to Donors' Fora. One model was a direct exchange between two or more organisations, while another entails the formation of groups/circles of organisations.

Caucasus and Central Asia: Challenges for Promotion of Democratic Ideals

Chair: Andrea Harris, The Eurasia Foundation

Speakers: Childerik Schaapveld, OSCE, Office for Democratic Institutions and Human Rights
David Usupashvili, Centre for Institutional Reform and the Informal Sector

The Rose Revolution in Georgia had a major impact on other parts of the Caucasus and Central Asia. Namely, Central Asian countries, particularly Uzbekistan, have become more restrictive of NGOs and donor grantmaking has slowed significantly throughout the region. Since certain preconditions to revolution (a thorough understanding of democratic ideals, a vibrant civil society, a free press which gives air to a range of political views and a level of open public discontent with government) do not exist elsewhere in the Caucasus and Central Asia, it is unlikely that another Rose Revolution will occur there in the near future. Nonetheless, organisations working in the region have suffered from an enormous backlash against civil society actors, including Western and local NGOs. As the future of Georgian democracy remains somewhat uncertain, donor organisations need to focus their efforts there on government accountability to the public. In other parts of the Caucasus and Central Asia, donors should also work to develop civil society, democracy education and free media.

Proposed action items for donors and NGOs include:

- funding projects targeted at parliamentary reforms,
- funding policy institutes and think tanks,
- increasing support to independent media, and
- focusing on education, in order to help resolve the “why” of democracy.