

ANNUAL REPORT

MISSION
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PROJECTS

INFORMATION
ON MEMBER
CONTRIBUTIONS
IN 2004

FINANCES

The Donors Forum is a coalition of private and public Russian and foreign grantmaking organizations that actively implement the Forum's mission through their cooperation.

The mission of the DF is to enhance the effectiveness of organized grantmaking that is aimed at supporting the development of a democratic, civil society in Russia.

The DF unites international and domestic organizations including corporations that have substantial philanthropic or technical assistance programs in Russia.

The Forum has three categories of participation according to specific criteria – full members, associate members, and partner institutions.

CRITERIA FOR PARTICIPATION

1. A fundamental operational purpose and activity of member organizations is grantmaking.
2. Member organizations command their own resources, enabling autonomy in their grantmaking activities.
3. Member organizations agree to share appropriate information regarding their grantmaking programs in a timely fashion with the Russian Donors' Forum.
4. Member organizations agree to abide by the DF Code of Ethics.
5. Participating organizations agree to support the RDF according to their participation status.
6. Member organizations have been active grantmakers for at least one year.
7. Member organizations disburse the equivalent of over \$100,000 per year to at least 10 grantee organizations or individuals in Russia selected through open and fair processes.
8. The geographic scope of grantmaking for member organizations extends to at least 5 Subjects of the Russian Federation.

List of the Donors Forum participants in 2004

FULL MEMBERS

The Eurasia Foundation
International Research and Exchange Board (IREX)
Inter-Regional Public Foundation "Siberian Center for Support of Public Initiatives"
Regional Public Organization "Open Russia"
The John D. And Catherine T. MacArthur Foundation
Charles Stewart Mott Foundation
The Dynasty Foundation
Vladimir Potanin Charity Fund
The American Joint Jewish Distribution Committee Welfare Fund
The Ford Foundation
Charities Aid Foundation

ASSOCIATE MEMBERS

Togliatti Community Foundation

PARTNER INSTITUTIONS

The British Council
Gagarin Fund
The Department for International Development of the United Kingdom
European Initiative for Democracy and Human Rights
Institute for Sustainable Communities
Initiative for Social Action and Renewal in Eurasia (ISAR)
Canadian International Development Agency
Howard Hughes Medical Institute
The Swiss Embassy
The Royal Netherlands Embassy, MATRA Program
Russian Regional Ecological Center
United Nations High Commissioner for Refugees
The Institute for Urban Economics
The Robert Bosch Foundation
Healthy Russia Foundation
YUKOS Holding Company
United Way Moscow

In 2004, the Donors Forum witnessed a continued, steady strengthening as an institution promoting effective and responsible philanthropy and representing the interests of Russian donors as well as international donors working in Russia. Our membership grew and diversified. We held our second annual conference on the transparency of donor activities. An innovation accompanying the conference was a competition of annual reports, which served to stimulate greater transparency on the part of individual donors. The great interest in the conference and subsequent positive feedback attested to the fact that the Donors Forum's annual conference has become a valuable and much-awaited event for the Russian donor community. An accomplishment which I am particularly proud of is the articulation of a public draft position paper on creating favorable conditions for the development of philanthropy in Russia. While it was challenging work, this document has served as a first step towards the consolidation of Russian donors in clarifying the "what and why?" of philanthropy to Russian society and government. Besides the conference, the annual report competition, and the position, the Donors Forum became a much more active and visible participant in various other events in the business and nonprofit communities.

I feel confident that we will meet the challenges facing us in the upcoming year. Some of the main ones are: continued refinement of our position paper; further development of our code of ethics and suggested standards for donors; establishing more productive ties with representatives of state authorities; improving our capacity to raise public awareness about philanthropy; and of course, to increase our membership. Due to other commitments, I will be stepping down as chair of the Donors Forum in 2005, but will remain as the member of its Council. I am most pleased to welcome Elena Chernyshkova, Executive Director of the Dynasty Foundation, to take over as chair of the Forum. Ms. Chernyshkova has sound experience in both business and philanthropy and has strategic vision and energy. I look forward to her leadership.

Nicholas Deychakiwsky, Chair

MISSION AND GOALS OF THE DONORS FORUM

The mission of the Donors Forum (below also referred to as the Forum or DF) is to enhance the effectiveness of organized grantmaking that is aimed at supporting the development of a democratic, civil society in Russia.

The Forum pursues this mission by:

- Facilitating networking and information exchange among grantmaking organizations;
- Promoting minimum standards in the practice of grantmaking;
- Representing the interests of donors to all interested parties .

The main goal of the DF in 2004 was to improve and enhance a serious and influential structure representing the donor community in Russia based on results achieved in 2003.

That goal is part of a wider goal which was formulated during the 2003 strategic planning: the Donors Forum has to become an influential representative of the donor community playing a unique role in the development of philanthropy in Russia.

To achieve the 2004 objective, the DF targeted its efforts in five strategic areas:

- Interaction with the government;
- Information and PR;
- Strengthening and broadening the organization's membership base;
- Organizing meetings;
- International activities.

MAIN ACTIVITIES

The Forum's work in 2004 was aimed at strengthening the organization's position in Russia and at disseminating the idea of donor transparency. The issue was dealt with at an annual conference and within a number of special projects: an annual report competition and research of awareness of and attitude towards donor activities in Russia.

The Forum continued using its traditional operation format: holding quarterly and special meetings to discuss issues proposed by its members. Some new target areas and forms of operation have been introduced as well. In 2004, two permanent special-interest subgroups were formed within the Forum: a group for grant managers of member organizations and a group for donors involved in improving child welfare in Russia. Another permanent subgroup of private Russian donors may be created in 2005; a meeting of such donors has been conducted together with CAF-Russia.

The Forum has concluded the first stage of developing its Position Paper – a document which lays out the necessary reforms for the successful development of philanthropy in Russia. The Forum believes that the Position Paper is to become the foundation for more efficient, long-term relations with governmental structures.

In 2004, the Forum increased its membership. New participants included: three new full members (the Inter-Regional Public Foundation “Siberian Center for Support of Public Initiatives”, the Inter-Regional Public Organization “Open Russia”, and the American Jewish Joint Distribution Committee Welfare Fund); one associated member (Togliatty Community Foundation); and one partner structure (the Robert Bosch Foundation).

Organizing meetings

The Donors Forum continued holding quarterly and targeted thematic meetings. Two quarterly meetings were convened during the year:

- Grantmakers' partner projects (July 21);
- Impact of the political situation in the country on the work of donor organizations and social policy (September 30).

The quarterly meeting to discuss the administrative reform in Russia did not convene because of the difficulties encountered while inviting experts. The difficulties were caused by changes in the government and by the fact that newly elected State Duma deputies were not prepared to discuss the reforms with a large number of stakeholders, including donor organizations.

In addition, seven special meetings were conducted:

- A meeting to plan the Forum's work in 2004 (*January 21*);
- A meeting to present projects working on a reform to change NGO taxation (*February 2*);
- A meeting with the Federation Council's Provisional Commission for International Technical and Humanitarian Cooperation (*June 23*);
- A meeting between donor organizations working in the Russian North-West organized together with the Eurasia Foundation (*July 8*);
- A meeting on HIV/AIDS issues conducted at the initiative of CAF-Russia (*September 16*);
- A meeting on projects supporting refugees and migrants organized together with UNHCR (*October 26*);
- A meeting on civic education (*November 16*).

The initiative to convene special meetings came from the Donors Forum members, and the large number of participants attending these meetings indicates that that form of operation is the most suitable for the Forum's members.

Special-interest (affinity) groups

Creation of special-interest discussion groups within the Forum can be considered the next stage of development of thematic meetings. The need for such groups was evident for two years prior to creation of the two subgroups: of donor organizations grant managers and of donors contributing to child welfare. Launch meetings of the subgroups were held in the end of 2004, and their work is to become more active in 2005.

Annual conference

In 2004, the Donors Forum prepared and conducted its Second Annual Conference devoted to transparency in donor organizations, which was the main topic of discussion among donor organizations during the year.

The conference agenda included 3 key issues:

- Federal policy for regulating donor activity;
- Donors as seen by the public;
- Standards and ethical foundations of grantmaking.

During plenary sessions, an expert report was made on each of the issues. Then the issues were discussed in detail at section meetings. The following areas were covered during discussions: concepts of transparency and responsibility of donor organizations; mechanisms and practice of federal and regional regulation of donor work; donor strategies and public interests; ethical standards in grantmaking; coverage of the work of donor organizations; internal organizational problems, etc.

The conference was prepared by a specially created Organizing Committee, whose members were: O. Alekseeva (CAF Russia), V. Bakhmin (Charles Stewart Mott Foundation), T. Zhdanova (John D. and Catherine T. MacArthur Foundation), N. Samoilenko (V. Potanin Charity Fund), Ye. Chernyshkova (Dynasty Foundation), Ch. Cavanaugh (IREX), T. Zadirako (United Way Moscow), and Ye. Malitskaya (Inter-Regional Public Foundation “Siberian Center for Support of Public Initiatives”). The Organizing Committee convened on three occasions to discuss the agenda and list of speakers, as well as logistics of the conference.

There were 148 participants, of which 55 represented members of the Forum, and the rest were from other donor organizations, companies, governmental structures and expert organizations. The information about the conference was posted on the Donors Forum website, as well as on the site of the informational sponsor of the conference—the Agency for Social Information (ASI). Forum members and other organizations received individual invitations.

Presentations were made by:

- Director of the Center for Anti-Corruption Research and Initiatives “Transparency International”, Ye. Panfilova;
- Deputy General Director of the RENOVA company, O. Alekseev;
- General Director of the TsIRKON Research Group, I. Zadorin;
- General Director of the Radio NSN (Nashe Radio), O. Ivanov;
- Corporate Citizenship Manager of the British American Tobacco Russia, N. Malashenko;
- Chair of the Federation Council’s Provisional Commission for International Technical and Humanitarian Cooperation, A. Khazin;
- Board Chair of the International Historical, Educational, Charitable and Human Rights Society “Memorial”, A. Roginsky;
- Program Director, International Center for Not-for-Profit Law (ICNL), D. Moore;

- President of the Institute of the Social Contract National Project, A. Auzan;
- Managing Secretary of the Russian Government's Commission for International Humanitarian and Technical Assistance, D. Kvitko;
- Vice President and Director of the Department for Cooperation with State Authorities, Local Self-Administration, and Natural Monopolies of SUAL-Holding, V. Kiselev;
- Head of the Social Policy Department of the Perm Oblast Administration, P. Blus;
- Head of the Special Projects Department of Alfa-Bank's Department for Relations with Public Organizations and Advertisement, D. Kusenkov;
- Deputy Head of the PR Department of Russian Railroads (Rossiiskie Zheleznye Dorog) Company, I. Plotnikov;
- and representatives of the Donors Forum.

Informational coverage of the conference was provided by the Donors Forum partner – the Agency for Social Information. Thirty mass media were accredited at the conference, including correspondents of: ITAR-TASS, Business Press, Regnum, Russian Informational Agency Novosti, FK Novosti, Internews, Publishing House Kommersant; the newspapers Solidarnost (Solidarity), Trud (Labor), Literaturnaya Gazeta (Literature Newspaper); the magazines Dengi i Blagotvoritelnost (Money and Charity), Business i Obshestvo (Business and Society), Sotsialnaya Zashchita (Social Protection), and Compania, the radio stations Liberty, Russian International Radio, and the radio program Adresa Miloserdia (Charity Addresses). Minutes from the plenary panel and section meetings will be posted on the Donors Forum web site in 2005.

Relations with authorities

During the past year, the Donors Forum Council undertook a number of steps to expand its cooperation with governmental structures. In June, members of the Council met with officials of the Federation Council's Provisional Commission for International Technical and Humanitarian Cooperation and provided information about the Forum's work, its goals and objectives, and about the work of specific donor organizations of various kinds. Inclusion of the Donors Forum into the Advisory Board of the Temporary Commission has become an important milestone in the Forum's development.

In 2004, members of the Forum's Council met with representatives of the Administration of the Russian president. They also sent a memo on tax changes for the charitable sector to the State Duma Budget and Taxes Committee.

The Donors Forum became a member of the Board of Trustees for the project "Bringing Civil Society Together to Reform the Taxation System for the Non-Profit Sector", which is run by the Center for Democracy and Human Rights, CAF Russia, ICNL, the Urban Economics Institute Foundation and the ASI. The Donors Forum has an interest in the project because taxation issues are directly related to development of donor community in Russia.

International cooperation

The Donors Forum and its members continued their contacts with donor associations abroad. In January 2004, the Forum hosted a seminar prepared by the World-Wide Initiative for Grantmakers Support (WINGS), of which it is a member. At the seminar, representatives of recently created donor associations from 8 countries discussed issues pertaining to creation and start-up work of such structures. During the year DF Executive Secretary Natalia Kaminarskaya took part in the work of the WINGS coordinating committee.

Another important event in Forum's work was participation in one of the first meetings of the Ukrainian Donors Forum. Ms. Kaminarskaya told Ukrainian colleagues about the creation and work of the Donors Forum in Russia and outlined difficulties facing the organization. Participants in the meeting stressed the importance of cooperation between Donors Forums of the two countries. Ukrainian colleagues expressed interest in the Russian Donors Forum experience.

Representatives of the Forum and its member organizations took part in the key philanthropic events of the year: the annual meeting of the US Council of Foundations in Toronto, the 8th Annual Conference of the European Foundation Centre in Athens, and the annual meeting of the Grantmakers East Group in Bratislava, where several special sessions were devoted to development of philanthropy in Russia.

SPECIAL PROJECTS

Research of public awareness of and attitude toward donor and NGO activities in Russia

Despite the fact that donor organizations have been working in Russia for over 10 years, a federal survey of public awareness of their work and attitude toward it has not been conducted. To fill the gap, the Donors Forum last year initiated a number of research projects to determine the level of awareness of and attitude toward donors and NGOs in Russia. The research group TsIRKON conducted two federal studies of public opinion (one study was entitled "Donor Organizations in Russia: Awareness and Public Expectations", and the other, "Public Attitude to the Work of NGOs in Russia"), as well as a telephone survey in Moscow through which attitude of the Russian capital's population to donors and NGOs was identified. The Agency for Social Information conducted a focus group among NGOs on issues related to donor work and a series of interviews with government representatives on both topics. Research was funded by the Charles Stewart Mott Foundation and the Canada Civil Society Fund.

Results of the research were presented at the Second Annual Conference and were published in the beginning of 2005. The results show that over a half (55%) of adults (older than 18) in Russia know nothing of the work of donor organization, and only 2% have encountered them in some fashion. Nevertheless, 61% of Russians believe the work of donors benefits the society, and 75% think the state should support charities in all possible ways.

Data obtained during the research will help the Donors Forum fine-tune its PR policy and start implementation in 2005.

The Forum intends to conduct similar research in future in order to monitor trends in this area in Russia and adapt its strategy accordingly.

The Donors Forum Position on philanthropy development in Russia

Work on the program document outlining the Forum's part in the creation of favorable conditions for philanthropy development in Russia began in 2003. At that time, a number of meetings were conducted, and two studies describing the legislative background of and the attitude of the general public and "key" segments within society to philanthropic work were performed.

In 2004, the DF Council assumed control over preparation of the text of the Position Paper. Eventually, the draft text was discussed with members of the Forum and presented to donor organizations at the Second Annual Conference.

The text is open for discussion by all stakeholders: the Forum's members and potential members, the government, and society in general. At this time, the Position Paper does not specify concrete actions and specific results which could be achieved only through a dialogue with all stakeholders. The Forum plans to continue working on the text of the Position Paper and on developing specific work plans to achieve the above-mentioned goals.

The Donors Forum believes that:

- *The Russian society urgently needs clear guidelines for charitable operations that would be accepted by all; that drafting of new laws and regulations should be performed in collaboration with NGOs and donor structures and with due consideration of both Russian and foreign experience;*
- *Stimulation of philanthropy by the creation of a favorable tax regime for donors and charity recipients would promote social responsibility among individuals and businesses and produce a stream of social investment for the resolution of social problems;*
- *It is necessary to assist increased transparency and openness in donor structures, to explain the general mechanisms of philanthropic operations, and to call upon charitable foundations to report regularly the results of their work to the public and to the government;*
- *It is necessary to promote development of corporate culture and introduction of ethical standards in the philanthropic sector;*
- *An understanding of the constructive social role played by philanthropy must develop in this country; the Forum will work with donor organizations and with the mass media to create a positive public attitude toward charity and to stimulate public support of charitable work.*

Annual reports competition

The competition of annual reports was a new project connected to the main topic of the year: transparency of donor organizations. The purpose of the competition was to increase public awareness of the work of grantmaking organizations, and to demonstrate transparency of receipt and spending of assets as well as clarity of procedures used by donors.

Russian, foreign and international donor organizations that have been working in Russia for at least one year and conducted grant programs and/or significant techni-

cal assistance programs were invited to participate. Sixteen annual reports were submitted by Russian and foreign donor foundations, grantmaking organizations and companies that have charity programs. The meeting of the competition jury was held on November 18, 2004.

Winners in the competition were:

- Rubtsovsk Community Foundation “Razvitie” (Development) – **“For Frankness”**
- Togliatty Community Foundation – **“For Clarity and Openness of Results”**;
- Inter-regional Public Organization “Open Russia” – **“For Being Highly Informative and Targeted”**;
- The Dynasty Foundation – **“For Daring Artistic Moves”**;
- Institute for Urban Economics – **“For Use of Digital Technologies”**.

Special diplomas were awarded to:

- Oil company “YUKOS” – **“For Social Pioneering”**;
- FIA Bank – **“For Aspiration to Social Transparency”**;
- British American Tobacco Russia – **“For Dissemination of Traditions and Reporting Culture”**.

The jury awarded diplomas to the following participants in the competition:

- CAF Russia;
- Tyumen Community Foundation;
- Inter-Regional Public Foundation “Siberian Center for Support of Public Initiatives”;
- Russian Regional Ecology Center;
- RosBank;
- Alfa-Bank;
- UN High Commissioner for Refugees (UNHCR);
- United Way Moscow.

The Forum plans to conduct such report competitions on the annual basis.

Conferences and meetings

Last year, staff of the Donors Forum participated in three events that were significant for the organization.

The international conference “Corporate Social Responsibility: Effective Techniques for Social Investment Management” was organized by the Russian Union of Industrialists and Entrepreneurs (RSPP), EFC, ASI, CAF Russia and the Donors Forum. That was the first international conference conducted in Russia on that topic and organized at the initiative of NGOs and supported by businesses. The Forum’s Executive Secretary, Natalia

Kaminarskaya, made a presentation on prospects for development of the social consulting market in Russia. The presentation was primarily addressed to potential donors for whom that issue is of great importance.

In July, donor organizations working in the Far East met in Khabarovsk. Russian and international grantmakers discussed possible creation of a regional association and invited representatives of the Russian Donors Forum to learn about their experience.

In the fall of 2004, the Donors Forum took part in a Social Forum entitled “Social Petersburg: New Solutions.” The forum covered cooperation initiatives between society, business, and the state that were designed and tested in the Privolzhsky federal district in 2001-2003 and was widely distributed in other regions over the past year. The Saint Petersburg forum was organized as a discussion space, where, in contrast to other such events conducted in other cities, federal-level programs were discussed alongside regional ones and prospects for development of the social sector were discussed in relation to both levels. During the event, the Donors Forum conducted a round table where representatives of grantmaking organizations from Moscow and Saint Petersburg discussed their role in the development of the social sector.

INFORMATION ON FORUM MEMBER CONTRIBUTIONS in 2004

The Donors Forum traditionally gathers information about the areas donors support and about the distribution of contributions among Russian and Western donor organizations, as well as by foreign states.

In 2003, the total amount of contributions was 158 million US dollars. In 2004, it was 100 million US dollars. The decrease in contributions in 2004 is due to the departure of the oil company “YUKOS” and Open Society Institute closure, which were among the largest donors.

The distribution of contributions among Russian donor organizations, Western donors and foreign states has remained approximately the same as in 2003 (fig. 1). At the same time however, there are certain changes in the distribution of contributions made for different purposes. For instance, total contributions for sustaining and developing education in Russia has grown from USD 14.6 million in 2003 to USD 19 million in 2004, and programs supporting NGOs and development of civil society received USD 7.9 million in 2004, compared to a total of 4.2 million in 2003 (fig. 2).

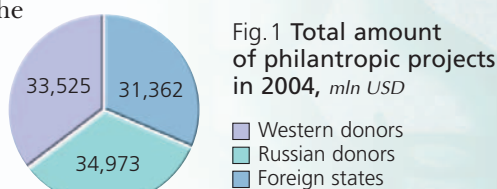
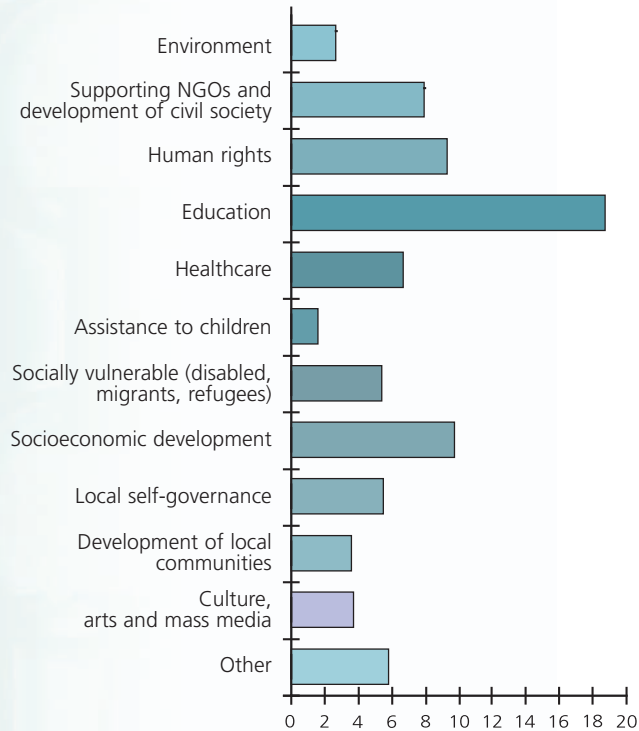


Fig.2 Grantmaking Activities by Fields of Support, *mln USD*



In 2004, USD 62 million out of USD 100 million given by donors for philanthropic programs was awarded as grants. A total of 4,601 grants were awarded in 170 grant competitions. By way of comparison, in 2003 there were 388 grant competitions, but the number of awards was almost the same (4,652). This indicates a change in Forum members' approach to grant awarding: grants awarded for specific programs have become more sizeable.

Main areas supported by grantmaking organizations in 2004 were: education (USD 18.7 million), socioeconomic programs (USD 9.7 million), human rights development (USD 9.3 million), supporting NGOs and civil society (USD 7.9 million,) and health (USD 6.6 million).

ORGANIZATION'S FINANCES

REVENUES, USD

Remainder in the account as of the beginning of the year	8,173
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Member fees

Full members	14,000
Associated members	–
Partner structures	5,000
Remainder from 2003	1,000

<i>Total</i>	20,000
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Grants Received

C.S. Mott Foundation	50,000
Ford Foundation	20,000
V. Potanin Charitable Fund	20,000
Canada Civil Society Fund	15,900
Dynasty Foundation	5,300

<i>Total</i>	111,200
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Grand total	139,373
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EXPENDITURES, USD

Income taxes	4,170
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Salary	33,589
Consultants/contracts	25,450
Travel	5,860
Equipment and maintenance	3,209

Operational costs

Office expenses	35,030
PR expenses	3,135
Seminars/round tables	550
Conference	16,652

<i>Total operational costs</i>	55,367
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TOTAL	127,645
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Unforeseen and representative expenses	2,800
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GRAND TOTAL	130,445
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The Donors Forum would like to thank the Charles Stewart Mott Foundation, Vladimir Potanin Charity Fund, the Dynasty Foundation, and the Canada Civil Society Fund for their support of its work.

The Donors Forum has become a trusted partner for CAF Russia as well as a platform for the promotion of philanthropic ideas and models, including private and family foundations and dissemination of best practices for corporate social involvement. The Donors Forum plays an extremely important part in the development and promotion of effective and transparent philanthropy and charity among Russian donors. It is significant that the membership of Russian private foundations and companies in the Donors Forum has increased by several-fold in recent years. The Donors Forum is an open space for honest dialogue and exchange of ideas. However, the Forum does not merely provide a channel for communication. It has become a catalyst for joint projects and builds bridges between international foundations and Russian philanthropists. In the new year, the Forum is undertaking a fresh task: to promote the ideas of charity and philanthropy and to encourage donors in Russian society. Some may think this task close to impossible, but I am convinced that the creative teamwork of the Donors Forum will be up to it!

Olga ALEXEEVA

*Director,
CAF Russia*

Through its involvement with the Donors Forum, the Dynasty Foundation has been able to communicate and exchange information with major Russian and Western donor organizations. We have had the opportunity to use expert information on the non-profit sector development in Russia and abroad. Through participation in special meetings and in ongoing interest groups, the Foundation's staff has advanced professionally and acquired a better understanding of their sector. As a member of the Donors Forum Council, the Foundation has not only been able to follow key events and developments in Russian charity but also to help make them happen.

Elena CHERNYSHKOVA

*Executive Director,
Dynasty, Foundation*

Participation of the Institute of Urban Economics in the Donors Forum events has permitted us to take a detached view of our work and to clarify the paths for its short- and long-term development. We believe that the Forum provides a unique space for exchanges on a vast variety of urgent issues related to the development of philanthropy in Russia. Our membership in the group of grant managers helps make the Institute's grant-making more effective.

Marina LIBORAKINA

*Executive Director,
Institute of Urban Economics*