strong leaders and institutions in the field of philanthropy and their vision for 2025 is one of a large-scale independent philanthropic sector which takes its strength not from the size of its financial assets, but from the massive participation of people through giving and volunteering. These leaders and institutions have already invested a lot in this process but their work has been very much like constructing a bridge: work on the foundations is invisible because it is under water, but once they are in place, the support structure surfaces, the visible part is completed quickly and efficiently, and the facility becomes fully functional. It is this kind of philanthropy development process that we – philanthropic institutions in and outside the region – are committed to.

THE FUTURE OF PHILANTHROPY IN RUSSIA

A ‘weapon’ that we need Vadim Samorodov

‘Give us 20 quiet years and you will not recognize Russia.’
Peter Stolypin (Head of Russian Government, 1907–1911)

From a standing start – there was no philanthropy in Russia 20 years ago – the notion has made some headway over the past two decades. Private and community foundations have emerged and Russians have begun to use the expression corporate social responsibility. The importance of philanthropy as the reflection of private property and private initiative is increasingly recognized by the state and the public at large. But if Russians are to aspire to a dynamic, varied and professional third sector supported by indigenous donors, philanthropy in the country needs a much stronger infrastructure and a fiscal regime that encourages rather than stifles it.

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Forecasting the future
Can this vision for Russian philanthropy be realized? Forecasting in Russia is like hard labour. It’s like building a house close to a sleeping volcano: you never know when it will erupt but you have to expect it any time. You can take precautionary measures and erect strong seismic-proof constructions, but the only thing they can do is help you survive during the first minutes and escape: the volcano will destroy everything anyway.

Looking forward to 2025
Looking forward to 2025, we find that the government has reduced its presence in the economy as well as in the social sphere, although its role in all economic sectors remains substantial. The quality of social services has improved but access costs are higher, which in turn means greater demand for philanthropy. The Russian third sector has undergone rapid growth, becoming stronger, more professional, and funded by indigenous donors, but it has not become as separate from the state as it is in the US. Instead, it plays a facilitating role in building partnerships between business, individuals and government. Understanding this role, the government now provides a favourable tax regime for philanthropic institutions and supports the growth of charitable endowments.

The sector has formed a substantial infrastructure of private, corporate and community foundations, associations and networks. Although individual philanthropy has gained in popularity, corporate funding still dominates the field because of the economic landscape and a large number of ‘town-forming’ enterprises.
I spoke to many people while thinking over this article, and everyone, including my CAF Russia colleagues, said: ‘Everything depends on the results of the next presidential elections. If they take place at all...’ The choice is between the ‘left turn’ to the overwhelming role of the state and nationalization, the current course of ‘hidden agendas’ but with a certain degree of common sense, democratic evolution, and a revolution with a colour that can also be brown.¹ The future of philanthropy is bound up with the development of the country as a whole. Russia is close to what historians call a ‘bifurcation point’, where the situation is very unstable and various scenarios for the country’s development are possible. At such moments the role of personality becomes critical – and civil society has a chance to influence the course of the country’s history.

Philanthropy as a secret weapon
‘Philanthropy is an important ideological weapon of imperialism’ – the official attitude towards philanthropy in Soviet times, while critical, acknowledges the significance of the role of philanthropy in the development of Western societies in the twentieth century. Capitalism didn’t die or even decay, as was prophesied by Lenin at the beginning of the twentieth century. On the contrary, it became the driving force for positive social changes – and to a large extent this was due to its ‘secret weapon’, which leveraged the individual passion for wealth and the needs of society. Philanthropy is thus a reflection of private property and individual initiative. You can’t prohibit it, because then you’d have to totally prohibit the right to private initiative, nor can it be imposed from above.

At the same time, philanthropy is a reflection of the strength of the state. A weak state fears it and tries to resist it, while a strong state involves and stimulates it. Philanthropy has a particularly important role to play in Russia over the coming decades in helping keep the three sectors in equilibrium in order to generate creative energy.

Philanthropy in Russia today
Russia is a country like no other with its relentless history, its mixture of cultures, its vast size and severe climate, and its location at the point of intersection between East and West and Northern and Southern hemispheres. While considering ourselves a European nation, striving to be integrated with Europe and to be recognized by Western civilization, we are to a large extent Asians in our social and economic life. For example, we trust relationships more than procedures, we prefer power with a ‘strong hand’ – ‘cruel but just’ – and we are used to the idea that ‘the strictness of laws is compensated by the possibility of not executing them’. The government and the personality of its leader have always been exceptional in Russian history – even Russian capitalism started with a decree from Tsar Peter I. Neither individual life nor private property have been sacred.

Combined with the influence of the Russian Orthodox Church, blessing compassion and poverty rather than hard work and wealth as God’s choice, these circumstances have shaped the nature of Russian philanthropy, which on the one hand upheld the value of charity and mercy and on the other provided a sort of social contract between the state, big manufacturers and society.

The current outlook of Russian philanthropy is similar: it comprises a social partnership between big business and the government, seen as a ‘payment for doing business’, plus sporadic donations by others as an act of compassion. At the same time, the age of communication is changing the field. While large companies want to change in accordance with international corporate governance practices, wealthy

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¹ In Russia ‘brown’ is immediately associated with Nazism and ultra-nationalistic forces.
individuals wish to be accepted in Western circles and see involvement in philanthropy as a sort of passport. Besides, there is a growing middle class that wants to have its say about what sort of country we live in. These forces are combining to form a demand for a new country and a new philanthropy.

Barriers to the growth of philanthropy

Public attitudes to private property

Certainly, the barriers to the fast growth of philanthropy in Russia are high. The main one is public attitudes towards private property. There are still common perceptions that all the recently accumulated wealth was ‘stolen from people’. And few take the view that there was more wrong with a state that failed to provide a basis for fair property distribution than with those who naturally strove to buy assets cheaper. That’s why the general public accepted the acquisition of YUKOS Oil Company by the state, and by contrast questioned the right of a wealthy individual to buy a collection of Faberge eggs or a foreign football club.

Such attitudes to private property are the main reason why most philanthropic funding in Russia comes from corporations. Even those individuals who do want to give tend to hide their charitable activities behind their company names.

Government weakness and corruption

Another strong barrier to the development of philanthropy is the government’s position of ‘presumption of guilt’ – in other words, suspicion of any person or company. It comes from the weakness of independent judicial systems and the government’s understanding of its role as the main economic player with strong commercial interests. The other side of it is enormously high levels of corruption, which practically constitutes an alternative financial system. As the central government distrusts its own institutions and controlling authorities, it tends to simplify financial regulations by introducing flat-rate taxes and removing any fiscal favours or incentives.

Underdevelopment of the non-profit sector

The current underdevelopment of Russian non-profit institutions in terms of vision, professionalism and viability also makes a serious barrier. Foreign aid helped the third sector to emerge and to survive for the last decade, but it didn’t make non-profits sustainable. There are not many institutions that are capable of clearly articulating their civic position and service offer and that can be trusted as effective and reliable.

Signs of change

Nevertheless, by the end of 2004 the situation was starting to change. The tragedy of Beslan demonstrated a number of things which have an important bearing on the development of philanthropy in Russia. First, the President recognized that the conflict in North Caucasus could not be settled without a strong civil society. Second, it became clear that given such a disaster, Russians are ready to give. Third, and arising out of this, Beslan highlighted the weakness of the existing infrastructure of trustworthy philanthropic institutions capable of meeting people’s desire to give.

Another important factor in bringing philanthropy to the fore in Russia – and one which provides an indicator for its future – is the reduction in provision of services by the state. The public reaction in January 2005 to the poorly planned law on reduction of social subsidies was significant: thousands of people took to the streets. But more important was the way this and many other laws were executed, which shifted the power balance overwhelmingly in the President’s favour. Accompanied by strong pressure on mass media, human rights NGOs and independent business, it almost removed the systems of public control and open discussion from the legislative and political processes. The immediate outcome was the skyrocketing growth of corruption, even exceeding that of the chaotic 1990s, and the diminishing role of the Parliament (the State Duma), which began to produce legislation unquestioningly at the request of the executive power. The consequences were the rapidly deteriorating image of Russia within the international community, distrust on the part of the local population, and rapid economic slowdown to virtual stagnation despite world markets highly favourable to Russia. By the end of 2004, the situation had started to get out of control.

At this point the President and his administration began to realize that these tendencies posed a threat and that their own capacity to control the situation was limited. At the beginning of 2005, Putin changed his rhetoric and started talking about the need for a stronger civil society and the need to ease the pressure on business and the media. One of his concrete
steps was the setting up of a Public Chamber comprising representatives from non-profits and other civil society activists like famous actors, doctors, teachers, trade union leaders, etc, to debate policy and advise the government.

Government is not bound to heed its recommendations, but the Chamber does provide an opportunity for civil society to influence the government. The change in the official position and the establishment of the Public Chamber were symptomatic of the radically changed attitude of authorities at all levels towards non-profit initiatives, especially those aimed at community development. It marked a realization by the Russian authorities that civil society could be a valuable ally rather than an adversary.

Although it’s too early to suspect the Russian authorities of democratic ambitions, they have thus made a start in creating a favourable ground for civil society in Russia. And now it’s time for the third sector to start to define the role it can play in the country’s development and to formulate its own agenda. Philanthropy has a key role to play in helping civil society to define this role, and in supporting civil society organizations as they strive to fulfil it.

A weapon of Russian capitalism
Following the Soviet logic, philanthropy should now become the weapon of Russian capitalism. At the core of this are three main aims: protecting the rights of private property, fighting corruption, and facilitating national consensus.

These are hard aims to achieve, but philanthropy can address them, as we see in countries where the sector is more developed. It can suggest tools for bringing capitals closer to communities, bridging divides, and establishing social partnerships that can evolve and adapt to different circumstances. It can reflect and express needs and help turn them into concrete actions. It can embrace such opposite concepts as volunteerism and accountability. It can thus demonstrate that different and sometimes contradicting interests can be reconciled within a democratic society and create points of growth for democracy, thus influencing the country’s development from the bottom up.

In order to address these global goals the Russian third sector should use its strengths and focus on the following key tasks:

- **To use the existing opportunities for facilitating public dialogue and public control over government decisions.** This can be done on a constructive and consensus-driven basis via the Public Chamber on the federal level and by establishing partnership relations between sectors in communities.

- **To develop the infrastructure of sustainable and professional non-profit organizations.** There are many training and funding programmes available in Russia but donors should focus their development efforts on searching for sustainable forms of non-profit institutions and direct their funding to institutions' longer-term development rather than to programme funding.

- **To indigenize the Russian third sector.** This involves attracting more indigenous donors to philanthropy through offering effective and attractive tools and services beneficial both to the donor and to communities. Philanthropy will be recognized and reckoned with only when it is local and rooted within the country’s culture and mentality.

- **To engage individual donors and develop private philanthropy.** Corporate philanthropy is implemented strictly within the framework of companies’ business tasks and naturally tends to shrink. It is only private philanthropy that can really be innovative and address the needs that are ignored or not tackled by the state.

No existing patterns can be applied directly in Russia and the only way to success is to learn by doing and not to be afraid. But it needs to be done as the stakes are high – it’s the future of the country, and it’s a real chance for philanthropy to help shape the future.

Sometimes it feels like there is nothing you can do, but as my job is related to the development of community foundations in Russia, I travel around the country a lot and I see how an institution based on common sense and democratic principles can change communities and relationships between people. Rephrasing the saying that ‘a pessimist is a well-informed optimist’, I’d like to call myself ‘a well-informed pessimist’ and I’d like to believe that Russia and Russian philanthropy are moving to a new normal.