

ESTONIA

Community foundations

History

The first two community foundations were established in Estonia in 2002-2003 as a result of a pilot project supported by the Baltic-American Partnership Program Estonia. The aim of the pilot project was to bring together citizens, local governments and local business representatives to define local problems, to raise local resources to address these problems, and through this process to establish building blocks for citizen engagement and community philanthropy, and was intended to provide a basis for endowed community foundations.

The founders of the first two community foundations are leading community activists and local businesses. The third community foundation was established in 2004 as a result of public awareness raising activities conducted within the framework of the above-mentioned pilot project.

Current situation: Facts and figures

Number of community foundations formally established in total.	3
Number of community foundations established in 2007.	0
The number of community foundations at early stages of development.	0
Percentage of country's territory covered by community foundations.	17%
Percentage of population that has access to a community foundation.	6%
Total number of people with access to a community foundation.	ca 90,000
Is the rate of community foundation formation steady/increasing/ decreasing? Explain why in the box below:	decreasing

Since 2007, when our former community foundation resource center ceased its activities in the field due to staff changes and capacity issues, there has not been an organization actively dealing with the promotion of community philanthropy. BAPP Estonia is unable to do this due to staff constraints, local community foundations are engaged in their everyday issues of fundraising and building relationships on a local level.

Total sum of grants made by community foundations in 2007	\$6,000
Total number of grants made in 2007.	9
Total sum of the income/donations in 2007.	\$16,000
Single largest source of income for community foundations	Donations from businesses
Total sum of endowments at the end of 2007.	\$27,000
Community foundation with the largest endowment at the end of 2007 and size of its endowment.	Järva County Community Foundation, \$16,000

Complete list of community foundations

1. Viljandi County Community Foundation
Registered in December, 2002
Contact person: Ms. Pille Põllumäe
Vabaduse 4, Viljandi, Estonia
E-mail pillepollumae@gmail.com
2. Järva County Community Foundation
Registered in January, 2004
Contact person: Mr. Toomas Tippi
Rüütli 25, Paide, Estonia
E-mail toomas.tippi@mail.ee
3. Peipsi Region Community Foundation
Registered in November, 2004
Contact person: Ms. Laine Knude
E-mail: peipsikf@hotmail.ee

Community foundation staffing

All of the Estonian community foundations are administered by unpaid volunteers.

Community foundation income

Income

Estimated to be:

- 30% local foundation,
- 30% corporations
- 20% individual donations
- 20% local government grants

Purposes

Specific programs and operating costs.

Permanent funds/Sustainability

About 20% of recent income went to endowment

Environment for philanthropy

Local attitudes

The attitudes towards giving (and volunteering) are changing. Willingness to donate on national and community level is on the rise. However, the majority of people and business are willing to donate for so-called soft causes (e.g. children) and directly to the beneficiaries. The key question for community foundations remains to create trust and demonstrate their effectiveness at the local level. Community foundations are “newcomers”; there are numerous actively fundraising and quite well established foundations (in the field of medicine, culture, etc.) on the market already.

Legal and tax environment

Pursuant to Income Tax Act, tax incentives can be imposed on charitable associations/funds, operating in the public interest. It is possible to apply to be registered in the list of those benefiting from income tax incentives twice a year.

Making donations, in any amount, shall not involve an obligation to pay income tax. However, each person is entitled to deduct gifts and donations, made to the above-mentioned organisations, within a sum that equals 5% of taxable income.

Maximum amount of deductions is 50,000 Estonian kroons (approximately US \$5,000) per one person within one calendar year. (This sum includes: the sum of deductions regarding housing loan interests, training expenses and donations.)

Legal persons shall be entitled to make gifts and donations, without paying income tax on them, to the above-mentioned persons within the following amounts:

- 3% of the sum of payments subject to individually registered social tax, within one calendar year (i.e. 3% of the sum that has been paid as wages and salaries and as similar payments),
OR
- 10% of the profits of the last financial year.

All gifts and donations made to associations other than those entered in the list of associations benefiting from income tax incentives shall be subject to income tax (22%). In the situation where gifts were made to an employee or to a person equivalent to an employee, there is also a social tax (33%).

Changing attitudes and the national or local environment

While the legal environment is positive enough to encourage local giving, there aren't really traditions of giving to intermediary organizations. A positive case study about the effectiveness of community foundations locally and internationally would be one way of encouraging people and business to be more actively engaged.

Community foundation activity and impact

Example 1. One of the first initiatives that the Järva County Community Foundation launched was the Annual Young Professional Stipend – an incentive to encourage young professionals to return to Järva county after their university studies. Recipients are selected through an open competition. This competition has allowed Järva County Community Foundation to build good relationships with local businesses.

Example 12. Viljandi County Community Foundation continues with its 1 Estonian kroon per resident scheme, i.e. local governments are called upon to allocate 1 Estonian kroon per resident a year as their contribution to the endowment building. The mechanism, while not burdensome for local governments, enables a regular exchange of information between Viljandi County Community Foundation and local governments and thus builds their sense of ownership.

Current challenges and future developments

Major challenges facing community foundations

Major challenges are to:

- sustain themselves among other foundations and local NGO networks
- find resources to cover administrative costs
- find active and engaged people who are ready to invest their energy and professional skills as volunteers and Board members

Areas for future community foundations development

Based on the experience of just two active community foundations, it is difficult to make any estimates as to which areas they might move into in the future.

International links

Community foundations have participated previously in the European Foundation Centre's Community Philanthropy Initiative meetings, which were useful in terms of sharing experience with other community foundations. Also, until 2007 there was an active Baltic-wide network of community foundations that met occasionally. Given the fact that community foundations are run by volunteers, it is often difficult to find both time and money to participate in international events, especially if they take place far away. Therefore, the EFC CPI meetings provided easy access to other community foundations' experience. Currently, Estonian community foundations are not actively involved in international networks.

Support Organization: Baltic American Partnership Program Estonia

History and purpose

The Baltic-American Partnership Program was established in 1999 to support the development of civil society and civic participation in Estonia during the next 10 years. Among others, BAPP has supported the development of community foundations and their support organizations in Estonia since 2001. 2008 is the last year of BAPP operations in Estonia. There are no other organizations that will support and promote the development of community foundations in Estonia in the future.

Structure and organization

Our support to community foundations is mainly financial, as our staff consists of just one person. 2008 is the final year of support to community foundations.

Recent accomplishments

During 2001-2004 we initiated together with BAPP-Latvia and BAPP-Lithuania a pilot project with the aim of testing the concept of community philanthropy, and, if it proved feasible, then also sought to establish pilot community foundations. As a result, two community foundations were established in Estonia. After the end of the pilot project, community foundations have been able to apply to BAPP-Estonia for annual grants that mainly assist them in covering administrative costs and attending professional training events.

Current challenges/future developments

BAPP Estonia is currently winding down its operations.

Additional resources

The most recent annual report of the Baltic-American Partnership Fund which includes financial statements for BAPP Estonia:

<http://www.bapf.org/BAPF2006AnnualReport.pdf>

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