

LATVIA

Community foundations

History

In 2001, the Baltic-American Partnership Program initiated a program to promote the concept of community philanthropy and the formation of community foundations in Latvia, in response to the fact that foreign donors were leaving the country and there are no sustainable sources of indigenous funding in Latvia. As a result, two community foundations were established, the Talsi Region Community Foundation (2003) and the Lielvarde Community Development Foundation (2003). Due to the positive results of these foundations, the concept of community foundations became popular and four new foundations were established by 2007.

Founders of community foundations in Latvia are mostly people from local communities and occasionally local businesses.

Development of community foundations in Latvia was influenced by:

- 1) initiative and support from the Baltic-American Partnership Program
- 2) positive examples from first two established community foundations

In 2006 five community foundations established the Community Foundations Movement (CFM), a support structure to promote philanthropy and community engagement in Latvia.

Current situation: Facts and figures

Number of community foundations formally established in total.	6
Number of community foundations established in 2007.	1
The number of community foundations at early stages of development.	4
Percentage of country's territory covered by community foundations.	22.5 % (64,589 sq km total – or 14371.9 sq km by community foundations)
Percentage of population that has access to a community foundation.	13.5 %
Total number of people with access to a community foundation.	308,490
Is the rate of community foundation formation steady/increasing/decreasing? Explain why in the box below:	Increasing

Since 2003, there has been an increase of one new community foundation per year.

Total sum of grants made by community foundations in 2007	€ 43,975
Total number of grants made in 2007.	74
Total sum of the income/donations in 2007.	€ 192,984
Single largest source of income for community foundations	Baltic-American Partnership Program
Total sum of endowments at the end of 2007.	€ 37,462
Community foundation with the largest endowment at the end of 2007 and size of its endowment.	The Talsi Region Community Foundation – € 16,000

Complete list of community foundations

Lielvarde Community Development Foundation

Raina Street 11a, Lielvarde, LV 5070, Latvia

Ilze Kreismane, Board member

Phone: +371 2 9479361

E-mail: kdc@latnet.lv

Talsi Region Community Foundation

Address: Kr.Valdemara Street 17a,

Talsi, LV 3201, Latvia

E-mail.: novadafonds@talsi.lv

Homepage: www.tnf.lv

Iveta Rorbaha, chairwoman of the board

E-mail – iveta.rorbaha@talsi.lv

Phone: +371 26596146

Aluksne Region Community Foundation

Address: Darza Street 11 – 412,

Aluksne, LV 4301, Latvia
Dzintra Zvejniece, Board member
Phone: +371 64322236, +371 26185282
Fax: +371 64322236
E-mail: aluksnesfonds@hotmail.com
www.aluksnesfonds.lv

Valmiera Region Community Foundation

Gara Sstreet 9, Valmiera LV-4201, Latvia
Phone: + 371 4281792; +371 26136756
Ansis Berzins, Chairman of the board
E-mail: vnf@vnf.lv
www.vnf.lv

Madona Region Community Foundation

Saules Street 56, Madona, LV 4801, Latvia
Dzintra Grisleja, Chair of the board
E-mail: mnf@inbox.lv

Liepaja Region Community Foundation

Uliha 18 – 5, Liepaja LV – 3401, Latvia
Ph. + 371 63422788, + 371 26808351
Aiga Jaunskalze, chairwoman of the board

Community foundation staffing

In Latvia there is a mix of volunteer-run community foundations and community foundations with paid staff. Some foundations have some partially paid staff. However, besides their paid activities, the same people also are engaged in additional pro-bono activities.

Community foundation income

Income

International foundations (Baltic-American Partnership Program, Netherlands corporate foundation KNHM)	28%
Corporations	27%
National foundations	10%
National government	9%
European Union funds	8%
Local municipalities	7%
Individuals	6%

Income for service provision	5%
Total	100% (€192,984)

Purposes

The community foundations in Latvia mostly receive funding for specific charitable purposes (grantmaking), and it amounts up to 70 percent of their total income. It is difficult to provide exact numbers, but this funding may include about 5 percent unrestricted funds, about 5 percent for operational costs and 10 percent for endowment building. That means that funding for grantmaking and special purpose charitable goals constitutes about 55 percent.

Twenty-three percent of the total income goes to cover operational costs. These are usually grants for administrative support, but may include also income from service provision and about 5 percent from funds for specific and unrestricted charitable purposes.

Twelve percent of the total income has been used for implementation of the foundations' own projects and activities.

Ten percent of total income goes for endowment building. This is usually 10-15 percent from income for specific charitable purposes, service provision or special endowment building campaigns.

Permanent funds/Sustainability

The total amount of income for endowment building in 2007 is € 20,225, which is 10 percent of total income of all foundations. Endowment building has been very difficult for community foundations in Latvia in comparison with other countries in Central and Eastern Europe. There has been no support from international donors available in Latvia to support building of endowments. All funds are coming from individual or corporate donations or income generated from services, which given the early stage of development of community foundations in Latvia is a challenging task.

It also has been difficult to work on long-term sustainability as, given the restricted funding situation, it is a challenge for the foundations to cover the short-term operational and development costs. At the same time, the foundations are setting long-term goals and working towards achieving these despite the financial restrictions (e.g., cultivating and nurturing a wide base of local supporters, strengthening their Boards, etc.).

Environment for philanthropy

Local attitudes

Attitudes towards philanthropy are becoming more positive year by year. Philanthropy has been successfully developed by positive examples, new approaches at national and local level. For example, nationwide TV fundraising campaigns, fundraising via internet (www.ziedot.lv), charity boxes in supermarkets, etc.

Main obstacles:

- Myth that only millionaires are able to donate or only huge amounts are valuable
- Lack of trust in charitable giving among people in Latvia
- Unsustainable market economy (15 percent inflation in 2007)

Community foundations are providing different ways for charitable giving and the opportunity for everyone to participate.

Legal and tax environment

The legal and fiscal situation in Latvia is favorable for development and activities of community foundations. In 2005, the legal reform of the NGO sector was completed. New legislation is in place regarding the legal status of NGOs as well as new rules that allow NGOs to receive tax-exempt donations. Individual and corporate donors enjoy tax benefits when donating to registered public benefit organizations: individuals at a rate of 25 percent; corporate donors at 85 percent; but no more than 20 percent from taxable income. Nevertheless, the whole NGO sector had to deal with a high inflation rate in 2007 (15 percent) and the departure of foreign donors, which caused a significant decline in funding.

Changing attitudes and the national or local environment

It is difficult to say what could encourage philanthropy more at this stage. On the one hand, the legislation for charitable giving is supportive, but only for those who have significant profit (many companies operate without a profit). Corporate donors can deduct income tax up to 85 percent, but no more than 20 percent from taxable income.

Promotion of positive examples and success stories about charitable initiatives and changing values in society could contribute to promotion of philanthropy. Community foundations movement is promoting concept on a national level through various articles and fundraising campaigns.

Community foundation activity and impact

Example 1. The Talsi Community Foundation has achieved the largest endowment among Latvian community foundations, € 16 000, developed by individual and corporate donations and income from service provision.

In its first year of activity, the Talsi Community Foundation set up a goal to build endowment with a view to use proceeds in the future for the foundation's supported projects and to ensure its administrative costs. The endowment is composed of:

- Annual donations by the foundation members. From 2003- 2005, 25 percent was channelled to the endowment based on the decision of the foundation's General Meeting. From 2006, the donations to endowment increased to 90 percent.
- Donations for the endowment from legal and private persons;
- Earnings from the campaign "Regards in Christmas," when the artists bestow their works for making Christmas cards, which are then sold;
- Special endowment building campaign "100 Friends for Talsi Region," which was opened by State president Vaira Vike-Freiberga in 2005. Campaign has been continued with a new title, "200 friends for Talsi Region", in 2007.

Example 2. The Talsi Community Foundation has been successful by attracting long term donors and sustainability.

Talsi Community Foundation operates in the town and countryside with a total population of 50,000. The foundation was established by 43 founders – individuals and some NGOs. All founders became members

of the Council. Members of the Council are asked to donate US \$40 per year and by this they obtain rights to vote about projects in grant competitions. This has been a successful model to involve people in charity and decision-making. There were 80 participants in the Talsi Community Foundation Council at the end of 2007.

Example 3. Lielvarde Community Development Foundation has a similar approach for sustainability, but in their case they involved businesses with higher annual fee.

Lielvarde is small town with 7500 inhabitants and a small business community. The founder of Lielvarde Community Development Foundation was the owner of a publishing enterprise, who invited his peers from the business sector to establish a foundation (15 people in total). They decided to donate annually US \$200 as a minimum, and composed the board of the community foundation from members representing various local stakeholders. There are 30 participants in the Lielvarde Community Development Foundation and their annual income from membership constitutes US \$6000.

Current challenges and future developments

Major challenges facing community foundations

Short term sustainability:

- Decrease of foreign funding (comparatively short period for development with foreign funding)
- It is difficult to get funding to ensure administrative expenses from the local sources.
- Human resources – Community foundations have difficulties in retaining their employees as the funding is not secure.
- Decreasing market economy, which influences the ability of people to donate.
- Main community foundation supporter Baltic-American Partnership Program is closing down its work at the end of 2008, as most foreign donors have done in the past

Areas for future community foundations development

If there will be no sustainable funding sources, foundations would rather become operational or local development organizations, not grantmaking organizations.

International links

Representatives from the support organization, Community Foundations Movement, and Latvian community foundations have participated in:

- All CPI meetings since 2002;
- Study visits in Poland, Czech Republic, Slovakia, Italy, Russia;
- Community Foundation Partnership annual conferences in 2004 (Togliatti), 2006 (Kaliningrad), and 2007 (Moscow);
- Community Foundations: Symposium on a Global Movement, Berlin, 2004
- Conference “Cooperation Between Community Foundations and the Public Sector” September, 2005, Tartu (Estonia)
- Grantmakers East Forum in Estonia 2007

Special consultancy assistance for community foundation development in Latvia:

- Since 2001-2003: Antioch New England Institute (US)

- 2004-2006: CAF-Russia

Since 2007, the Chair of Council of the Community Foundations Movement participates in the Transatlantic Community Foundation Network meetings. It gives new experience and motivation to work in the field.

All of the above has been very important in supporting the development of community foundations in Latvia – providing knowledge and inspiration!

Support Organization: Community Foundation Movement in Latvia

History and purpose

On 6 December 2006 five Latvian community foundations joined in a new initiative and established the Community Foundations Movement (CFM) in Latvia. The goal of CFM Latvia is to promote philanthropy and community engagement in regions all over Latvia. CFM Latvia is a national competence center in the field of community philanthropy, a partner for the government and business sector and international organizations.

The main goals of CFM Latvia are to:

- promote and develop community foundations nationally;
- develop and monitor National Community Foundation Standards;
- strengthen the capacity of community foundations in Latvia;
- develop the capacity of CFM Latvia.

In the first meeting the founders agreed to accept the following National Community Foundation Standards:

- Legal status – foundation; has a Public Benefit Status (accepted by Ministry of Finance)
- Endowment is at least € 1400 with an annual increase of 10 percent
- Works in a defined geographic area which is smaller than the whole country – city, district or region
- Grantmaking institution, which provides support for all public benefit areas
- Promotes philanthropy and works with local donors
- Good governance
- Publicizes its annual report

CMF Latvia founders and participants are: the Talsi Regional Community Foundation, the Lielvarde Community Development Foundation, the Aluksne Regional Community Foundation, the Valmiera Regional Community Foundation, the Madona Regional Community Foundation. CFM has a governing council, and its chair is Ansis Berzins, Chair of the Valmiera Regional Community Foundation. Executive Director of CFM Latvia is Inese Danga.

Legally CFM Latvia is a program within a leading Latvian charitable foundation “Ziedot” (“Donate”), which has three more programs:

- Internet charity portal www.ziedot.lv,
- NGO institute – a training and research program for NGOs, and a
- Social support program.

CFM Latvia is supported by the Baltic-American Partnership Program (BAPP) and continues the support of community philanthropy development initiated by BAPP.

Other organizations that support and promote the development of community foundations

Baltic- American Partnership Program (BAPP)

Baltic-American Partnership Program (BAPP) was initiated and supported by the Baltic-American Partnership Fund (BAPF), set up by the Open Society Institute and the US Agency for International Development.

BAPF was established in 1998 with a 10-year lifespan, which means that it will be closed down in 2008. BAPF has supported continued development of democratic institutions and market economies in the Baltic countries by enhancing the civic engagement of the populations and by increasing their capability to participate effectively in political and economic decision-making. BAPP-Latvia is a grantmaking institution, and one of its support areas includes initiation and development of community philanthropy in Latvia.

Structure and organization

CFM Latvia is a membership association. There is a partly paid staff person – the director. The director is responsible for implementation of CFM Latvia goals, works on advocacy issues, as a consultant to its members, fundraiser for community foundation national fundraising campaigns.

CFM Latvia has a Council with representatives from all its member foundations. Each foundation decides about its representative – mostly these are board members.

Budget 2007

- A BAPP grant of about US \$25,000 for CFM Latvia development, participation at EFC CPI meeting, Grantmakers East Forum meeting, International Fundraising Congress (90%)
- US \$2,500 – income from service provision (10%)

Recent accomplishments

Accomplishments in 2007:

- Development of the CFM Latvia website: www.kopienufondi.lv in Latvian and English.
- Regular publications (an article every second month) in a national business newspaper, “Lietiska diena”, about various community foundation activities, provided by CFM Latvia.
- Participation in the State Program “Civil Society Development 2008-2014” development working group. Beginning in 2008 there will be some funding available to support activities of community foundation cooperative projects among community foundations (US \$10,000-20,000)
- Latvian Mortgage Bank (“Hipoteku banka”) is supporting grant competitions for all 5 community foundations, with total funding of US \$20,000 that covers about 30 projects. (The cooperation with the bank was initiated by CFM Latvia.)
- Four CFM Latvia participants took part in a national campaign, “ School Bag”, which provided an opportunity to buy necessary goods to start the school year for pupils from poor families in amount of US \$70 each. (A total of 407 children were supported.)
- Establishment of the sixth community foundation in Latvia – Liepaja Region Community Foundation. CFM Latvia provided consultations in this process.

- CFM Latvia brought into being a “Day of Regions”, which was included in the “National Charitable Week”, a campaign through which fundraising for regions was fostered.
- CFM Latvia has been invited to provide its expertise as part of Latvia’s Development Co-operation projects with Moldova and Ukraine.

Current challenges/future developments

Further development of community foundations in Latvia and CFM Latvia depends on:

- 1) How community foundations and CFM Latvia will be able to survive without funding from its main supporter, Baltic-American Partnership Program, that has funded operational and development costs;
- 2) How favorable future economic development of the country will be.

The main task is to support further development of the existing foundations. CFM Latvia plans to support establishment of one new community foundation per year and stimulate organizing of one community forum per year.

Additional resources

CFM Latvia annual report, which will include data about its activities and members, will be published in English version in April 2008 in www.kopienufondi.lv.

All other documents are in Latvian and will be published in April 2008 in www.kopienufondi.lv .

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