

Discovering indigenous grantmakers in Central Europe¹

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One consequence of the departure of foreign grantmakers from Central and Eastern Europe was the need for increased mobilization of domestic resources, and much thought and practical effort has been invested in issues such as percentage philanthropy, corporate social responsibility, donors' forums and charitable lotteries. Scant attention, however, has been paid to one of the main potential sources of local funding – indigenous grantmakers.

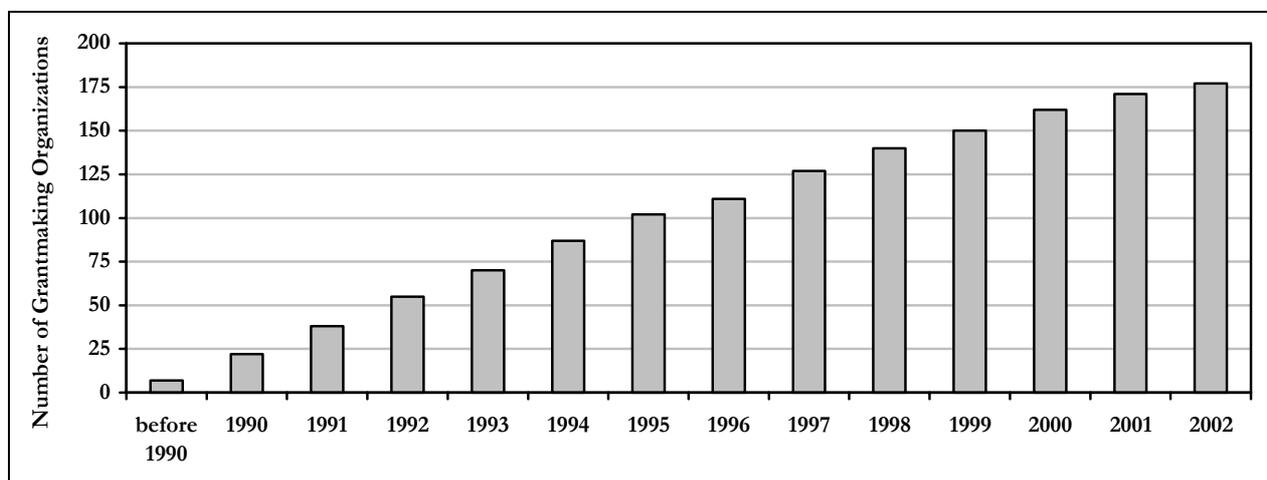
In many established democracies of the West, it is an accepted fact that such entities are a key part of civil society infrastructure and they are monitored and analysed on a regular basis.² In Central and Eastern Europe, by contrast, hardly any systematic and comprehensive account of indigenous grantmakers is available. This article attempts to provide such an overview. Looking at the four Central European countries of the Czech Republic, Hungary, Poland and Slovakia, it presents the preliminary results of recent research. It is hoped that this will gradually be widened to include the entire region.

An emerging infrastructure of civil society

Independent financial resources for civic life and indigenous grantmakers to nurture them were largely absent from Central Europe prior to 1989. Their growth since then is shown in Figure 1.

Figure 1

Growth of indigenous grantmakers in four Central European countries, 1990-2002



By 2002, 177 indigenous grantmakers could be identified in the four countries of Central Europe. Moreover, the actual number is likely to be even larger, since the above figure includes only those who reported their funding activities to the various umbrella bodies in

¹ This article is based on a presentation delivered to the annual meeting of the Grantmakers East Group in Sofia, Bulgaria, on 21 and 22 October 2004.

² Such regular monitoring is conducted, for example, by the Foundation Center in the United States, the German Bundesverband deutscher Stiftungen, and the Association of Charitable Foundations in the United Kingdom. Multi-country overviews are provided by the European Foundation Centre and the *Philanthropy in Europe* magazine.

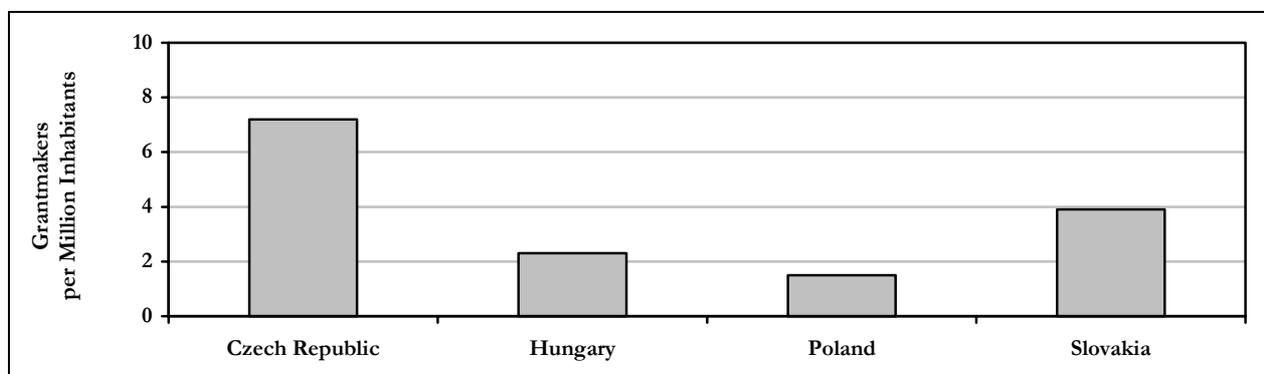
the region or otherwise publicized their grantmaking programmes, and this practice cannot be assumed to be universal.

Stronger in some countries, weaker in others

This development, however, has not been even across the region. In the Czech Republic and in Poland, a relatively large group of indigenous grantmakers has been established, with 74 and 59 such entities, respectively. By contrast, much fewer appear to be active in Hungary (23) and Slovakia (21). These absolute numbers need to be qualified, however. A key figure is the size of population (on whose behalf indigenous grantmakers operate), and if we consider the above figures in relation to the populations of the four countries, a different picture emerges (see Figure 2).³

Figure 2

Number of indigenous grantmakers per million inhabitants in Central Europe, 2002



These figures suggest that conditions in the Czech Republic and Slovakia have been more favourable for establishing indigenous grantmaking organizations than has been the case with their northern and southern neighbours. The reasons why this should be so could profitably be the subject of further research.

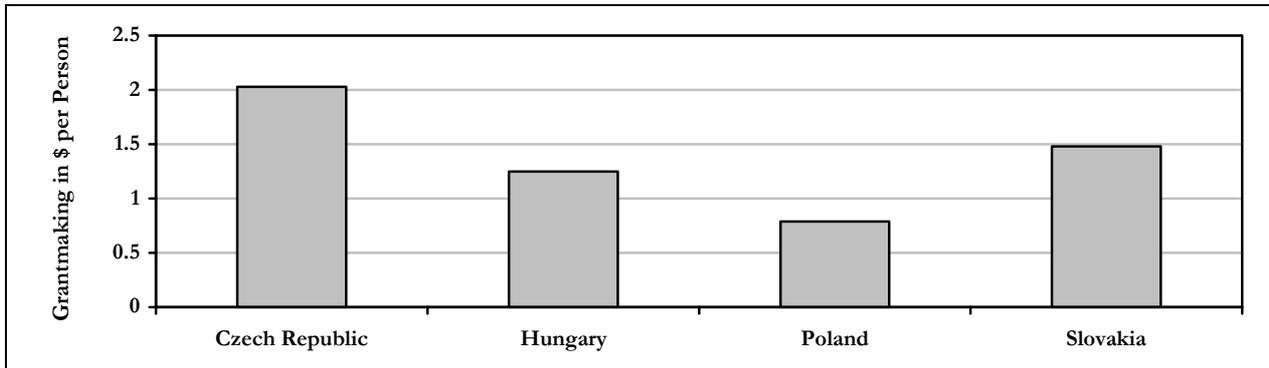
A considerable source of funding

How much do these indigenous grantmakers give? Data for the year 2002 indicate that total funds provided to civil society amounted to US\$71.8 million, a significant source of funding for civic initiatives in Central Europe.

The largest portion of this, \$30.4 million, was disbursed by indigenous grantmakers in Poland. The figures for the remaining three countries were: Czech Republic: \$20.8 million; Hungary: \$12.6 million; and Slovakia: \$8 million. Again, viewing this in relation to population size, the following picture emerges (see Figure 3).

³ The 2004 population figures for the four countries are as follows: Czech Republic: 10.2 million; Hungary: 10.0 million; Poland: 38.6 million; and Slovakia: 5.4 million.

Figure 3
Indigenous grantmaking in Central Europe per capita, 2002



Civil society in the four countries can thus draw to differing extents, more generously in the Czech Republic and much more limitedly in Poland, on resources provided by indigenous grantmakers. A key point to note, however, is this: these differences notwithstanding, indigenous grantmaking in the region is as significant as, and often exceeds, other important resources for civil society, such as percentage philanthropy or European Union funds.⁴

Central Europe, Western Europe and the United States compared

To a varying but increasing extent, indigenous grantmaking is becoming a major asset for civil society in Central Europe. A comparison with indigenous grantmaking in Western Europe and the United States, however, puts this in perspective.

As Table 1 shows, 12 individual European foundations give more in grants to civil society organizations than the Central European grantmakers combined. A similar comparison with US foundations shows Central European grantmakers rank thirty-seventh in size of funding (see Table 2).

⁴ Percentage philanthropy generated approx \$21 million in Hungary in 2002, and approx \$3 million in Slovakia in 2003; see www.onepercent.hu. EU funding, under the PHARE programme, amounted to approx \$11 million in Slovakia for the period 1993–2003 and approx \$9 million in the Czech Republic for the period 1993–2001; see www.npoa.sk and www.nros.cz

Table 1
Central European and Western European grantmakers compared, 2002

	Grantmaking entity	Country	Grantmaking in 2002 (\$ million)
1	Wellcome Trust	United Kingdom	691.1
2	Fundación La Caixa	Spain	166.6
3	Stichting NOVIB	Netherlands	152.5
:	:	:	:
10	Fondazione Cariplo	Italy	88.8
11	Fondazione Monte dei Paschi di Siena	Italy	78.9
12	Fundacion ONCE	Spain	77.1
13	Grantmakers in Central Europe*		71.8
14	Knut och Alice Wallenbergs Stiftelse	Sweden	65.2
15	Bertelsmann Stiftung	Germany	64.1
16	Fondazione Cassa di Risparmio di Torino	Italy	63.6

* Represents all 177 Central European grantmakers included in this study.

Source: Data for Western European grantmakers from *Philanthropy in Europe*, 2003.

Table 2
Central European and American grantmakers compared, 2002

	Grantmaking entity	Grantmaking in 2002 (\$ million)
1	Bill & Melinda Gates Foundation	1,005.6
2	Lilly Endowment Inc	524.5
3	Ford Foundation	448.1
:	:	:
34	John S and James L Knight Foundation	75.3
35	Greater Kansas City Community Foundation	86.6
36	Wal-Mart Foundation	72.5
37	Grantmakers in Central Europe*	71.8
38	Verizon Foundation	67.8
39	Community Foundation Silicon Valley	67.8
40	Carnegie Corporation of New York	67.1

* Represents all 177 Central European grantmakers included in this study.

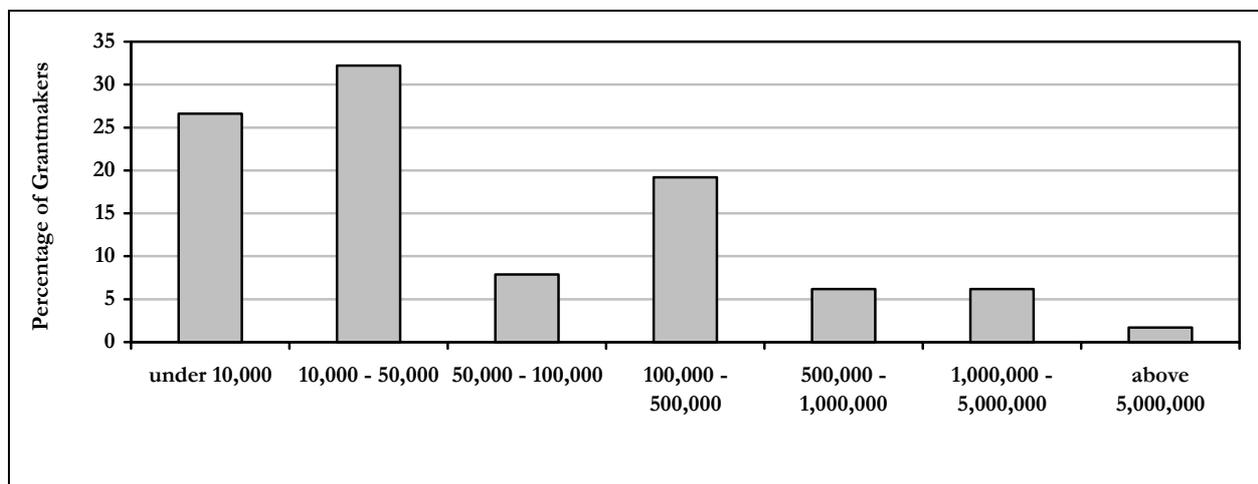
Source: Data for US grantmakers from *Philanthropy in Europe*, 2003.

Even combined, therefore, grantmakers in Central Europe do not compare with the largest single foundations in either Western Europe or the USA, while as individual grantmakers they would appear tiny by comparison. However, these figures do underscore the considerable financial significance that indigenous grantmakers in Central Europe have attained within only a few years of their emergence.

How big are they?

There is considerable variety when it comes to the size of individual members of the grantmaking community in Central Europe.

*Figure 4
Central European grantmakers by size of funding, 2002 (in \$)*



As these figures demonstrate, small grantmakers, with funding totals of up to \$100,000, account for two-thirds of all funding entities in the region. Those providing between \$100,000 and \$1 million constitute roughly a quarter of the sector, while funders disbursing \$1 million or more a year represent only about 8 per cent of the region's grantmakers, with only 1.7 per cent of organizations making grants totalling \$5 million or more.

Perhaps the surprising fact here is not that Central European grantmakers are typically small, but that there are a number with significant resources. Table 3 shows the largest grantmakers across the four countries.

Table 3
*The 20 largest indigenous grantmakers in Central Europe, 2002**

	Grantmaking entity	Country	Total grants made in 2002 (US\$)**
1	Civil Society Development Foundation Czech Republic	Czech Republic	8,361,267
2	Foundation for Polish-German Co-operation	Poland	7,140,598
3	Polish Science Foundation	Poland	5,152,911
4	Polish-American Freedom Foundation	Poland	4,402,403
5	Soros Foundation Hungary	Hungary	4,355,269
6	Stefan Batory Foundation	Poland	4,262,354
7	Illyés Foundation	Hungary	4,108,469
8	Open Society Foundation Slovakia	Slovakia	3,836,583
9	Open Society Fund Prague	Czech Republic	3,719,553
10	National and Ethnic Minorities Foundation Hungary	Hungary	2,560,350
11	Polsat Foundation	Poland	1,914,377
12	Ekopolis Foundation	Slovakia	1,422,979
13	Atlas Charity Foundation	Poland	1,109,856
14	Olga Havlova Foundation	Czech Republic	1,099,497
15	VIA Foundation	Czech Republic	957,185
16	Foundation for Rural Development	Poland	945,138
17	Foundation for the Development of Local Democracy	Poland	875,305
18	Charter 77 Foundation	Czech Republic	858,475
19	Civil Society Development Foundation Slovakia	Slovakia	855,775
20	Polish Foundation for Children and Youth	Poland	742,600

* Represents the 20 largest entities from among the 177 Central European grantmakers included in this study.

**Amounts calculated at mid-year exchange rates between local currency and US\$.

A number of entities operating with public funds figure very prominently in this list. These include disbursement agencies for EU funding, such as the civil society development foundations in the Czech and Slovak Republics; bilateral entities, such as the Foundation for Polish-German Co-operation; and national public foundations, such as the Polish Science Foundation or the National and Ethnic Minorities Foundation in Hungary. Notable also, though less surprising, is the significance of grantmakers deriving from foreign funds, such as the Open Society network, which has long been established in the region and has gradually been indigenized. Finally, a few corporate foundations, including Polsat and Atlas in Poland, have also assumed an important place in funding civil society.

Where does the money come from?

In Central Europe, the public sector and foreign assistance play the major role in providing resources for indigenous grantmaking. Public agencies and funding, whether

local, national or international, account for some 41 per cent of all funding disbursed by indigenous grantmakers. Similarly importantly, 39 per cent of indigenous funding derives from foreign private sources, be it in the form of foreign-fed endowments or through continued regranting schemes. This is likely to change, however. Grantmaking initiatives largely inspired and funded by foreign donors seem to have reached the limits of growth. As foreign donors depart from the region, the significance of such initiatives is likely to diminish. Much smaller are the shares of grantmakers that are corporate or broadly societal in nature: 7 and 13 per cent, respectively, in 2002.

Grantmakers with public revenues will remain significant, although changes are foreseeable. On the one hand, entities based on EU or bilateral funding are likely to scale down as a result of EU membership. On the other hand, public authorities in the four countries may decide to endow existing entities, or to establish new ones, in order to address burning social questions.

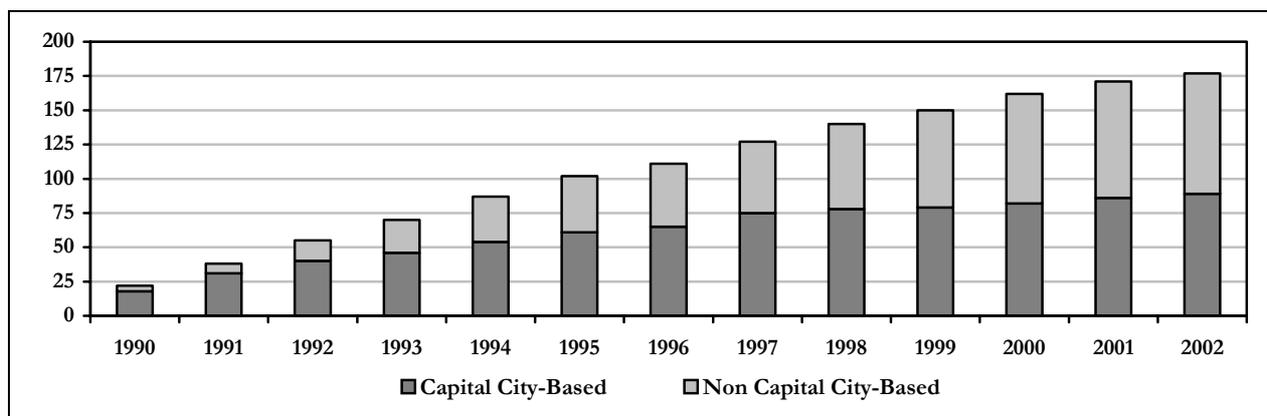
There is considerable potential for strengthening the indigenous grantmaking community in the region from the corporate sector. In recent years, business-backed grantmakers have dynamically increased their share in indigenous funding, a trend which is likely to continue with the evident growth of existing entities and the development of new ones.

But it is perhaps with organizations that derive from the initiatives of individuals, social groups and local communities that the greatest potential for growth lies, their generally limited resources notwithstanding. These organizations have developed steadily and accounted for more than half of all indigenous grantmakers in Central Europe in 2002. The recent arrival of community foundations in some countries and the establishment of foundations from individual fortunes are very promising signs in this respect.

An evolving geography: from centre to periphery

It is crucial for the acquisition of funds that indigenous grantmakers reach out beyond the centre in order to tap additional resources in and for specific regions, communities and purposes. Fortunately, there are some signs that the tendency for grantmakers to base themselves in the region's capital cities is waning (see Figure 5 below). Recent years have witnessed an increased emergence of grantmaking organizations outside these centres. Many of these newly established, more regionally and locally oriented grantmakers operate with very modest financial resources, but their importance lies in the fact that they have moved closer not only to many recipients but also to additional benefactors. This bodes well for an increasing generation of funds from peripheral sources.

Figure 5
Capital city-based vs non capital city-based grantmakers, 2002



Further strengthening indigenous grantmaking

As this brief analysis shows, indigenous grantmakers have, within a few years, developed into a considerable component of civil society in the region. It also shows that much more needs to be known about such grantmakers generally. Some areas for investigation have been raised here: the considerable disparities in indigenous grantmaking across Central Europe, the contrast between small and large grantmakers, the predominance of some funding sources over others, and persistent geographical imbalances in indigenous grantmaking. Other questions remain: what are the challenges posed by changing needs and funding sources? How are the problems of regranting and endowment-building to be addressed? What form should the relationship between grantmakers take?

Of particular interest are the lessons that can be learned from the Central European countries presented here. They are among the most advanced of the new democracies of the region. Their experience in developing indigenous grantmaking, and civil society more broadly, can be utilized by their less developed eastern and southern neighbours. This has already started, with several indigenous grantmakers and other civic organizations from Central Europe actively assisting civil society and democracy in wider Europe.

All these questions need further exploration. It is only by means of such exploration that indigenous grantmakers in the region will be able to devise the strategies and influence the policies that will enable them to play a greater part in civil society development. This overview should be read as an invitation to continued analysis and discussion.

Joerg Forbrig is Programme Officer and **Pavol Demes** is Director for Central and Eastern Europe with the German Marshall Fund of the United States. The authors wish to thank their colleague Helena Mudrikova for her help in gathering the data for this analysis. Invaluable assistance with information on individual countries was provided by Pavlina Kalousova of the Czech Donors Forum, Anna Rozycka of the Stefan Batory Foundation, Poland, and Marianna Török of the Nonprofit Information and Training Centre in Hungary. A more detailed version of this analysis is available with the authors, who can be contacted at jforbrig@gmfus.org and pdemes@gmfus.org, respectively.