

BAPF

BALTIC-AMERICAN
PARTNERSHIP FUND



Strengthening the
Financial Sustainability of
the Non-Profit Sector

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for International Development
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2005
ANNUAL
REPORT

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HISTORY AND MISSION OF THE BALTIC-AMERICAN PARTNERSHIP FUND (BAPF)

The Baltic-American Partnership Fund (BAPF) was established in 1998 by the United States Agency for International Development (USAID) and the Open Society Institute (OSI). Each organization provided \$7.5 million to be spent over a ten-year period on continued development of democratic institutions and market economies in the Baltic states, by improving the sense of civic ownership and increasing individual capacity to participate effectively in political and economic decision making.

The founders defined three long-term objectives for the BAPF: 1) a clear, supportive legal and regulatory environment for civil society, 2) the institutional development of nongovernmental organizations (NGOs), and 3) financial sustainability of the NGO sector.

USAID and OSI established an organizational structure for the BAPF that takes advantage of the lessons learned by donors involved in civil society assistance programs in the region over the past decade. BAPF is governed by an independent board comprised of experienced and dedicated U.S. citizens who provide financial and management oversight and are responsible for the overall strategic vision of the program. In each Baltic country, sub-grantees were selected to implement the BAPF programs. The BAPF sub-grantees are: the Open Estonia Foundation, the Soros Foundation-Latvia, and the Open Society

Fund-Lithuania, each a national Open Society Foundation (OSF) in the Soros foundation network. These organizations are all locally registered non-governmental organizations with excellent long-term track records in civil society development and the promotion of positive social change. They are experienced grant-makers, and have professional and transparent financial systems.

Each sub-grantee established a Baltic-American Partnership Program (BAPP), advised by a local expert council, and managed by a local program officer. The local expert councils are comprised of leading professionals from media, business, academia and non-governmental agencies, with a deep commitment to building the nonprofit sector and increasing civic engagement in their countries. Based upon the overarching strategy set by the BAPF board and in dialogue with the Open Society Foundation boards, the BAPP local expert councils and staff develop the annual program plans for their countries.

INTRODUCTION

From the beginning, one of the main goals of the Baltic-American Partnership Fund has been to increase the financial sustainability of non-governmental organizations (NGOs) in the Baltics, particularly, their capacity to attract and generate funding. In the past few years, as BAPF passed the midway point in its ten year lifespan, our strategic discussions and grant-making programs have focused more intensively on this area. Discussions during BAPF's annual strategy meeting in 2005 revealed that, while civil society has been financed thus far largely by foreign sources, indigenous philanthropic resources are emerging and their potential is significant in the long term. The challenge, in the case of government funding for NGOs, is to improve the mechanisms for channeling these resources, so that transparent and accountable allocation processes are in place. When it comes to corporate funding, the particularly critical issue is that NGOs, with some limited exceptions, do not yet have the vision, capacity, and skills to tap into these resources – to speak in a language that business understands, to explore longer-term partnerships with the corporate sector, to demonstrate appropriate financial management skills, and to show the tangible results and the positive impact of the work they are doing.

In this report, we have chosen to present recent efforts of the BAPF, the BAPPs, and their grantees to encourage the growth of indigenous

funding for civil society in Estonia, Latvia, and Lithuania. This includes corporate, individual and community philanthropy, and government funding.

Generally, the BAPPs' strategy has been to fund and facilitate capacity building initiatives for NGOs, such as training in fund-generating schemes and consultancies to develop business-like plans and concrete fundraising events. At the same time, the BAPPs' programs have been directed toward improving the external environment in which NGOs operate, such as securing tax-exempt status for public benefit organizations, ensuring tax benefits for individual and corporate giving, and encouraging philanthropy via the use of mechanisms such as the 2% tax facility in Lithuania (through which individuals can direct a portion of their income tax to NGOs and other institutions). Through their institutional development programs, the BAPPs have tried to position themselves not only as donors to their grantees, but also as partners, encouraging growth, positive change and a focus on institutional and financial sustainability. The level of trust in the relationship between the BAPPs and their grantees has led to more openness in identifying and addressing the institutional challenges that NGOs face, including those related to fundraising and development of resources.

CORPORATE AND INDIVIDUAL PHILANTHROPY

LOCAL INSTITUTIONS

In Latvia and Lithuania, the BAPPs proceeded with initial plans to develop indigenous philanthropic grantmaking institutions in their countries, in order to take advantage of the growing tendency of the private sector and individuals to donate time and resources to charitable causes. In Estonia, a similar institution – the Estonian Charities Foundation – already exists, but did not receive support directly from BAPP-Estonia in 2005, as its work is already funded by private sector sources.

In Latvia, the impetus for the creation of an indigenous foundation came from the BAPP's recognition that in this more mature phase of third sector development, NGOs should be encouraged to develop more entrepreneurial and creative approaches to carrying out their work. The new "Partners in Ideas" Foundation was legally registered in Latvia in April 2006 and will draw upon elements of the "venture philanthropy" models which have emerged in the U.S. and in Europe. The new Latvian foundation will seek to tap into the resources of the private sector, both skills and funding, to assist in building the capacity of NGOs to carry out innovative projects with a potential for broader social impact. This assistance may include the development of income-generating activities for NGOs that have a vision for how these activities will further their mission.

In the second half of 2005 and at the beginning of 2006, BAPP-Latvia began networking with and learning from institutions with a venture philanthropy approach in the region and abroad. This included a BAPP-sponsored study trip to the U.S., where participants met with a broad range of individuals and institutions involved in philanthropy development and social entrepreneurship.

At the same time, the "Partners in Ideas" Foundation worked to identify local partners in the business sector and academia that were interested in contributing to the establishment and future work of the new foundation. In 2006, the Fund will work on its institutionalization and start working with the pilot NGOs on initial business plans.

A CONVERSATION WITH ATIS ZAKATISTOVŠ, CO-FOUNDER OF THE “PARTNERS IN IDEAS” FOUNDATION

What is your vision of the future role of the “Partners in Ideas” Foundation within the Latvian civil society?

ZAKATISTOVŠ: The “Partners in Ideas” Foundation will become an intermediary organization between NGOs and potential local donors. The foundation will accept the responsibility of making the most efficient use of the funds provided by private sector donors for philanthropic and corporate social responsibility purposes. In essence, the foundation will administer these funds, and as a fee for this service, it will keep a small percentage of the available budget. The foundation will provide guidance to selected NGOs on organizational issues that can be broadly described as ‘capacity-building’. That is to say, the foundation will take an active role in developing strategic and tactical goals for the partner NGOs, as well as recruit the necessary organizational support for specific tasks, such as PR, financial planning, etc. The expected outcome of these activities is (1) an overall growth of funds available for the sector, especially from local donors, and (2) strengthening of legitimacy for the sector.

We often hear about the establishment of new NGOs to fulfill an existing gap in society, but not so often about the creation of institutions intended to tap into indigenous resources. What are a few elements that make you optimistic about the success of the new foundation?

There is, what one can call, a market niche for the foundation. Local companies willing to engage in corporate philanthropy have no reliable data about the sector, which itself has been lately under attack and accordingly is viewed with suspicion. The foundation can provide reasonable guarantees that the funds will be used professionally and for the intended purposes. We believe that this initiative, if successful, is replicable.

Is the foundation a new “hybrid” model in philanthropy or does it resemble an existing approach?

Most likely the foundation will be a “hybrid” model that will operate with a number of projects, each being adapted to fulfill the needs of both partners—attempts of local donors to receive publicity and to improve their reputation, as well as the capacity and mission of the NGOs. We believe that some projects will generate revenue for the provision of social services, whereas others will deal with education and advocacy.

Who will you help and who will you not be able to help in Latvia?

It will be very difficult to raise local funds for advocacy NGOs because local companies are generally hesitant to attract attention that can potentially mean facing retribution from state institutions.

In Lithuania, BAPP engaged in some preparatory activities before deciding to set up a philanthropy institution. In January of 2005, BAPP commissioned a survey to identify and better understand the current philanthropic activities and tendencies of the private sector in Lithuania. The results of the survey were published and officially presented at a conference organized by BAPP and the President's Office, with over 90 individuals in attendance (of which 80% were representatives of the private sector). The survey showed that there is considerable potential for philanthropy development, but efforts are needed to assist private donors in learning about giving mechanisms and areas that are in need of support.

Based upon the results of the survey and its philanthropy promotion efforts to date, BAPP began to explore the feasibility of establishing an indigenous philanthropic institution that could mobilize private sector resources in support of civil society organizations after BAPP completes its work in 2008. As part of this process, BAPP selected a group of 23 individuals, currently working in various nonprofit organizations, to serve as a "Philanthropy Taskforce" which would assist in the development of a strategy for the new philanthropic institution and increase the base of philanthropy-related knowledge and skills in Lithuania. Charities Aid Foundation-Russia, which has provided technical assistance for BAPP-Lithuania's community philanthropy work, was contracted to provide training to Taskforce members. An initial training was conducted in October 2005, which focused on working with corporate and individual donors, and current trends in philanthropy in the region. Following this training, BAPP funded individual small projects on philanthropy promotion conducted by the Taskforce members. Additional training

and internships will take place in 2006, the latter in Russia and other countries with relevant experience for the Lithuanian context.

BAPP also commissioned a feasibility study to identify prospective founding donors for the new philanthropy institution, its appropriate legal status, mission, and a draft business plan. It also contacted Vilnius University and Vytautas Magnus University in Kaunas to encourage students' involvement in studies related to philanthropy in Lithuania and the development of a related database of businesses.

In all three countries, the BAPPs' grant-making to individual NGOs sought to encourage longer term thinking about financial sustainability, and greater attention to fundraising, donor outreach and membership development. In Lithuania, for example, BAPP focused its two-year institutional development grants on advocacy-oriented NGOs and conditioned the release of the second year of funding upon concrete evidence of progress made by grantees in improving financial sustainability prospects, such as meeting matching fund requirements or fundraising from sources other than foundations.

In order to further encourage NGO entrepreneurship and generate momentum in the development of new financial sources, BAPP Lithuania contracted the Civil Society Development Foundation (CSDF) from Hungary for an NGO training program in income-generation strategies. BAPP will also support follow-on consultations with individual NGOs for developing specific services, advocacy campaigns, and public relations materials and activities in 2006.

HIGHLIGHTS OF BAPP-LITHUANIA 2005 GRANTEES' FUNDRAISING/INCOME GENERATING EFFORTS

FUNDRAISING FROM BUSINESSES

15 organizations collected \$50,000 from local businesses, including \$25,000 from a single private sector contributor to the organization "Lithuania-US Initiatives."

SELLING SERVICES OR PRODUCTS

16 organizations raised \$40,000 from the sale of services or products, the most successful ones being the Center for Civic Initiatives and the Youth Psychological Aid Center. The Vilnius Women's Crisis Center collected over \$10,000 from the sale of children's paintings.

MEMBERSHIP DEVELOPMENT

Six organizations collected \$8,000 from membership fees; Save the Children, Children-Part of Society, and Lithuanian Scouts paid particular attention also to expanding their membership and increasing members' involvement in the work of the organizations.

FUNDRAISING FROM LOCAL GOVERNMENTS

A few grantees approached local governments for grants or service contracts. The most successful was Klaipeda NGO Center which was awarded contracts worth over \$40,000 from several Klaipeda County municipalities.

FUNDRAISING THROUGH THE INDIVIDUAL 2% TAX FACILITY

370,000 taxpayers took advantage of the 2% income tax facility (which was approved by the Lithuanian government and came into effect in 2004), by allocating \$14 million to approximately 9,000 public institutions. About 2/3 of that amount went to NGOs, churches, and kindergartens. Almost half of BAPP's grantees raised funds via this tax facility, ranging from \$130 to \$8,000 per organization. The most successful grantees were the Youth Psychological Aid Center, Visaginas Community Foundation, Human Rights Center, and Vilnius Women's Crisis Center.

PUBLIC FUNDING

Our definition of public funding encompasses money that is channeled via national and local-level governments. The source of this money is usually the individual tax payer in Estonia, Latvia, or Lithuania, or the European Union via the joint EU-national government funding programs. In each of the Baltic countries, the government is regarded by NGOs as a significant source of funding in the future and one that is not currently explored and used by NGOs to the maximum potential.

From the outset, the BAPPs have sought to increase awareness, on both the public and nonprofit sector sides, of the role of NGOs and their potential, particularly in the area of service provision. In each country, the BAPPs and their grantees have made efforts to increase the funding available to NGOs from government and to ensure transparency of grantmaking and contracting processes. In Estonia, BAPP dealt with this issue as part of its efforts to support the adoption and implementation of the Civil Society Compact (EKAK). This national government/NGO development platform recognizes the role of government funding in civil society development and provides for related allocations from government ministry budgets. In all three countries, the BAPPs have also focused on increasing the amount and methods of funding for NGOs by local government, mainly via joint grantmaking programs.

Most civil society actors in the region agree that government funding of service provision NGOs is

desirable and in fact preferable, given the extent to which these groups are rooted in the community they serve, and better attuned to local needs than government agencies. However, the BAPPs have remained mindful of the fact that when it comes to advocacy NGOs, particularly watchdog groups that monitor government compliance with applicable standards, principles, and regulations, government funding can be problematic. The issues of credibility and independence for advocacy groups receiving significant funding from government can be difficult to resolve. Furthermore, the reality in the Baltics is that, often, NGOs perform both service provision and advocacy for their constituencies. In this context, it becomes imperative that government funding for NGOs be provided via transparent mechanisms that reduce the political influence of the donor on the grantee. It is also important for NGOs to diversify their sources of funding to the greatest extent possible.

Another issue discussed during the BAPP's 2005 strategy meeting was the question of foreign funding, including EU¹ and Norwegian money² channeled through national governments. Such sources should be utilized to the extent possible, but it was noted that this should not be allowed to distract the nonprofit sector from the more difficult task of cultivating domestic sources of funding for its work. At the same time, it should be recognized that different sources of funding will be feasible and appropriate for different types of NGOs, and in different proportions. For human

¹ In the case of EU funds, we primarily speak about the "Structural Funds" which work towards the goal of achieving economic and social cohesion in the European Union. Resources are targeted at actions which help bridge the gaps between the more and the less developed regions and which promote equal employment opportunities between different social groups.

² The Norwegian Mechanism and European Economic Area Mechanism (www.eeagrants.org).

rights and advocacy NGOs, foreign funding may indeed continue to be an important source, whereas social service oriented groups will likely have more success in tapping domestic resources. Having a diverse funding base is critical to the sustainability of all NGOs, from advocacy to social service, to hybrids of both.

IMPROVING THE PROCEDURES OF GOVERNMENT FUNDING TO NGOS

In 2005, the BAPPs continued to support ongoing efforts in this area. In Estonia, the Network of Estonian Non-Profit Organizations (NENO) continued its BAPP-funded work initiated in 2004 to develop criteria, principles, and potential mechanisms for funding of civil society organizations from public sources. The project is supervised by a board of representatives of key civil society organizations and public institutions. A final proposal is to be presented to the Joint (NGO-Government) Committee responsible for implementation of the Civil Society Compact (EKAK) in May of 2006. One of the key recommendations of the proposal is that civil society development be included as one of the priority areas of the State Budget Strategy for 2007-2010. The proposal will also advance the idea of a civil society endowment with public funding. In Latvia, BAPP and other NGOs have also recognized that, with limited exceptions such as the government-run Society Integration Fund, there are no uniform and clear procedures for the allocation of Latvian government funding to civil society groups. BAPP's grantee, Civic Alliance-Latvia has expressed a commitment to address this issue in 2006 in order to make the allocation process transparent and accessible to NGOs on a competitive basis. In Lithuania, BAPP's grantee, the NGO Information and Support Center (NISC) works with a parliamentary group dealing with local government and community participation in decision-making processes on the issue of establishing funding mechanisms for community-based organizations.

NORWEGIAN AND EEA FUNDS

The Norwegian Mechanism and European Economic Area Mechanism (www.eeagrants.org) will make funding available to the Baltics and other new EU member states for social and economic adjustment purposes during the period 2005-2009.³ Discussions have been underway in Estonia, Latvia, and Lithuania, as in the region generally, about allocating a portion of this funding toward an "NGO Fund", as described below.

In Latvia, about € 1.1 million will be made available annually to civil society organizations in the next five years through the Society Integration Foundation. The funds were negotiated as part of the larger grant to the Latvian government from the EEA and the Norwegian government. Civic Alliance-Latvia took the lead in mobilizing NGOs to advocate for the allocation of a portion of the grant for NGOs and to include the institutional development of NGOs and public advocacy projects among the fund's priorities.

In Lithuania, the NISC worked with executive government and parliament representatives on the development of an NGO Fund with a five million € budget for 2006-2009 from the grant for Lithuania from the EEA and Norway.

The size of the NGO Fund in Estonia will be about € 2 million. Priority areas of the fund are democracy and civil society (50% of the funds), environment and sustainable development (25%), and social integration and local development (25%). The administration of the fund will be contracted out through an open competition and the fund should be operational sometime in the 2nd half of 2006.

3 Similar assistance is being planned by the government of Switzerland, of which a portion might go to NGOs/civil society development. The BAPPs are monitoring these processes directly or through grantees.

CO-FUNDING FOR EU-FUNDED PROJECTS

In Latvia, the Secretariat of the Minister for Society Integration Affairs made a budgetary allocation of \$350,000 to facilitate NGOs' access to larger EU funding programs which require significant co-funding. BAPP and Civic Alliance Latvia served as members of the government working group which drafted the procedures for making allocations from this fund. Co-funding is one of the obstacles faced by NGOs in accessing EU Structural funds for which NGOs have to compete together with businesses and other interest groups.

COMMUNITY PHILANTHROPY

In 2005, BAPF continued to support the development of community foundations and the promotion of community philanthropy in all three countries, through a project initiated in 2001 (see previous annual reports for a detailed history of the Pan-Baltic community philanthropy initiative).

The BAPP-supported network of community philanthropy organizations continued to raise their profile nationally and locally, raising money from a diversity of sources, making small grants for community based projects, and promoting the concepts of philanthropy and civic action to society at large, government and the private sector. The community foundations (CF) are a concrete mechanism for indigenous philanthropy in the Baltics. Their decision-making bodies and procedures take into account the needs of the local communities and count on their support in raising funds and making grants in line with community-identified priorities. In 2006, the BAPPs will work actively with their community philanthropy grantees to address the critical issue of how the CFs might cover their administrative costs after BAPP's support is finished.

In Estonia, a new community foundation, Peipsi CF, was established in 2005 to serve communities around Lake Peipus in eastern Estonia. Two other CFs that participated in the BAPP program from the beginning continued their activities in 2005. Jarva CF raised over \$10,000 from local sources and established stipends to encourage young people to stay in Jarva county. Viljandi CF continued fundraising from the local government and through fundraising events at major county cultural events. The Peipsi Center for Transboundary Cooperation, CTC, continued its role as a community philanthropy support organization in Estonia. CTC organized a roundtable to promote the community philanthropy concept with public officials and developed an e-mail list cfbaltics and other information materials to facilitate pan-Baltic cooperation in this field.

A CONVERSATION WITH ITI AAVIK, COORDINATOR OF THE PEIPSI CENTER COMMUNITY PHILANTHROPY INITIATIVE

The Community Philanthropy Initiative appears to have been successful in bringing together NGO representatives from the three Baltic countries, whereas in other contexts, they might be inclined to work on their own. What do you think accounts for this?

AAVIK: I think that the community foundations movement was a good way to start working together. Community foundations were a new concept in the Baltics, and it was quite clear that we needed each other's support, know-how and exchange of experience in order to develop the movement further, and build our own capacity. The success of this Pan-Baltic collaboration was even bigger than we expected. Our activities have included joint conferences, roundtables and meetings, and the development of common materials on community philanthropy, as well as a shared web-page and mailing list. We also conducted joint research to map relations between CFs and the public sector in the Baltics and better inform our understanding of local government support for community development. Working together gave us all good ideas for continuing our efforts in each country. We also admit that

when we hear of initiatives in other parts of the world, we think it is not possible for our countries. However, if we know something is possible in Latvia, then it should be feasible in Estonia or Lithuania, and vice versa.

How do you see the future role of the Peipsi Center in relation to community philanthropy in Estonia and/or the Baltics?

AAVIK: The Peipsi Center has worked as a national support organization for the community philanthropy movement in Estonia from the beginning. It is important for us to be sustainable, and to preserve our know-how and experience. Our role is not only to support existing and newly-established CFs, but also, to serve as a voice in philanthropy development in Estonia. We and our colleagues in Latvia and Lithuania are very interested in further Baltic cooperation, and we now have the mechanisms in place to do so.

In Latvia, BAPP's capacity-building and community philanthropy promotion activities in 2005 consisted of (1) individual consultations to CFs; (2) the "Community Foundations Academy" – a training and networking opportunity consisting of three seminars in strategic planning, fundraising, and donor services, conducted by consultants from Charities Aid Foundation–Russia, Togliatti Community Foundation in Russia, and BAPP's community philanthropy coordinator; (3) a study trip to CFs in Poland and Slovakia for 14 Latvian participants; and (4) several other training and networking events of the European Foundation Centre, Estonian Peipsi Center for Transboundary Cooperation, and Civil Society Development Foundation–Hungary on topics ranging from NGOs' cooperation with central and local governments to various fundraising techniques. The greatest challenge for CFs at this stage is the need to develop longer-term strategies and donor services.

As part of its ongoing efforts to promote community philanthropy in Latvia, BAPP participated in various events to increase awareness of the concept, particularly at conferences on civil society and corporate social responsibility. As a result, there is evidence of increased recognition of the community philanthropy concept at the national level. For instance, in 2005, the Secretariat of the Minister for Special Assignment for Society Integration Affairs implemented an awareness-raising campaign to promote individual and corporate philanthropy in which community philanthropy was highlighted as a positive example of engagement at the community level.

SELECTED HIGHLIGHTS OF LATVIAN CF ACTIVITIES

The Talsi Region Foundation is thus far the most successful CF. It serves the town of Talsi (14,000 people) and the Talsi region (35,000 people). It has a well-defined mission and paid staff, provides donor services, works toward the accumulation of an endowment and, generally, is perceived as the leading example by other communities in Latvia in regard to community philanthropy development. In 2005, the Talsi

CF doubled its endowment to over USD 7,000, provided grants for nine projects, and supported several scholarships for university studies and the local music and arts school. In order to inform people from other towns and communities about their work, the foundation organized two "open-door days" that were attended by about 80 people in total. In 2005, the Talsi CF also received a development grant from the Society Integration Foundation that will allow them to employ a fundraiser, to organize a local community forum, and to get involved in community philanthropy promotion at the national level.

The Lielvarde Development Foundation (LDF) works on a smaller scale, and relies mainly on the voluntary work of the Foundation's Board members. LDF's main donors are its founders – 15 local entrepreneurs, and several other individual supporters, each donating at least \$180 annually to the CF. In 2005, the LDF supported 19 projects and one scholarship for university studies in the total amount of \$8,800. LDF's endowment is about \$2,600. As LDF is comfortable with a limited development approach (no extensive institutionalization is sought, nor fundraising beyond the existing circle of individual supporters and the local municipality is pursued), the community served is small (about 7,500 people in the town of Lielvarde), and its limited administrative costs can be covered from their own funds, BAPP agreed to continue involving LDF in its capacity-building activities, but to stop allocating grants for their administrative costs.

The Valmiera Region Foundation was established in June 2005 and serves about 60,000 people. Its 13 founders are local leaders from civil society, businesses, and the local government. Thus far, Valmiera is the largest town where a community foundation has been established and other towns in Latvia regard it as a pilot project for possible replication. In 2005, the foundation's representatives participated in BAPP's capacity building activities, began to cooperate with the local municipality, and initiated discussions with local donors about possible support.

In Lithuania, of the eight community foundations currently operating in the country, six were established with BAPP's support during the last four years. Although their institutional consolidation is not yet completed, all six have functioning organizational and governance structures in place, and have begun fundraising in their communities. Two of the community foundations have already engaged in local grantmaking, giving them an initial track record of success. Most are beginning to be perceived as professional promoters of philanthropy at the local level and have had an impact on community development issues in their regions.

BAPP has focused the bulk of its assistance on the two community foundations of Samogitia and Utena that were selected in 2000 as pilot sites for BAPP's community philanthropy initiative. In 2005, BAPP awarded grants to the two CFs for their administrative expenses and to expand their regional coverage, to improve grant-giving strategies, to work on building their image, and to take initial steps in building an endowment. The latter activity was planned and carried out so far by Samogitia CF, as its shareholders created an endowment of about \$7,000. Both CFs increased the number of donors and volume of donations from both businesses and individuals, the number of charitable events (four by Samogitia CF and three by Utena Region CF), as well as the number and volume of grants they awarded. The municipality offered Utena CF centrally located office space. Samogitia CF launched a modest campaign in support of Telsiai residents who suffered from cold after the centralized heating system collapsed in January 2006. Both CFs have created informal interim working groups, organized the work of volunteers, improved their relationship with media, and published annual reports.

During 2005, the Samogitia and Utena community foundations raised a total of \$67,000, of which \$18,000 was distributed via their local grantmaking efforts. The six community foundations (including the two mentioned above) in total raised \$134,000, of which \$36,000 was distributed via local grantmaking. Lessons learned and future challenges for the CFs include the following: there is limited experience and skills related to the establishment and management of endowments; better networking among the CFs needs to be developed; the CFs have to consider moving from grantmaking that improves the lives of individual people in need to addressing more systemic issues which affect the communities they serve. The BAPP will continue to work with the CFs on these capacity building issues in 2006.

2005 GRANT LISTS: BAPP-ESTONIA 2005 GRANT LIST

EXTERNAL ENVIRONMENT

Network of Estonian Non-profit Organizations (NENO)	\$15,659
For the development of funding principles and mechanisms for civil society organizations from the state budget	
Estonian NGO Roundtable	\$10,988
Core grant for administrative expenses, including salaries	
Support to Local NGO Roundtables	\$14,821
Small grants to local roundtables (unincorporated partnership of local NGOs) were awarded for the purpose of coming together regularly, discussing issues of local importance and issues related to EKAK and civil society development, and of forging of partnerships among NGOs, local governments and businesses (i.e. implementation of principles of EKAK locally)	
Tartu County NGO Roundtable	\$2,617
Karksi Parish CSO Roundtable	\$1,313
Järva County NGO Roundtable	\$1,208
Pärnu County CSO Roundtable	\$1,544
Saue Cooperation Body	\$1,529
Saku Parish Roundtable of Village Societies	\$1,475
Võru County Roundtable of Rural Life	\$714
Tallinn City District of Pirita Cooperation Body	\$1,545
Green Riverland Cooperation Body	\$1,332
Sillamäe City NGO Roundtable	\$1,544
Tartu Volunteer Center	\$6,858
For an advocacy program on legal regulation of volunteer work and a public awareness campaign	
Estonian Informal Adult Education Association	\$7,806
For the development of a citizenship education curriculum for adults	

Network of Estonian Nonprofit Organizations (NENO) **\$3,752**
 For an international seminar on strategies and agreements between the public and nonprofit sector called “Civil Society Excellence,” March 3-5, 2005, Tallinn, Estonia

Network of Estonian Nonprofit Organizations (NENO) **\$14,093**
 For organizing the fourth conference of Estonian civil society organizations, November 24-25, 2005, Tallinn, Estonia

**Tallinn University, Estonian Institute of Humanities,
 Center for Civil Society Studies and Development (CCSSD)**
 Grants awarded as part of an initiative to establish in-country capacity to monitor and analyze civil society developments in Estonia on a regular basis:

Core grant for administrative expenses of CCSSD, including salaries \$25,093

For conducting a survey of Estonian civil society organizations \$22,976
 “Institutionalization of Estonian Civic Initiative: The Organizational Structure and Resources”
 (awarded from 2004 program budget)

For a compilation of essays on civil society by Estonian authors \$12,156

STIPENDS FOR STUDENTS (awarded from the 2004 Monitoring and Research Program Budget to encourage civil society-related research among bachelor and masters’ students in Estonia)

Masters’ students (\$504 each):

Linda Valkna, Tartu University, business administration, research on marketing in nonprofit organizations, on the basis of a case study on the Estonian Nature Foundation

Krista Varusk, Estonian Agricultural University, economics and financial management, research on financial management of nonprofit organizations, on the basis of a case study on Estonian Ornithological Society

Merli Kleinert, Tartu University, arts management, research on activities of the Society of the Friends of Estonian National Museum in preserving and promoting Estonian national culture

Bachelor students (\$335 each):

Karin Vene, Tartu University, journalism and public relations, research on volunteers in Estonian civil society organizations: essence, motivation, and networks

Oliivika Zeiger, Tartu University, social work, research on outsourcing social services to nonprofit organizations

Ave Aaslaid, Tartu University Pärnu College, management of social work, research on development perspectives of nonprofit organizations in Pärnu County

Külvi Noor, Tartu University, public administration, research on agreements between the public and nonprofit sectors: Estonian case study

Filipp Kruusvall, Tallinn Pedagogical University, public administration, research on the role of volunteers in increasing social capital

Hele-Mall Kink, Tartu University, social work, research on connections between village development plans and parish development plans in Harju County

Lagle-Katrin Lembavere, Tartu University, public relations and information management, research on charitable campaigns

Ele Koppel, Estonian Institute of Humanities, research on opportunities for secondary school students to spend leisure time at Tallinn Open Youth Center

Kristina Kurm, Tartu University, public relations and information management, research on communication management in nonprofit organizations

Civil Society Generation **\$21,557**

This operational BAPP program is part of a multi-donor effort to reform civic education curriculum in Estonia and to enhance cooperation among schools, students and civil society organizations. The amount listed above includes the salary of a program manager who coordinates these activities, and is from the BAPP 2004 program budget.

COMPETITION FOR JOINT PROJECTS BETWEEN SCHOOLS AND CIVIL SOCIETY ORGANIZATIONS GRANTS AWARDED AS PART OF THE CIVIL SOCIETY GENERATION PROGRAM STRATEGY:

Mõniste Basic School **\$783**

For cooperation between Mõniste Basic School and Mõniste Society in mapping and preserving community history

Rapla Youth Council **\$778**

For a campaign against drugs, smoking, and alcohol

NGO Avar **\$752**

For the education of young community historians

TIM School **\$783**

For the development of a Russian-language debate program in Russian-language secondary schools

RTS Meie Mari **\$543**

For the establishment of a community museum

Orava Basic School	\$783
For the involvement of youth in solving community challenges through volunteer work	
Paikuse Open Youth Center Panoke	\$728
For a project to reduce juvenile delinquency through peer support activities	
Abja Secondary School	\$783
For the project “Tobacco-Free” of students of Abja Secondary School and their families	
Kohtla-Järve Secondary School	\$626
For cooperation among student councils from three local schools	
AIIESEC Estonia	\$783
For a project “World on Wheels”	
Youth association Tegusad Eesti Noored	\$783
For the organization of a regional session of a youth movement	
Imavere Basic School	\$752
For the establishment of a youth council	
Surju Basic School	\$778
For the project “Our country”	

COMPETITION FOR JOINT PROJECTS BETWEEN SCHOOLS
AND CIVIL SOCIETY ORGANIZATIONS

(“Best Practices in Schools;” the goal of this project was to collect best practices that can serve as a model or generate ideas). Total amount \$313 (\$78 each)

NGO Laheda Valla Team

For the involvement of pupils in solving community challenges through volunteer work

NGO EÕRL Memento Rakvere Ühing

For the involvement of pupils in solving community challenges through volunteer work

Taivi Laos (Surju Basic School)

“Citizen’s Day” in our school

NGO Hanila Muuseumi Selts

For an educational program for young community historians

Stipends for civic education teachers within the competition for new methodological materials (stipends are between \$40-240, total amount of \$910)

Maidu Varik, Angela Rähmonen, Merit Lage, Kristiina Ainelo, Rita Rimsa, Elle Seiman

MEDIA PROGRAM

This program managed by BAPP seeks to increase the visibility and role of NGOs in policy development, by improving NGOs' communication techniques and working effectively with the media.

Estonian Nature Foundation **\$17,167**

For the publication of a monthly supplement Greengate to Eesti Päevaleht (national daily) and Maaleht (a weekly paper for rural people) until the end of 2005

Estonian Radio **\$1,518**

For short promotional advertisements on the value of civic initiative

INSTITUTIONAL DEVELOPMENT

The goal of the program is to increase the sustainability of NGOs that are key to the development and sustainability of the whole nonprofit sector in Estonia. One strategy chosen is to award multi-year institutional development grants to a group of professional NGOs that work in critical fields, such as human rights, environment, and underserved groups.

MULTI-YEAR INSTITUTIONAL GRANTS 2004-2005

(second year grants from a 2004-2005 commitment)

Network of Estonian Nonprofit Organizations **\$23,394**

For the improvement of its fundraising strategy and relations with the government and corporate sectors

Estonian Nature Foundation **\$18,167**

For activities to increase public involvement in environmental decision-making processes and to increase the membership base

Tartu Volunteer Center **\$3,915**

For activities to increase the involvement of members in the development of programs and policies

Estonian Green Movement-Friends of the Earth **\$19,573**

For the development of a fundraising and communications strategy, the implementation of a clear and transparent financial management system, and activities to increase the membership base

MULTI-YEAR INSTITUTIONAL GRANTS FOR 2006-2007

(Grants are for two years, except where indicated otherwise⁴)

Estonian Patients' Advocacy Association	\$46,153
For increasing its communications capacity and financial sustainability	
Estonian Council of Environmental NGOs	\$42,176
For improving the organizational management and networking among member organizations as well as for renewing a strategy for 2006-2010	
PRAXIS Centre for Policy Studies	\$46,153
For proactively engaging civil society organizations and private sector into PRAXIS policy development work and strengthening its communications and advocacy capacity	
Estonian Union of Persons with Mobility Impairment	\$7,733
For improving networking between member organizations and management of the organization	
Estonian Village Movement KODUKANT	\$29,230
For improving its organizational governance as well as membership outreach activities, with special focus on youth	
European Movement Estonia	\$26,923
For improving its membership outreach activities and increasing its policy analysis capacity	
Estonian Society for the Protection of Animals	\$5,887
For developing its organizational framework, including fund development plan, and improving public relations, including strategies for raising awareness on animal welfare	
NGO Caritas Estonia	\$26,923
For strengthening organizational management and developing an organizational strategy for the future	
Estonian Roundtable for Development Cooperation	\$9,615
For increasing its policy analysis capacity in the area of development cooperation and improving membership outreach activities (one-year grant)	

⁴ As grant commitments are made in Estonian Kroon, the US\$ amounts indicated above are based on currency exchange rates at the time the commitments were made. Thus, the total dollar amount of grant awarded may vary somewhat from amounts reflected above, depending on exchange rate when second year of grant is paid out.

GRANTS FOR ADVOCACY ORGANIZATIONS

The program seeks to improve the capacity of advocacy NGOs, including to represent their constituencies and work in coalition

<p>Estonian Green Movement (on behalf of a coalition of 17 NGOs active in policy development in relation to EU structural funds) For active participation of NGOs in the planning process of the Estonian state budget and EU funds for the period of 2007-2013</p>	<p>\$7,673</p>
<p>Estonian Center for Social Programs For efforts to increase the role of women's groups in policy development relating to domestic violence prevention</p>	<p>\$7,730</p>
<p>Estonian Nature Fund (on behalf of the Estonian Council of Environmental NGOs, a coalition of ten environmental organizations) For more effective involvement of the Council in environmental policy-making processes</p>	<p>\$7,751</p>
<p>Pärnu Bay Partnership For the strengthening of a partnership among local civil society organizations, local governments, and local businesses around Pärnu Bay</p>	<p>\$7,590</p>
<p>Türi Child Protection Society For increased cooperation between civil society organizations and local government in South Järva County</p>	<p>\$1,600</p>
<p>Estonian Patients' Advocacy Organization For the mobilization of NGOs working in the field of social welfare and public health to participate in public policy development</p>	<p>\$7,829</p>
<p>Estonian European Movement (on behalf of the Estonian Development Cooperation Roundtable, a coalition of organizations active in development cooperation) For efforts to increase the effectiveness of Development Cooperation Roundtable's participation in decision-making processes and for an awareness-raising campaign</p>	<p>\$7,181</p>

CIVIC ENGAGEMENT & CROSS-SECTOR COOPERATION

CIVIC ACTION PROGRAM

The goal of the program is to develop civic initiative on the grass-roots level through grants to small volunteer-based organizations and civic groups.

Village Movement Kodukant	\$15,821
For a training program Scale up Your Voice in local community development	
Association Etna Eestimaal	\$391
For a leadership training of local entrepreneurial women	
Tapa (Town) Club of Entrepreneurial Women	\$391
For a campaign on domestic violence and its prevention	
Youth Club Jaksi Youth	\$391
For the publication of Jaksi Youth Newsletter	
Siksali Development Society	\$391
For a training for rural women in project management, social entrepreneurship, and partnership building	
Kangrumae Village Culture Development Society	\$391
For the establishment of a youth center at Aravete	
Osula Village Society	\$391
For a local fundraising campaign for a local community center	
Kamara Village Center	\$391
For the establishment of a local community center	
Kassari Educational Society	\$358
For a training on participation in local decision making	
Council of Tartu Youth Associations	\$398
For establishing the Tartu City Youth Council	
Karksi Cultural Society	\$342
For the organization of a local NGO roundtable	
NGO Metsanurme	\$293
For a leadership training of local people	
Central Estonia Youth Center	\$398
For a training for young people in civic participation	

Osula Village Society	\$398
For a roundtable for local NGOs and local government	
Osula Village Society	\$398
For the organization of a citizen's day in Osula village	
Simuna Women's Club	\$394
For a training of local people in civic participation	
Käesla Development Society	\$318
For a roundtable for local villages and local government	
Imavere Social Endowment	\$378
For a training on contracting out of public services to NGOs	
Partnership Orissaare Friends of Culture	\$362
For the organization of a community roundtable on local development issues	
Support Association for Disabled Children with Movement Disabilities	\$393
For the establishment of a working group to develop NGOs' position on the National Action Plan for Social Inclusion	
NGO Järjehoidja (Bookmark)	\$239
For a roundtable for their members on access to public information	
Estonian Youth Council	\$398
For the involvement of Tallinn youth organizations in decision making processes at city level	
Tabivere Youth Association	\$398
For the organization of a roundtable for local villages and local government	
Siksali Development Society	\$398
For a training of rural women in project management, social entrepreneurship, and partnership building	
Jõgevamaa Kodukant Movement	\$386
For a training of rural small entrepreneurs in project management, social entrepreneurship, and partnership building	
AVAR – Society of Friends of Tuglas	\$398
For community outreach activities	
Tagaküla Song and Drama Society Kungla	\$398
For a roundtable on the organization of a local community center	

Siksali Development Society	\$390
For after school activities for local children	
Rälby Village Society	\$398
For the networking of women's groups around the Baltic Sea	
Network of Estonian HIV Positives	\$398
For the organization of the first Estonian roundtable of HIV infected people	
Initiative group of Kütioru tourism region	\$386
For the development of a community meeting space	
Orava Rural Women's Society	\$398
For a leadership training of local women	
Irase-Kellamäe village partnership	\$378
For the development of a meeting place for local village people	
Müüsleri Village Society	\$398
For environmental activities for youth	
NGO for the Health of Juula Village	\$398
For environmental activities for youth	
Jõgevamaa Kodukant Movement	\$386
For training of rural small entrepreneurs in project management, social entrepreneurship, and partnership building	
Vändra Women's Society	\$1,446
For administrative costs	
Estonian Self-help Group KODUABI	\$2,769
For administrative costs	
Estonian Autism Association	\$1,487
For administrative costs	
COMMUNITY PHILANTHROPY GRANTS	
Peipsi Center for Transboundary Cooperation	\$17,168
For administrative costs of the community philanthropy support program	
Viljandi Community Foundation	\$11,846
For administrative costs	

Peipsi Community Foundation	\$429
For networking activities within the community and with other community foundations in Estonia	

CROSS-PROGRAM ACTIVITIES

ADVOCACY AND PROFESSIONAL DEVELOPMENT GRANTS

Estonian Law Centre	\$25,752
For an advocacy training program for organizations active in the fields of drug abuse, patients' rights, and the quality of public health services	

Ülle Lepp	\$1,143
Board member of the Estonian Foundation for the Visually Impaired and lecturer on nonprofit organizations at Viljandi Cultural Academy and Tartu University	
Participation in the First European Conference of ISTR (International Society for Third Sector Research) & EMES (The Emergence of Social Enterprises in Europe): Concepts of the Third-Sector, the European Debate, April 27-29, 2005, Paris, France	

Tuulike Mänd, Tartu Volunteer Center	\$1,113
European University of Voluntary Service 2005: The Influence of the Process of Monetisation on Voluntary Service	
May 30-31, 2005, Lucerne, Switzerland	

Iti Aavik and Gerli Hämmal, Peipsi Center for Transboundary Cooperation	\$1,373
European Foundation Center, Community Philanthropy Initiative, Eighth Annual Networking Meeting	
June 3-4, 2005, Budapest, Hungary	

Jon Ender, Estonian Law Centre	\$1,174
Internship on consultation and involvement of NGOs in policy development at the British Cabinet Office, Regulatory Impact Unit	
July 1-18, 2005, London, UK	

Kaidi Holm, Network of Estonian Non-profit Organizations (NENO)	\$1,302
Global Forum on Civil Society Law	
November 17-19, 2005, Istanbul, Turkey	

Meelis Joost, Estonian Chamber of Disabled People	\$1,305
Global Forum on Civil Society Law	
November 17-19, 2005, Istanbul, Turkey	

SPECIAL NEEDS AND OPPORTUNITIES FUND

(funds reserved to enable BAPP to respond flexibly to proposals submitted outside the framework of regularly scheduled grant competitions, which are nevertheless consistent with BAPP's strategic objectives; grant awarded from 2004 program funds)

Domus Dorpatensis Foundation

\$7,452

For a series of seminars on the style and content of Estonian politics.

BAPP-LATVIA 2005 GRANT LIST

PHILANTHROPY DEVELOPMENT

BAPP-Latvia operational project	\$17,792
For the promotion of philanthropy at national level and the provision of targeted consultancies to community philanthropy sites	
Foundation “Ziedot” (Donate)	\$14,130
For capacity building seminars to NGOs in fundraising, public relations and marketing	
Aluksne Region Foundation	\$4,982
Institutional development support to a community foundation for 2005-2006	
NGO Support Center in Madona	\$6,647
For establishment of a community foundation in the Madona region	
Talsi Region Foundation	\$12,000
Institutional development support to a community foundation for 2005-2006	
Valmiera Region Foundation	\$8,000
Institutional development support to a community foundation for 2005-2006	

NGO INSTITUTIONAL DEVELOPMENT

The aim of the program is to contribute to institutional development of advocacy NGOs through training and consultations, core and development grants, and support of advocacy projects

GRANTS FOR ADVOCACY PROJECTS

NGO for disabled people and their friends “Apeiron”	\$24,352
Project grant to design a toolbox for disabled people on their rights and to document cases of violations of the human rights of disabled persons	
Coalition of NGOs for people with special needs “Sustento”	\$13,464
Project grant for setting up three regional networks of NGOs to better protect the rights of the disabled at the regional level	
NGO “Papardes zieds”	\$23,440
Project grant for continuing the second phase of the coalition project to advocate youth-friendly health services	
NGO “Staburaga berni”	\$5,410
Project grant for engagement of local citizens in the Madona region in the protection of the local environment	

Resource Center for Women “Marta”	\$28,228
Project grant for a coalition of 40 NGOs to increase the capacity of NGOs active on gender equality issues and for advocacy on mainstreaming gender equality principles in policy making	
NGO “Citizenship.Education.Culture”	\$19,000
Project grant for informal coalition of three NGOs working on engagement of parents in education reform	
The Green Movement–Latvia	\$15,260
Project grant for an informal coalition of four NGOs active in the field of environmental protection to increase the involvement of environmental NGOs in development planning at regional and national levels	
Youth Club “Project Workshop”	\$2,295
Project grant to educate and engage young activists in advocacy on issues of concern to youth in the town of Ogre	
Latvian Transatlantic Organization “LATO”	\$16,062
Project grant for raising awareness in Latvian society through media articles and public discussions on the current situation in Belarus	
Program Administration by BAPP	\$3,000

INSTITUTIONAL DEVELOPMENT AND CORE SUPPORT MULTI-YEAR GRANTS
(amounts are for the first year of the two-year grants)

NGO “Integration for Society”, Crime Victim Support Center	\$25,000
Institutional development grant for development of new services, consultations on fundraising from corporate and individual donors, and improvement of internal communication	
Transparency International “Delna”	\$25,000
Institutional development grant for the design and implementation of new programs to fundraise from corporate and individual donors, development of consulting services as a potential source of income, and strengthening the capacity of staff through training	
NGO “White House” (Livani)	\$24,867
Institutional development grant for the elaboration and implementation of a new strategy and an internal program audit	
NGO “Papardes zieds”	\$24,302
Institutional development grant for fundraising from corporate and individual donors	

World Wildlife Fund–Latvia	\$24,571
Institutional development grant for the development of WWF’s external relations and communication	
Riga Samaritan Association	\$16,230
Institutional development grant for the expansion of services of the organization to three regions in Latvia	
Program Administration by BAPP	\$5,000

SPECIAL NEEDS AND OPPORTUNITIES FUND

(Grants awarded from the 2005 budget, except the Community philanthropy study visit which was funded from the 2004 budget)

Mareks Indriksons, Talsi Region Foundation	\$857
For participation in the European Foundation Center’s Community Philanthropy Initiative annual networking meeting Budapest, Hungary, June 2005	
Inese Haite, Business Women Club “Sentio” (Rezekne)	\$250
For participation in the forum “Across Cultures 2005” (the event brought together American and Baltic businesswomen to establish business leaders support partnerships and increase economic equity for a sustainable future); Travel across the Baltic States, May 27–June 3, 2006	
Linda Pavlovska, Inese Danga, Ulla Zumente–Steele, Ansis Berzins, Iveta Rorbaha	\$7,000
For participation in the 10th Central and Eastern European Fundraising Workshop organized by Civil Society Development Foundation–Hungary Budapest, Hungary, November 2005	
Ms Rasma Pipike, Director of the Civic Alliance–Latvia	\$1,127
For participation in the first Global Forum on Civil Society Law organized by the International Center for Non-Profit Law Istanbul, Turkey, November 2005	
Community Philanthropy Study Visit	\$18,055
For a study visit of representatives from Latvian community foundations and community philanthropy sites to Polish and Slovak community foundations in April 2005.	

BAPP-LITHUANIA 2005 GRANT LIST

EXTERNAL ENVIRONMENT

NGO Information and Support Center, Vilnius

For administrative expenses	\$10,000
For institutional development (update the status and mission of the organization, revise a strategic plan, and improve the institutional governance) and monitoring and advocacy of NGO-related legal improvements and consultations with government and parliament	\$35,000

INSTITUTIONAL DEVELOPMENT

INSTITUTIONAL GRANTS TO NATIONAL AND LOCAL NGOS

Save the Children Lithuania, Vilnius **\$17,000**

For constituency development, and reform of the organization's country network

Women's Issues Information Center, Vilnius **\$17,000**

For administrative expenses and the organization of a fundraising campaign

Center for Civic Initiatives, Vilnius **\$14,000**

For administrative expenses and the development of fee-based services

Lithuanian National Consumer Federation, Vilnius **\$12,000**

For administrative expenses, training, and the development of a strategic plan

Elderly People's Association "Gabija," Kaunas **\$10,000**

For administrative expenses, membership development, and a campaign relating to the national policy on elderly people

Lithuanian Green Movement, Kaunas **\$11,000**

For administrative expenses, and the development of programs and services

NGO Coalition "Jungtys," Vilnius **\$8,000**

For administrative expenses, membership development, program planning and public relation campaigns

Klaipeda NGO Information Center **\$8,000**

For administrative expenses, the finalization of a business plan, service negotiations with Klaipeda municipality and the planning of fee-based services for NGOs

Vilnius Women's Crisis Center **\$8,000**

For administrative expenses and development of a work plan to approach potential donors

“Children–Part of Society,” Vilnius	\$9,000
For administrative expenses and development of income-generating initiatives	
Vilnius University Law Clinics	\$6,000
For administrative expenses, training, development of institutional reform, and a work plan to approach potential donors	
Youth Psychological Aid Center, Vilnius	\$8,000
For administrative expenses, development of a marketing plan, and a long-term financial plan	
Transparency International, Vilnius	\$10,000
For administrative expenses and an update of the fundraising plan	
Lithuanian Scouts, Kaunas	\$7,000
For administrative expenses, the implementation of a membership development strategy, and fundraising from businesses	
Organization for Supervision of Conditionally Discharged Persons, Vilnius	\$7,000
For administrative expenses, services development, and training in fundraising from corporate and individual donors	
Human Rights Monitoring Institute, Vilnius	\$6,000
For administrative expenses and development of a fundraising strategy	
Civil Society Institute, Vilnius	\$7,000
For administrative expenses and development of a fundraising strategy	
Health Policy Center, Vilnius	\$6,000
For administrative expenses and development of a strategic plan	
Lithuanian and U. S. Initiatives, Vilnius	\$7,000
For professionalization of volunteer work, mobilization of human resources in fundraising, and launching a fundraising campaign outside Lithuania	
Institute for Social Ethics, Kaunas	\$4,000
For administrative expenses, the development of skills and knowledge of working on the EU level, and improvement of fundraising capacities	
Lithuanian Fund for Nature, Vilnius	\$5,000
For a review of the organization’s legal status, structure, development of a fundraising plan, and fundraising from businesses	
Union of Kaunas Social NGOs, Kaunas	\$7,000
For administrative expenses, membership development, and a strategic plan with primary emphasis on the organization’s financial needs	

Women’s Activities Innovation Center, Siauliai	\$3,000
For board development and a review of the organization’s strategic plan	
Elektrenai Center for Community Initiatives	\$2,490
For membership development and training in fundraising	
Alytus NGO Information Center	\$2,000
For administrative expenses, services development, and a roundtable to determine how to best serve local NGOs	
Siauliai NGO Confederation	\$2,200
For the expansion of the organization’s work on the regional level and services development	
Alytus Community Foundation	\$4,813
For the implementation of a 2% tax facility campaign, development of the organization’s strategy, and improvement of public relations	
Visaginas Community Foundation	\$5,612
For administrative expenses, improvement of institutional governance policies and practices, and development of the organization’s long-term strategy plan and investment policy	
J. L. Vynner Fund, Klaipeda	\$4,000
For improvement of public relations, development of fundraising skills, and a related strategic plan	
North Lithuanian Foundation, Siauliai	\$3,000
For administrative expenses, fundraising, and development of the organization’s strategy	
TECHNICAL ASSISTANCE PROGRAM	
Civil Society Development Foundation (CSDF) Hungary	\$10,000
For training in fundraising, including income-generating mechanisms, public relations, and the organization of advocacy campaigns	

DEVELOPMENT OF INDIGENOUS PHILANTHROPY

The program focused on the institutional development of two pilot community foundations and the development of a philanthropy task force, a group of NGO professionals involved in the planning of a new philanthropic organization.

Charities Aid Foundation–Russia	\$25,000
For assistance to BAPP’s philanthropy development initiative in Lithuania	
Samogitia Community Foundation	\$10,000
For the improvement of grant-giving strategies, public relations, and initial steps in endowment building	
Utena Region Community Foundation	\$10,000
For the improvement of grant-giving strategies, public relations, and the strengthening of its institutional governance policies and practices	

SMALL GRANTS TO NGOS REPRESENTED IN THE PHILANTHROPY TASK FORCE

Grants were made to the following organizations for the development of public relations skills, establishment of contacts with local businesses, networking with potential individual donors, and the collection of data on philanthropic developments

Public Institution “Rafaelis,” Vilnius	\$1,000
For a strategy to approach potential corporate donors	
Visaginas Community Foundation	\$1,000
For the organization of two roundtables with local businesses to support local NGOs	
J. L. Vynner Charity Fund, Klaipeda	\$500
For the promotion of the 2% tax facility through a website www.aciujums.lt	
North Lithuania Foundation, Siauliai	\$1,050
For a brochure on the history of philanthropy in Northern Lithuania	
“Children–Part of Society,” Vilnius	\$1,000
For development of promotional materials for the organization	
Institute for Social Ethics, Kaunas	\$750
For development of a database of potential corporate donors	
Spiritual Guidance Center, Klaipeda	\$1,000
For an analysis of the organization’s image in society and development of a strategy for improvement	

Alytus Community Foundation For a survey on philanthropy in Alytus region	\$1,000
Association of Community Organizations of Kazlu Ruda For networking with local businesses	\$1,000
Vilnius Young Liberal Association, Vilnius For the development of a public relations strategy	\$940
Kaunas Women Employment Information Centre For a feasibility study on the potential of women's philanthropy in Lithuania	\$900
Support Fund for Communities, Civic Initiatives, and Healthy Lifestyles For a strategic plan	\$780
Charity Fund "Lithuania-U.S. Initiatives" For a presentation of the Food Bank, a new philanthropic model in Lithuania, and a survey on Lithuanian private foundations	\$1,550
Social Economy Institute For an analysis of philanthropic traditions in Lithuania	\$1,200
Samogitia Community Foundation For the development of a strategic plan for the promotion of philanthropy in Lithuania	\$1,300
Utena Region Community Foundation For the promotion of philanthropy in Utena county	\$1,500

SUMMARY OF BAPF 2005 EXPENDITURES

BAPF 2005 EXPENDITURES (ACCRUAL BASIS)⁵

CATEGORY ⁶	BAPP ESTONIA	BAPP LATVIA	BAPP LITHUANIA	BAPF ⁷ NEW YORK	TOTAL 2005 EXPENDITURES
EXTERNAL ENVIRONMENT	\$142,000		\$40,000		\$182,000
INSTITUTIONAL DEVELOPMENT OF NGOS	\$223,000	\$300,000	\$245,000	\$29,391 ⁸	\$797,391
CIVIC ENGAGEMENT AND CROSS SECTOR COOPERATION ⁹	\$60,000	\$85,000	\$115,000		\$260,000
SPECIAL NEEDS AND OPPORTUNITIES FUND		\$15,000			\$15,000
ADMINISTRATIVE EXPENDITURES	\$81,951	\$79,815	\$81,356	\$361,963	\$605,085
TOTAL	\$506,951	\$479,815	\$481,356	\$391,354	\$1,859,476

⁵ Excludes grants made in 2005 to fund 2006 activities.

⁶ Please see the narrative reports and grant lists for further details on allocation among categories.

⁷ While all BAPF NY office expenditures are broadly defined as "administrative," a significant portion represents strategic oversight and technical assistance to the BAPPs in such areas as program development, organizational development and strategic planning, as well as its administrative responsibilities related to disbursement of grant funds. BAPF New York administrative expenditures include \$58,171 in office space and support services donated by the Open Society Institute.

⁸ This amount includes \$10,635 from the BAPF Pan-Baltic Fund for a NGO governance training project, \$17,674.62 in additional funding from USAID for external consultancies to the BAPPs on their institutional development grant programs, as well as miscellaneous bank fees of \$1,081 related to the transfer of program funds to the BAPPs.

⁹ Includes work on philanthropy development.

THE BALTIC-AMERICAN PARTNERSHIP FUND, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Baltic-American Partnership Fund, Inc.

We have audited the accompanying statements of financial position of The Baltic-American Partnership Fund, Inc. (the "Fund") as of December 31, 2005 and 2004, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of the Fund. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Baltic-American Partnership Fund, Inc. as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Lutz + Carr, LLP

New York, New York
March 13, 2006

THE BALTIC-AMERICAN PARTNERSHIP FUND, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash and cash equivalents (Notes 1b and 3)	\$ 175,816	\$ 29,837
Investments - USAID Endowment (Notes 1c and 2)	2,686,501	3,351,364
Matching grant receivable from The Open Society Institute (Note 1a)	2,396,043	3,366,667
Other assets	<u>2,989</u>	<u>992</u>
Total Assets	<u>\$ 5,261,349</u>	<u>\$6,748,860</u>
Liabilities and Net Assets		
Liabilities		
Accrued liabilities (Note 4)	\$ 228,296	\$ 124,745
Grants payable (Note 5)	<u>2,063,939</u>	<u>867,928</u>
Total Liabilities	<u>2,292,235</u>	<u>992,673</u>
Net Assets		
Temporarily restricted net assets	<u>2,969,114</u>	<u>5,756,187</u>
Total Liabilities and Net Assets	<u>\$ 5,261,349</u>	<u>\$6,748,860</u>

See notes to financial statements.

THE BALTIC-AMERICAN PARTNERSHIP FUND, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Changes in Temporarily Restricted Net Assets		
Revenues		
USAID Endowment grant		
Income on Endowment Fund		
Interest and dividends (net of investment fees in 2004)	\$ 116,511	\$ 124,713
Net realized and unrealized investment gains (loss)	(10,553)	140,483
	<u>105,958</u>	<u>265,196</u>
The Open Society Institute		
Matching grant	105,958	265,196
Interest income on cash in bank accounts	<u>3</u>	<u>676</u>
Total Temporarily Restricted Revenues	<u>211,919</u>	<u>531,068</u>
Net assets released from restrictions to cover current period expenses		
Endowment Fund	(1,496,774)	(210,731)
Open Society Institute Fund	(1,496,774)	(210,731)
Other	(5,444)	(68,975)
Total	<u>(2,998,992)</u>	<u>(490,437)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>(2,787,073)</u>	<u>40,631</u>
Changes in Unrestricted Net Assets		
Revenue		
Donated services - The Open Society Institute (Note 4)	58,171	72,112
Supplementary USAID funds for program consulting	17,675	-
Other income	-	14,210
Net assets released from restrictions	<u>2,998,992</u>	<u>490,437</u>
Total Revenue	<u>3,074,838</u>	<u>576,759</u>
Expenses		
Grants awarded	(2,683,484)	(250,999)
Program and general administration	(373,679)	(325,760)
Other program expenses	<u>(17,675)</u>	<u>-</u>
Total Expenses	<u>(3,074,838)</u>	<u>(576,759)</u>
Change in Unrestricted Net Assets	<u>-</u>	<u>-</u>
Change in net assets	(2,787,073)	40,631
Net assets, beginning of year	<u>5,756,187</u>	<u>5,715,556</u>
Net Assets, End of year	<u>\$ 2,969,114</u>	<u>\$ 5,756,187</u>

See notes to financial statements.

THE BALTIC-AMERICAN PARTNERSHIP FUND, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Cash Flows From Operating Activities		
Change in net assets	\$(2,787,073)	\$ 40,631
Adjustments to reconcile change in net assets to net cash used in operations:		
Depreciation	610	612
Realized and unrealized (gains) loss on investments	10,553	(140,483)
Decrease in interest and dividends receivable	-	43,636
Decrease in matching grant receivable from The Open Society Institute	970,624	543,051
(Increase) decrease in other assets	(2,607)	676
Increase (decrease) in accrued liabilities	103,551	(22,042)
Increase (decrease) in grants payable	1,196,011	(1,349,220)
Net Cash Used By Operating Activities	<u>(508,331)</u>	<u>(883,139)</u>
Cash Flows From Investing Activities		
Purchase of investments	(116,511)	(3,648,797)
Proceeds received from sale of investments	802,821	4,120,269
(Increase) decrease in Endowment Fund cash	<u>(32,000)</u>	<u>222,944</u>
Net Cash Provided By Investing Activities	<u>654,310</u>	<u>694,416</u>
Net increase (decrease) in cash and cash equivalents	145,979	(188,723)
Cash and cash equivalents, beginning of year	<u>29,837</u>	<u>218,560</u>
Cash and Cash Equivalents, End of Year	<u>\$ 175,816</u>	<u>\$ 29,837</u>

See notes to financial statements.

THE BALTIC-AMERICAN PARTNERSHIP FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004

Note 1 - Organization and Summary of Significant Accounting Policies**a - Organization**

The Baltic-American Partnership Fund, Inc. (the "Fund"), a New York State not-for-profit corporation, supports and promotes efforts to stabilize democracy and market orientation in the Baltic States through increased and better informed citizen participation in political and economic decision making. It seeks to accomplish this purpose through, among other things, efforts to promote legal and tax reform to support the development of indigenous non-governmental organizations (NGOs), efforts to strengthen indigenous NGO management and technical capabilities and efforts to develop mechanisms to achieve financial sustainability of indigenous NGOs.

The Fund is jointly funded by the United States Agency for International Development ("USAID") and The Open Society Institute ("OSI"), a charitable trust.

In 1998, USAID granted the Fund \$7,500,000 to establish an endowment ("USAID Endowment"), all of which has been received and invested by the Fund. Interest and other investment income, including net gains, and the endowment principal are to be expended over approximately ten years from the date of the grant, which is the anticipated life of the Fund's program. OSI has awarded the Fund a matching grant of \$7,500,000 and, in addition, a match of interest and other investment income, including net gains, earned by the USAID Endowment. OSI funds its grant to the Fund by matching withdrawals made by the Fund from the USAID Endowment. OSI's obligation to the Fund is collateralized by an irrevocable standby letter of credit. The amount to be received each year has not been determined.

In 2002, USAID modified its grant to the Fund, increasing it by \$375,000. The increase is not subject to the OSI matching obligation described above.

In addition, in 2002 the Central European University, which has been a grantee of OSI, granted the Fund \$85,000.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Fund considers all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents, except for cash which was part of the USAID Endowment.

c - Investments

The Fund reflects investments at fair value in the statement of financial position. Unrealized gains and losses on investments are reflected in the statement of activities. Interest and dividend income is stated net of investment management fees of \$6,100 for the year ended December 31, 2004.

THE BALTIC-AMERICAN PARTNERSHIP FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

d - Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Fund that is, in substance, unconditional. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

In-kind contributions received from OSI consist primarily of donated rent and accounting services. The estimated value of these donations is reflected in grant revenue and in expenses in the Statement of Activities.

Grants made and unconditional promises to give are recognized as expenses in the period made at their fair value.

e - Other Assets

Other assets consist primarily of prepaid insurance (2005) and equipment recorded at cost (2004). Equipment is depreciated using the straight-line method over the estimated useful life of the related asset.

f - Financial Statement Presentation

The Fund reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

g - Tax Status

The Fund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

h - Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

THE BALTIC-AMERICAN PARTNERSHIP FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004

Note 2 - Investments

The USAID Endowment for the years ended December 31, 2005 and 2004 consists of the following:

	<u>Fair Value</u>	
	<u>2005</u>	<u>2004</u>
Cash	\$ 32,000	\$ -
Fixed Income		
Short-term bond index fund	434,761	486,928
Total bond market index fund	1,147,275	1,224,071
Inflation-protected securities fund	<u>681,345</u>	<u>738,561</u>
Total Fixed Income	<u>2,263,381</u>	<u>2,449,560</u>
Equity Funds		
REIT index fund	-	220,657
Total international stock index fund	199,220	342,636
Total stock market index fund	<u>191,900</u>	<u>338,511</u>
Total Equity	<u>391,120</u>	<u>901,804</u>
Total Investments	<u>\$2,686,501</u>	<u>\$3,351,364</u>

Note 3 - Concentration of Credit Risk

The Fund maintains its cash balances in a financial institution located in New York, New York. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000.

Note 4 - Agreement with the Open Society Institute

Effective July 9, 1998, the Fund entered into an agreement with OSI, whereby OSI agreed to provide certain services to the Fund. Pursuant to the agreement, OSI maintains on its payroll and benefit plans, certain employees who provide services to the Fund and paid certain administrative expenses. The Fund paid or accrued \$202,416 and \$183,716 for the years ended December 31, 2005 and 2004, respectively, to reimburse OSI for these expenses; \$202,416 and \$100,079, respectively, of these amounts are included in accrued liabilities at December 31, 2005 and 2004. OSI also provides office space and other support services to the Fund in accordance with the agreement for which it is not reimbursed. In order to reflect these in-kind contributions, the Fund has recorded donated services and the related expenses in the amount of \$58,171 and \$72,112 for the years ended December 31, 2005 and 2004, respectively.

THE BALTIC-AMERICAN PARTNERSHIP FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004

Note 5 - Grant Expense

Grants are awarded to the Baltic-American Partnership Programs in each of the Baltic states and paid as expenses are incurred by the Programs.

Grant expense for the year ended December 31, 2005 was \$2,683,484, which includes multi-year grants made pursuant to a two-year grant making cycle covering 2005 and 2006.

Grant expense for the year ended December 31, 2004 was \$250,999, which includes modifications to the 2004 administrative grants accrued in 2003 and new administrative grants for 2005.

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