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First Generation With Wealth Shape Philanthropy Culture

By Lena Smirnova

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Russia-based philanthropists made 87 donations worth a total of $545 million in 2011 and 2012.

The first Russians to dispose of free wealth in nearly a century are putting down the institutional roots of philanthropy, but donations trail behind the sums shelled out by donors in the U.S., Britain and China, according to a report released by private bank Coutts on Tuesday.

Coutts Million Dollar Donors Report, the first of its kind to focus on Russia, tracked the number of donations of $1 million or more made by individuals or foundations.

Russia-based philanthropists made 87 donations worth a total of $545 million in 2011 and 2012. The full scale of philanthropic activity, including corporate donations, is impossible to estimate because of a lack of data, said Lenka Setkova, director of philanthropy services at Coutts Institute.

"When we gather data in the future and look at major corporate philanthropy ... we anticipate that the numbers will grow significantly, especially as more and more data becomes publicly available," Setkova said.

Arts and culture got the bulk of the donations in 2011. The most popular sectors for donations in 2012 were public and social causes, according to the report.

The donors are not necessarily Russia's wealthiest individuals. Some are not listed on the Forbes Top 200 Rich List. Instead, they tend to be fairly young, especially in comparison to donors from Western countries, and actively working on their business.

"What stands out about major Russian philanthropists is that this is the first generation of families with significant wealth in many decades — and it is not inherited," Setkova said. "Today's Russian philanthropists are very much shaping and creating the philanthropic landscape."

The vast majority of donors have Moscow as their primary address. Donation recipients, however, are found across the country, as well as oversees. Organizations based in Siberia and the Volga, Ural and Southern districts were among those to receive donations of $1 million or more since 2011.

But while philanthropy is gathering popularity in Russia, the country still has few total donations, compared to other nations. Russia-based donors gave away $239 million in 2012 while total donations in the U.S. and China were $13.96 billion and $1.18 billion, respectively.

One of the key reasons for this gap is that corporate philanthropy was not factored into the Russian total. Institutional barriers can also make philanthropy in the country challenging.

Philanthropists can struggle to find well-established organizations that have the capacity to manage large donations, Setkova said. As a result, there is a trend for philanthropists to set up their own private foundations when there is an organizational vacuum in the issues that they want to support.

The report's authors expect philanthropic activity to continue growing. A number of government initiatives, such as the 2007 Endowment Law, which makes income earned from endowments tax free, and tax incentives for individual donors approved in 2012, are already fueling its development.

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