

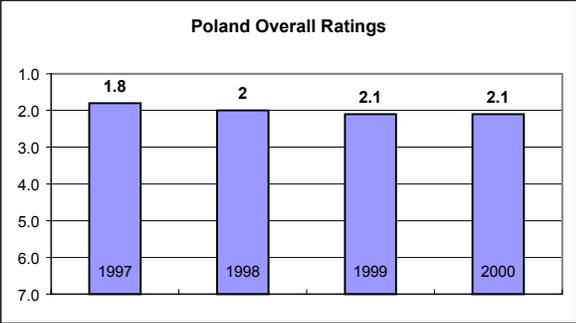
POLAND

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Capital: Warsaw	Inflation: 7.5%
GDP per capita: \$3,809	Unemployment: 10.4%
Population: 38,700,000	Foreign Direct Investment: \$6,500,000,000

OVERALL DESCRIPTION: 2.1

The Polish NGO sector is one of the most robust in Central and Eastern Europe, with nearly 30,000 registered non-governmental organizations including professional associations; social service, environmental, religious, youth, charity organizations; and political groups and public policy think tanks. Polish NGOs are working in a wide variety of areas including education, health care, social welfare, culture, human rights, local economic development and the environment. It is estimated that the Third Sector accounts for approximately 1.1% of total employment in Poland. The NGO sector has difficulty attracting and retaining employees, however, due to the lower salaries and lack of stable funding.



Many Polish NGOs remain financially dependent on international donor support for a substantial part of their budgets, but a growing number of organizations are developing other sources of support, particularly by forming relationships with local government. Community Foundations are taking root in a number of communities, but corporate philanthropy is still in the earliest stages of its development, and therefore corporate support is still rare.

The NGO sector in Poland is beginning to evolve from organizations based upon the vision of their pioneering founders, into more institutional leadership structures that can sustain their organizations in the longer term. Many leading organizations are going through this type of leadership crisis at the same time, and need to confront the end of the "heroic era" for NGOs, and work out new mechanisms for managing and sustaining their organizations.

LEGAL ENVIRONMENT: 2.0

There are two legal forms for NGOs in Poland - associations and foundations. The process for registering an association is relatively easy and decentralized, with no unfair regulations by the central govern-

ment. The situation for foundations, however, is quite different. For the last four years, the court responsible for registering foundations has been reluctant to register foundations whose statutes

contain clauses enabling them to conduct business activities, thereby closing a source of revenue for such NGOs.

Grants and donations received by NGOs are tax exempt. Polish law also provides tax exemptions for individual and corporate donors if donations support certain aims. Such donations are tax exempt up to 10% or 15% of revenue, depending on the aims of the donation. However, the law concerning exemptions is archaic and a debate on what constitutes a public benefit purpose is necessary. The regulation concerning endowments is also ambiguous. The court recently set a dangerous precedent by ruling that endowment funds do not support statutory goals and therefore should be taxed.

NGOs are required to submit annual reports and financial statements to the relevant authorities, such as the Ministry most closely related to the organization's area of activity. There are no consistent and transparent requirements for reporting format and level of control for the Third Sector as a whole.

Current legal regulations do not provide a clear framework for the public sector to fund NGOs through grants and contracts. A draft law on "cooperation between public administration and NGOs" will hopefully be submitted to the Parliament after four years of consideration. This legislation is designed to regulate not only access to public funding, but other important issues such as the introduction of Public Benefit Organizations and regulations on the status of volunteers.

Both NGOs and the government need to improve their understanding of current regulations. NGOs often have legal problems because of misinterpretation of the law, which is getting more and more complicated.

There are also occasional problems due to over-regulation. Smaller organizations are sometimes overwhelmed by the amount of reporting required. For example, Parliament recently proposed obligatory audits for all foundations receiving public funding. Although necessary for big foundations, such a regulation would harm small foundations, for whom the cost of an audit would probably exceed the level of public funding.

ORGANIZATIONAL CAPACITY: 2.0

In 1996, the national forum of NGOs adopted a Charter of Principles as a self-regulatory measure. The Charter calls for management and supervisory functions to be separate and precludes members of the supervisory body from receiving remuneration. The Association for the Forum of Non-Governmental Initiatives is now working on developing measures to help organizations operationalize these values.

There is a growing understanding in the sector that the fundamental question is not so much the "quantity" of NGOs, but rather more about the "quality" of their work. A number of public awards available for NGOs such as the Government's "Pro Publico Bono" award and the "Quality Outside Government" award given by the Stephan Batory Foundation.

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It is estimated that the Third Sector accounts for approximately 1.1% of total employment in Poland. The NGO sector has difficulty attracting and retaining employees, due to the lower salaries and lack of stability in funding. Nevertheless, leading NGOs generally have paid staff, usually well-trained and skilled professionals. Many organizations, however, operate without any outside funding, and therefore can not afford to have paid staff. More than 60% of NGOs do not employ any people.

Training for NGO staff is available, but resources that support training are generally directed to training institutions, not directly to NGOs. This can hamper the development of a consumer market for training. While it is unrealistic to expect that the mar-

ket can regulate all training for NGOs, it is still necessary to develop strategies for increasing competition, quality control and customer orientation among service providers.

Polish NGOs also increasingly cooperate with and support the development of the Third Sector in Belarus, Ukraine, Lithuania, and the former Yugoslavia. Polish NGOs are also actively trying to be included in negotiations related to the EU accession.

NGOs are fairly well technically equipped, although smaller organizations have more problems in this regard. NGOs also have relatively good access to the Internet. More than 40% of all NGOs use the Internet as a source of information and 61% would like to use it in future.

FINANCIAL VIABILITY: 2.5

NGOs are increasingly raising funds from local sources, especially local government, and models of consistent and transparent funding of NGOs by local government have been developed and are being replicated. However, additional work is needed to develop a consistent, nationwide mechanism for local governments to fund NGOs and devolve responsibilities for service delivery through contracting.

Over the last three years, several initiatives have been developed to generate local sources of funding for NGOs. The Academy for the Development of Philanthropy in Poland develops and promotes philanthropy by organizing a "Benefactor of the Year" competition, which supports interesting philanthropic initiatives, and implementing a program

aimed at creating and developing community foundations. A pilot program for the contracting of services to NGOs by local government has been initiated in selected municipalities.

Poland has good training programs and consulting services available in fund raising. Fundraising skills are fairly well developed in Poland. Although still limited to a small group of NGOs, almost all modern techniques of fundraising - including modern Internet technologies, telethons, lotteries - have been tried in Poland.

Many NGOs are beginning to charge fees for their services, as a means of cost recovery, but many NGO activists remain concerned about the sector maintaining a clear

separation in the minds of the general public, between not-for-profit organizations and businesses. Regardless, economic realities and the limits of local philanthropic support are strong considerations on the side of increased earned income and greater financial diversification.

Many organizations have problems managing their finances and are not able to afford professional advice and assistance in this regard. Furthermore, there are few good accountants with knowledge of NGOs.

ADVOCACY: 2.0

There is an increase in the number of public advocacy activities being initiated by NGOs. This is evidenced by the existence of coalitions and umbrella groups working on issues such as children's rights, the rights of disabled people, human rights, environmental protection, cooperation between NGOs and other sectors, and the legal framework for NGO activities. The Association for the Forum of Non-Governmental Initiatives is working to build stronger coalitions to solve the problems of the sector based on existing federations.

Numerous NGOs representing most of the NGO sector have conducted successful advocacy campaigns. One of the most successful advocacy campaigns was an initiative by NGOs to influence the new public finance law that created serious problems for NGOs to receive funding from local governments. The Association for the Forum of Non-Governmental Initiatives continues to provide the Parliament with information on the Third Sector and

with input concerning the proposed law on public benefit activities.

Most NGO advocacy campaigns have been focused on defeating negative acts and ideas. For example, NGOs actively lobbied against Article 118 of the Public Finance Law, which imposed mandatory audits on all foundations receiving public money.

One issue that still needs to be resolved is to legitimize the organizations that represent the interests of the third sector. To date, organizations such as the Association for the Forum of Non-Governmental Initiatives have played this role as the result of tacit agreement, rather than a formal mandate.

A stable mechanism to regularly monitor legislation is still under construction. KLON/JAWOR is now implementing a program to organize constant legislative monitoring, as opposed to action-driven mechanisms.

SERVICE PROVISION: 2.0

NGOs actively provide basic social services, such as education, health-care, and social assistance. In addition, many organizations engage in activities to promote culture,

environmental protection, the rights of underprivileged groups such as women and minorities, and human rights. Other organizations are in

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involved in job creation and other activities.

The lack of a nationwide system for local governments to fund NGOs means that most NGOs provide services that are outside of the public social safety net. For example, the role of NGOs was not addressed in major reforms passed in the last year in education, health care, public administration, and the pension system. As a result, NGOs often have a hard time securing a steady stream of funding. For example, NGOs

working with the homeless may only receive funding at the end of the year, when the problems are the most severe.

In essence, NGOs are stuck in a vicious circle: NGOs do not get contracts for services because of their poor standards, but they are unable to improve their standards unless they begin contracting services. There is a great need to build mechanisms to contract services on the open market for all three sectors.

INFRASTRUCTURE: 2.0

NGOs in Poland benefit from a well-developed infrastructure. The "SPLOT" network of NGO support centers located in major cities provides information, training and advisory services in fund-raising, NGO management, cooperation with local government, and promotion and cooperation with the media. Over the course of the past year, five new centers have been added to the network, bringing the membership to twelve. Some of the achievements of the Network include creation of a national information bank on NGO directories, with regularly updated guidebooks; numerous publications, including NGO directories, guidebooks and newsletters; Internet services for NGOs; and, centers promoting volunteer work. Most of the support centers in the network have subnetworks operating in smaller towns.

Over the last four years, NGO support centers have substantially improved their skills and capacity to serve NGO needs. However, financing continues to be a problem. The centers are largely dependent on donors, primarily foreign funders. Local funding has not been raised in significant

quantities and the resource centers do not earn much income, as services are generally provided for free. There are concerns that indigenous sources of funding might not be developing quickly enough to fund the centers once foreign funding is no longer available.

Although there is some concern for maintaining independence, there is an increased understanding of the importance of coalitions. Coalitions are starting to form, especially among NGOs working on children rights, the rights of the disabled, human rights and environmental protection.

Intersectoral partnerships are developing with foreign and local business, local government and the media. The Academy for the Development of Philanthropy in Poland and the Association for the Forum of Non-Governmental Initiatives both work to develop links between the third sector and business. Links with local governments are especially important due to decentralization efforts. USAID's Local Government Partnership Program has played an important role in promoting such links, in

cluding the creation of a legal environment that supports local government-NGO cooperation.

Most of the training, advisory and information services are

PUBLIC IMAGE: 2.0

During the last year, coverage of NGO activities in the media has increased. There are now more articles written about NGOs and there are now three programs on TV and several on the radio that cover NGO issues. Press coverage has also become more favorable. Whereas coverage used to focus on scandals in the NGO sector, now there are often articles portraying people involved in public benefit activities.

Although coverage has improved, the general level of understanding of NGOs by journalists remains low, and there are few journalists who specialize on the third sector. To address this need, NGOs organize training programs and conferences for local journalists and inform them about activities in the sector. There is an NGO Internet press agency, "Fipress", that prepares and distributes information among NGOs and the media.

Media have played an important role in publicizing problems faced by NGOs. For example, an article on the 1999 public finance law contributed to NGOs' success in getting the law amended.

The general public still does not have a solid understanding

provided for free and are funded by various donors. The majority of the NGOs, especially from small towns, are not able to pay for services.

of the non-profit sector and often has a negative image of NGOs. Foundations are generally perceived as suspect, if not dirty, businesses, although individual well-known organizations are recognized as trustworthy and necessary.

Many NGOs are shifting their public relations programs from "membership based" development to "publicity based" activities designed to bring attention and donations to the organization. Modern marketing tools are engaged, rather than constituency development activities that can recruit new members. Nevertheless, the membership base in Poland is fairly stable. It is estimated that approximately 25% of Polish citizens consider themselves to be members of an NGO.

The third sector tends to be perceived narrowly as involving charitable activities, and less frequently as conducting lobbying or representing particular interests. Politicians have been "trained" to consult with NGOs, but do not necessarily do so in practice. NGOs still need to develop more effective ways to publicize their activities and promote their public image.