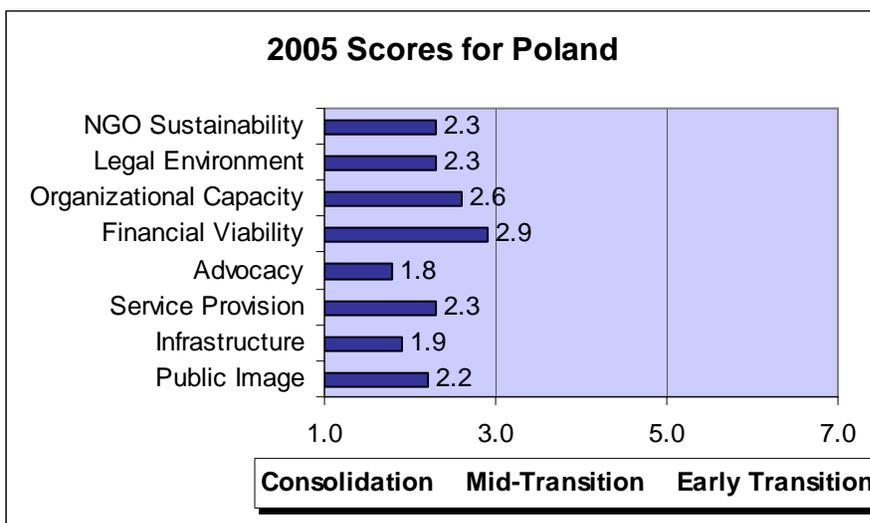


Poland



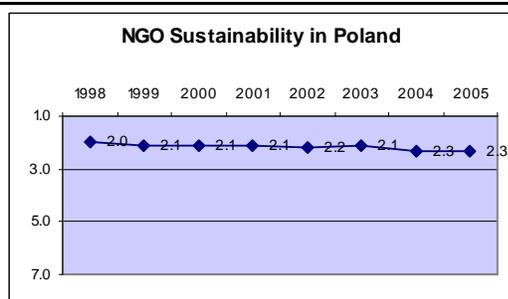
Capital: Warsaw

Polity: Republic

Population:
38,536,000

**GDP per capita
(PPP):** \$12,700

NGO SUSTAINABILITY: 2.3



The NGO environment in Poland experienced significant qualitative changes in 2005, though quantitative data has not been gathered since 2004. There are still approximately 52,000 registered organizations, of which 41,000 are associations and 11,000 are foundations. The most significant change is a result of the Act on Public Benefit Activity and Volunteer Work, which was enacted two years ago. This legislation recognizes public benefit organizations, and allows them to campaign to receive up to 1% of an individual's tax liabilities.

LEGAL ENVIRONMENT: 2.3

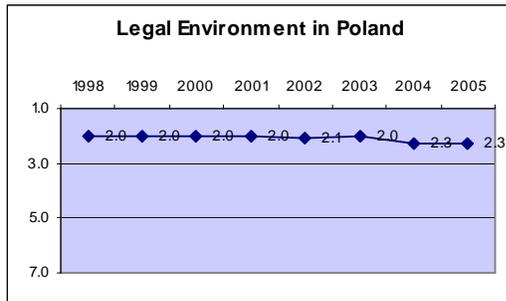
The legal environment governing the NGO sector has not changed significantly. The sector is burdened with too many laws and decrees that are vague and written from various perspectives and contexts. The laws are often

The law also made cooperation between local governments and NGOs mandatory. Campaigns for the 1% contributions increased social awareness of NGOs and the cooperation requirement led to the government's greater appreciation for the role and capacities of NGOs.

Many projects funded by the European Union were initiated this year. Though only the larger, more professional organizations were able to access E.U. funding, the requirements of extensive reporting and cross-sector partnerships changed. It is likely that this will change the long-term functions of many NGOs. The E.U. funding opportunities have had many negative consequences. NGOs are more detached from their constituents and local communities, and are forced to adhere more to E.U. priorities. More Polish organizations are engaging in economic activities and charge fees for their services.

incoherent and at times contradictory, leaving much discrepancy over the possible interpretation. NGOs, government institutions, and the public have become more familiar with

the laws and are more efficient in navigating and administering legal framework.



Many organizations continue to have problems with registration. The registration process is more complicated than other countries and requires many statutory documents and the completion of many complicated forms that require extensive legal knowledge. The need for legal assistance and the long process discourages many spontaneous and informal organizations from registering. Organizations trying to register as public benefit organizations experience similar difficulties. Those that are able to register as a public benefit organizations qualify to receive 1% of an individual's tax liability. The fact that the registration regulations have not changed for the worse leaves some optimism for both structural organizations and activists who want to register. That ought to be helpful to new organizations that are becoming more efficient in dealing with these complicated regulations and requirements. The registration process is hampered by inexperienced officials, not an aversion to NGOs, which has been the case in the past. With time, office clerks will become more familiar with the registration process, which will likely lead to more timely and consistent decisions. In theory, both associations and foundations are exempt from paying registration fees, though this is likely to change. If an organization wants to conduct commercial or economic activities, however, it has to pay the same registration fee as a corporation. The fee inadvertently leads to "beggar organizations" that survive on grants and public funding.

NGOs are subject to excessive reporting requirements. Public benefit organizations are

required to report their activities with six different agencies. Organizations using E.U. funding face even greater reporting requirements. While the government is trying to prevent the misuse of funding, the extensive reporting requirements mean that many resources that the government is trying to ensure will be used on programs are in fact used to fulfill reporting requirements.

The government has not openly attempted to dissolve any organization for political or arbitrary reasons. Government officials, however, use public funding or other in-kind support to promote or dissolve organizations. The Constitution guarantees the right of all persons to express their opinions freely, but in practice, financial dependence on public funding leads to few watchdog organizations funded primarily by foreign donors.

The few lawyers that specialize in NGO law are located in big cities, and small organizations from towns are unable to access sufficient legal services. They are generally unable to afford professional legal counsel, and the legal services provided by NGO resource centers are limited to the big cities.

As mentioned, the Public Benefit Activity and Volunteer Work Act was enacted two years ago. Over the past year, doubts concerning the interpretation of certain provisions have been clarified. Local governments now understand that they are permitted to support all organizations, not just those with public benefit status, which was a controversial issue in 2004. Many local governments are still unwilling to become familiar with and implement the new law, especially with respect to the requirements concerning cross-sectoral cooperation. Forty percent of the districts have not enacted cooperation programs.

The application of the 1% law has improved slightly in 2005. Though the law has not changed, the public and internal revenue service officials are more familiar with the procedures. In the past, taxpayers had to donate the money first and were reimbursed three months later, and as a result, only 3% of all taxpayers

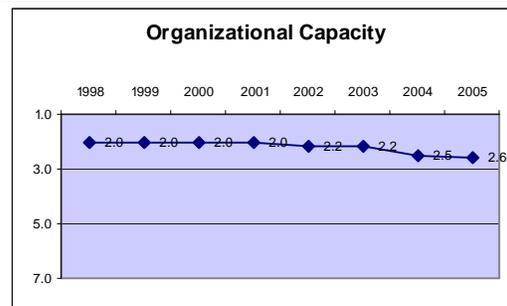
participated. Private corporations are still unable to use the law. Income from endowment investments is still tax-exempt but few organizations actually have an endowment. The VAT law continues to be an obstacle for NGOs. All donors have to pay VAT on donated products. The law discourages donations and creates a situation in which it is less expensive to discard items than give them away. The ceiling for tax incentives has increased to 6% of

a person's income. In the past, individuals were only permitted to deduct up to 350zł (\$100 USD).

The government awarded more contracts to NGO service providers through formal bidding procedures this year. The requirements are stricter than in the past, but more organizations have become professional.

ORGANIZATIONAL CAPACITY: 2.6

The only improvement in organizational capacity is increased technology through infrastructure grants from the E.U. that allowed many organizations to gain access to the internet. Most organizations, however, have old equipment and many NGOs use personal resources or equipment from other jobs. Other aspects of organizational capacity have not improved despite opportunities.



NGO made efforts to build local constituencies in two fields, developing institutional partnerships and organizing local 1% campaigns. Institutional cooperation and partnership could be an effective tool in seeking support at the local level. When several organizations unite around a specific cause, support from the government and the public is much higher. If public administration institutions join such partnerships, it truly becomes a broad constituency.

Though these two methods of constituency building were not very effective, and partnerships were formed only to access grants, they may be the beginning of a positive trend. Both the EQUAL project and the 1% law have only been around for two years, and they may prove to spark long-term changes.

Developing partnerships is a requirement for many funds such as EQUAL from the E.U. and FIO, the Polish Fund for Civic Initiatives, which has significant financial resources. The EQUAL project led to the creation of 107 partnerships, each consisting of several institutions from the private and public sectors. Many of these partnerships have dissolved, however, and others are about to do so, demonstrating how difficult the idea of partnerships is for NGOs. The 1% campaigns have been ineffective also. The complicated procedures for participating certainly contributed to the difficulties.

Constituency building in traditional sense of engaging citizens and volunteers from local communities has decreased. Volunteers have a high rate of turnover and are becoming more of a burden, especially the bigger, more professional NGOs. Many organizations have come to the realization that by developing partnerships and writing proposals, they might be better off than collecting membership fees.

NGOs remain weak with regards to strategic planning. Since most organizations do not have their own endowments, organizations must have strong support from membership bases or constituencies to provide constant flow of financial contributions to ensure relative independence. Most organizations develop activities according to what grants are available. Obtaining grants has become an end to itself, and many organizations prepare for flexibility from the beginning by writing broad mission

statements that include activities not necessarily within their field.

Bigger organizations may appear to follow a developed strategy, but this is often misleading as they often have more long-term grants and projects. These organizations also refocus their activities, though not as frequently or dramatically as smaller NGOs that always struggle to survive. Many of the more professional organizations that operated consulting centers before E.U. accession (E.U. ACCESS funds) are now experts in anti-discrimination in the workplace (E.U. EQUAL funds). The larger, professional organizations have a greater opportunity to engage in strategic planning because they are able to influence the various “operational programs” for which E.U. funds can be spent during 2007-2013. They are able to suggest amendments to meet the activities they planned. Negotiations for a more common strategy with the E.U. and more longer-term projects will hopefully assist some organizations develop a more stable identity. NGO activities, for now at least, continue to be driven by available funds more than the needs of constituents; “project thinking” has replaced “mission thinking.” Strategic planning is limited to developing strategies for applying for different grants and contracts, and make adjustments to meet their requirements.

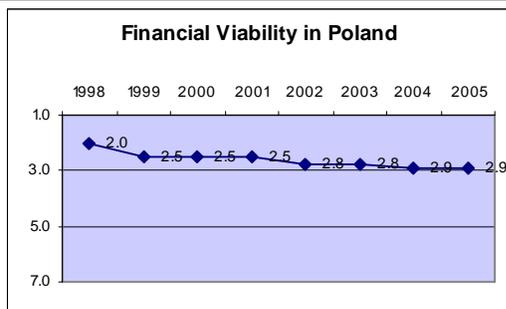
Most NGOs have the same management structures they did in the past. Almost half of the NGOs in Poland are smaller organizations in which the staff is often on the Board of Directors. Distinctions between staff and

Boards are irrelevant when the organization does not have any paid staff. One of the reasons that NGOs do not have a paid staff is that most donors, especially local governments, do not like to fund salaries. Unable to offer competitive wages, these organizations often have unskilled workers and high rates of employee turnover. Younger employees often leave an organization once they have the experience they need to get a higher paying job in the private sector. New organizations that depend on short-term contracts are unable to offer their employees contracts beyond the life of the project. Many NGO employees identify themselves with the projects they work on and not the organizations they work for. When programs and staff change constantly, there are few means for an organization to develop an identity.

Many organizations are unable to afford to hire professionals, especially lawyers and accountants, and even the most committed activists get burned out. For the future, NGOs are looking to the E.U. for funds to cover administrative and staffing costs, but such funding will only last a few years.

Though the NGO sector enjoyed some improvements, the overall organizational capacity has deteriorated. Even areas that did not deteriorate did not improve, despite the opportunity provided by the government, legislation and E.U. grants. If opportunities arise and organizations are unable to take advantage of them, it is an indication that capacity has indeed deteriorated.

FINANCIAL VIABILITY: 2.9



The financial viability of the NGO sector improved in 2005, primarily due to the increase of contracts awarded to NGOs by local governments and the increase of NGO economic activities. The Act on Public Benefit Activity and Volunteer Work requires that local governments cooperate with NGOs. Only 60% of local governments have developed cooperation programs, though this is improving. The funding from cooperation programs gives local organizations greater financial stability, and

in fact, local governments have become the primary supporter for local NGOs. Most organizations do not have a membership base or local support they can rely on; even the 1% law has failed to live up to expectations, as many taxpayers that supported one organization in 2003, supported another in 2004. Local funding continues to be sparse, despite programs designed to promote giving. The growing support from local governments perpetuates the problem of NGO financial dependence. Similarly, half of all nonprofits are based in bigger towns where the local governments have greater resources; many poor communities are unable to support organizations that provide important social services.

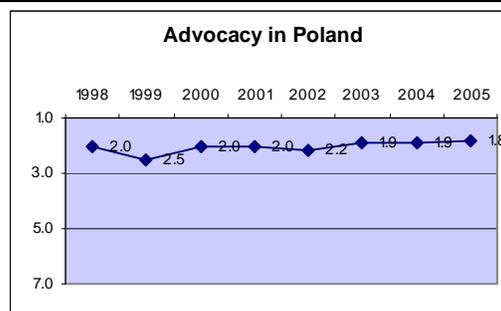
The diversification of NGO funding has not changed. Even organizations that have multiple sources of funding continue to depend on public resources. The 1% law could improve diversification for some NGOs, but those that

secure E.U. grants have decreased their diversification; with such large grants, organizations do not have to go through other bureaucracy to secure other, smaller sources of funding. While diversification can result in greater financial security, organizations can take a great deal of time and resources on reporting.

NGOs financial management systems have not changed, and nothing has happened to spark reforms to require more stringent measures. Many organizations are unable to pay for an accountant, and even fewer are able to afford a financial director, which is necessary for managing large projects. Only large professional organizations conduct annual audits and publish annual reports. Most organizations do not manage their funds effectively and instead of using interest-earning savings accounts; they keep all of their money in checking accounts. Most NGOs do not have stable funding due to weak membership.

ADVOCACY: 1.8

Advocacy continues to be the most advanced dimension for the NGO sector. The sector continues to improve due to the Act on Public Benefit Activity and Volunteer Work, which requires local governments to cooperate with NGOs. Thanks to the Act, NGOs are expected to have the opportunity to comment on legislation and participate in government commissions. Most importantly, NGOs are able to elect their representative to the Public Benefit Activity Council, which advises the cabinet of ministers. Almost half of the local governments, however, do not follow the requirements and most organizations are unable to influence legislation or engage in constructive dialogue with government officials. Local authorities are increasingly recognizing NGOs, though many organizations fear that they do so out of obligation and not to benefit from their expertise, which does not result in constructive cooperation. Officials do not treat NGOs as equals, but rather as performers of contracted public services.



More NGOs understand the importance of forming coalitions in engaging in successful advocacy. They are also realizing the importance of cooperating with the media, as politicians tend to be interested in what interests the media. The growth of collaborative partnerships is also the result of requirements by donors.

The term “lobbying” has a negative connotation in Poland; it is often associated with the informal or even illegal pressuring of politicians who are involved in some form of corruption. Unlike the United States of America, Poland does not have any formal lobbying institutions. Some organizations try to lobby, though success

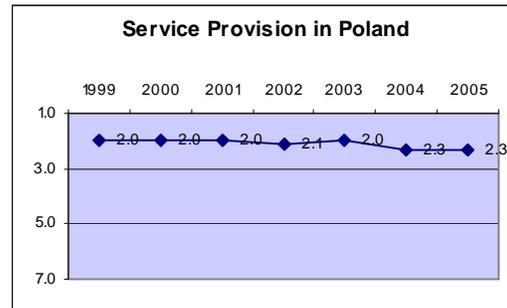
requires media support which is often difficult to obtain. At times, issues are too difficult for ordinary citizens and the media is therefore unwilling to report on them. Though lobbying is important to many organizations, and the entire sector is increasingly becoming involved, only the larger, professional organizations are involved. Local organizations are too far from the capital where most lobbying efforts take place, and most lack the intellectual resources

to influence legislation. Most organizations try to influence legislation through informal individual contacts with politicians and local officials. Individual contacts are often more effective than expressing opinions at large council meetings or public hearings. Most of the smaller organizations focus their energies on fundraising rather than trying to influence legislation.

SERVICE PROVISION: 2.3

The NGO sector does not provide the full range of services that the law allows them to offer. NGOs generally work in areas in which they are able to get funding and not necessarily those that are a priority for their constituents. Few organizations conduct needs assessments and they are often unable to deal with the needs that are clearly identifiable. NGOs are trending towards providing services identified by donors such as the E.U. and becoming more detached from their constituents. With stronger memberships and greater local support, NGOs could focus more on local priorities. Another issue is the abundance of organizations that work with culture, sports, social assistance and education, and the overrepresentation of those in the areas of culture and sports. One of the legacies of communism is the Cultural Centers and Sports Clubs that were financed by the state, which have been taken over by NGOs but still funded by the government. NGOs that provide educational and social services benefit from the fact that these are responsibilities of the local governments which are quite willing to contract out. The government does not provide funding or support watchdog groups, and as a result, few exist.

government officials. Increased recognition is in part a result of legal requirements for greater collaboration with NGOs. In addition, some E.U. projects such as EQUAL stress the importance of publicizing results and greater inclusion into mainstream public policies.



NGOs are permitted to charge fees for their services and more are doing so, despite the common belief that NGOs should provide marginalized segments of society services for free. NGOs are accused of commercializing their work.

Those groups affected by NGO activities are increasing. NGOs are gaining recognition as experts in a number of fields; they produce publications, and offer workshops and expert analysis to other NGOs, academics, and

Government support and recognition for NGOs is growing at both the national and local levels. Local governments increasingly contract out to NGOs for a variety of services. While this is a result of the Act on Public Benefit Activity, it will naturally lead to the recognition of NGO capabilities in these matters.

INFRASTRUCTURE: 1.9

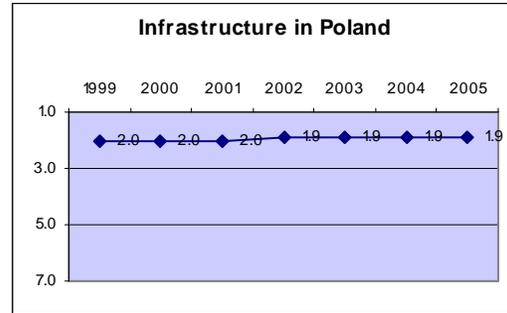
The infrastructure for NGOs improved in 2005, as more support organizations and resource centers offer services. These resources are

supported by domestic and foreign grants, rather than more sustainable funding such as fees, which few organizations could afford. The

Association KLON JAWOR oversees the NGO database and a website (www.ngo.pl), which are important resources for NGOs. The website provides a wide array of information, such as changes in the regulatory scheme, upcoming conferences, trainings, initiatives, and job offers. Some local grant making organizations are now functioning, but they rely on foreign funding. It is uncertain whether they will continue to function once these sources come to an end.

NGOs have formed more coalitions than in the past, though they are often the result of funding requirements. Organizations from different fields do meet to discuss issues and formulate common proposals on topics such as how to amend certain operational programs developed and offered for consultation by various ministries and local governments.

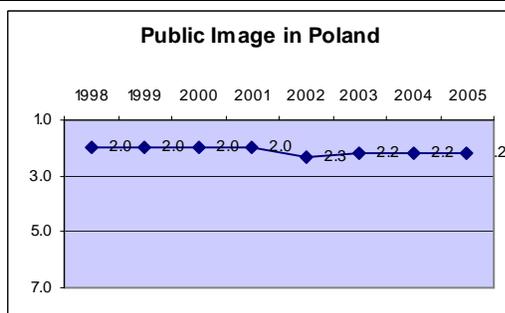
NGOs share information with one another through mechanisms such as the website mentioned above (www.ngo.pl). Every three years, the National Forum of Nongovernmental Organizations gives NGOs the opportunity to set up a booth to inform others about their work.



Support organizations offer an increasing number of training programs, funded in large part by the E.U. The number of trainings often exceeds the demand. Training programs are free, and often times are used as an excuse to take off from work and meet new people. Of all the trainings, few are of any real quality and effectiveness, though they generally cover important topics such as grant writing and strategic management.

Inter-sectoral partnerships between NGOs and government institutions are growing, though often due to legal or funding requirements. It is too early to know whether these required partnerships will develop into more productive and freely formed relationships. NGO-business relationships are in the early stage of development, and cooperation with the media is even less developed. Both the business community and media fail to see how relations with the NGO community promote their interests.

PUBLIC IMAGE: 2.2



The media remains unsupportive of the NGO sector, and rarely publishes NGO successes, focusing instead on scandals and corruption. The lack of media support has a negative impact

on the NGO sector's public image, especially foundations. Most journalists, like the public, have little interest or understanding of NGO activities; reports on NGO activities are unlikely to reach a wide audience. NGOs do not help the matter by using technical language, which is often imported from the E.U. By campaigning for the 1% law, NGOs have increased the public's awareness and understanding of NGO issues and activities. Much of the public's knowledge of NGOs, however, comes in the form of negative media reports.

Government officials at both the national and local levels appreciate NGO capabilities. Regulations forcing governments to partner with NGOs have given organizations the opportunity to demonstrate their expertise. NGOs were persistent in getting these regulations enacted. Corporations are also developing a greater sense of corporate responsibility, resulting in more volunteer and donation programs.

NGOs are unable to improve their public relations due to underdeveloped relations with the journalists and the media. Self-regulation is also underdeveloped, though many organizations are discussing a code of ethics. NGOs have not improved their transparency, and only those organizations with grant requirements, i.e. public benefit organizations, publish annual reports.