

Case studies of organizations supporting
community foundations:

**Academy for the Development of
Philanthropy (ADPP), Poland**

This case study includes a focus on the staffing of this
philanthropic support organization, as well as
its Local Philanthropy Development Programme.

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Academy for the Development of Philanthropy (Poland)

1. The Whole Organisation

Background

The Academy for the Development of Philanthropy (ADPP) in Poland was created in 1998. It was developed by the same group of people who had implemented the three-year support program for Polish non-governmental organizations (NGOs), the Democracy Network Project, financed by the United States Agency for International Development (USAID), and implemented by the Academy for Educational Development (AED).

Mission and Objectives

The mission of the Academy is to improve the quality of life in local communities by restoring philanthropic traditions, and developing new models and approaches to philanthropic activities in Poland. It aims to do this by:

- creating opportunities for resolving problems
- increasing business involvement in pro-bono activities
- promotion of the benefits resulting from charity
- supporting philanthropic initiatives.

The Academy defines “philanthropy” as the provision of moral, in-kind and financial assistance to initiatives, organisations and other institutions of public benefit, focused on community development.

The Academy has three complementary areas of work supporting the development of philanthropy:

1. at local level - creating local philanthropic organisations (community foundations, grantmaking organisations and locally supported organisations); promoting pro-bono attitudes among local business circles;
2. at national level promotion of philanthropy, through, for example, the Benefactor of the Year Competition; and changing unfavourable legal regulation related to pro-bono operations;
3. international co-operation, exchanging experience and facilitation of contacts between philanthropic organisations from Poland, European Union and Central and Eastern European countries, as well as American organisations.

The Local Philanthropy Development Programme, which assists the development of community foundations, is only one element in promoting philanthropic activities; other programmes also contribute to this goal. Frequently programmes and operations overlap and complement one another; for example, the international co-operation programme involves looking for resources for community foundation development,

methods of fundraising, promoting and managing community foundations. Another example of overlap is the annual *Benefactor of the Year Competition*, which is an excellent method of promoting and attracting donors and volunteers. Similarly, *Presentations for Business Circles* have sometimes led to companies establishing local coalitions for creating community foundations; and the goal of the *White Book of Philanthropy* is to improve legal regulations related to charity work in Poland, including community foundations.

Financial resources

The Academy's total expenditure from April 1998 to June 2001 was US \$1.85 million on program costs, and a further \$1.96 million on administration. The three major expenditure heads within program costs are: funds for community foundations and other non-profit organizations (25%), funds for community foundation endowment (24%) and salaries and wages (14%).

Between April 1998 and June 2001 the Academy received total income of just over US \$2.5 million. The bulk of this came from two Polish foundations and various US donors.

Staffing

The Academy employs seven full-time and one part-time members of staff, as well as an accountant on a temporary contract. Administrative duties are performed by three employees who also work as program officers. The responsibilities of individual members of the staff team are detailed later in this case study.

Governance

ADPP's Management Board is made up of three members: the ADPP's President of the Board and Program Director; the Executive Director; and a representative from The Support Office for the Movement of Self-Help Initiatives, BORIS.

The Audit Committee, which meets once a quarter, supervises activities of the Management Board and presents a report to the General Assembly, is made up of the former Deputy Minister of Labour and Social Policy; a lawyer; and a sociologist at the Polish Academy of Sciences.

The Community Foundation Development Board meets every three months and is composed of the Director General, Policy & Action Group; the Director, Public Opinion Research Centre – CBOS; a lawyer; the Director, Support Office for the Movement of Self-Help Initiatives, BORIS; director, AED Washington; a consultant, Development Alternatives Inc.; a member of the Management Board of Stefan Batory Foundation; Director, Local Democracy Development Foundation; a representative from The Elektrim Foundation.

The General Assembly is the ultimate governing body of the Association. It meets at least once a year, and gives a vote of approval to the Board on the basis of the report presented by the Audit Committee. The General Assembly is composed of 22 members – individuals from various sectors including non-governmental organisations, universities (e.g. Warsaw University), business circles (law offices, e-companies), the media (nation-wide daily Gazeta Wyborcza) and public administration.

Membership

According to the bylaws of the ADPP's statute, *any person of age who is a citizen of Poland or a foreigner - even a foreigner who is not a resident of the Republic of Poland, but who gives a warranty of appropriate fulfillment of obligations and who presents recommendations from at least two members of the Association and submits membership declaration - may be appointed an ordinary member of the Association.* Legal entities may be appointed supporting members of the Association. In order to become a member of the Association the candidate must be approved by the Management Board of the Association.

2. The Environment

Economic and political

Following the restructuring of the Polish economy, begun in 1989, more than 60% of national income comes from the private sector, and 60% of the work-force is employed in that sector. Economic development is very uneven, with many regional differences. There are huge differences, for example, between the capital, Warsaw, and the provinces.

Despite growing privatisation and modernization of the economy, the level of poverty in Poland is very high. The average Pole is three times poorer than the average citizen of the poorest country in the European Community. Over 7% of society still lives below the poverty level (in rural communities the percentage exceeds 10%). Approximately 50% of Poles have insufficient means of subsistence. One out of two people living in extreme poverty is under the age of 19 and one in three is a child under 14. Poles are becoming more and more stratified in terms of wealth. In most cases, poverty affects families in small towns and villages, and families of the unemployed face the highest risk of being poor.

In addition, people living in rural areas generally have poor access to education and health services. Those living in communities most affected by the dismantling of the state-owned farm system in northern Poland are in the worst situation. Households living along Poland's eastern boarder also face great difficulties – the level of

urbanisation, industrialisation and infrastructure in these regions is exceptionally low. Unfortunately, there are no measures of hidden unemployment, which is estimated to be huge in scope. Frustration and apathy exacerbate the problems of alcoholism in Polish society. Some 1.8 million Poles abuse alcohol, a situation that is particularly bad in the northern and eastern parts of Poland.

The period after World War II (1945-1989) was very unfavourable to the development of charitable activities and civic activity. In 1952 the property of all foundations was taken over by the state. Lack of autonomous local government, as well as state domination of the nationalised economy, deprived citizens and local communities of any influence on development. Although some organisations managed to create interesting social programmes, there was little enthusiasm for social involvement. Formal social organisations operating in this period, (e.g. the Polish Red Cross, Polish Committee of Social Assistance) were in effect governmental agencies, deprived of the power to define and resolve social problems independently of government policy.

The period of the Third Republic (from 1989) opened a new chapter in the history of Polish charity and philanthropy. The democratic system led to questioning of the socialist welfare state with its monopoly on activities for social benefit.

Citizen organisations were formed in Poland in the 1990s', predominantly in the NGO sector. The sector became an arena for integration of Polish society. Membership of voluntary organisations increased systematically, rising from around 5.5% of the population at the beginning of the 1990's to around 25% in 1999 (Glinski and Palska; Les and Nalecz; CBOS 1998; CBOS 2000; Korali Pur-Rahnama; IFIS 1999). However, more recently there has been a gradual decrease in citizen involvement in NGO's.

In Poland the free market and private business sectors are as new as the third sector. There are currently around 2.6 million private firms and still 78,500 state-owned companies.

Legal and tax frameworks

In the 1980s and 1990s a new legal environment for the Third sector in Poland was created. Amongst the most important legislative acts was the 1984 bill that restored foundation activity. Another bill in 1991 removed administrative restrictions and registration procedures were handed over to the courts. Similarly, the Law on Associations passed in 1989 gave people the right to freedom of association.

Income tax breaks are regulated by the Personal Income Tax act (1991) and Corporate Income Tax act (1992). Donations to organisations operating in fields mentioned in the Bill (charity, public security, environmental protection, education, culture, sport, health protection, social services, rehabilitation) attract 10% or 15% tax breaks. Income of

foundations and associations, whose statutory goals include educational, scientific and cultural activities (and others included in the Act) are tax free, but only on that part of expenditure allocated to these goals.

Many laws are still unfavourable to NGOs and philanthropy. These include: unfavourable Value Added Tax regulations related to in-kind donations, and the restriction of investments to bank deposits. Using other methods of financial investments (shares, bonds) attracts a tax on invested resources.

Attitudes to “philanthropy” and “foundations”

With the development of private enterprise business, entrepreneurs started to support charitable goals. Business giving takes the form of voluntary donations and patronage of culture, art, sciences as well as sponsorship and social marketing. Research conducted by the SMG / KRC Poland, covering 250 big companies, showed that 85% of surveyed firms supported charitable goals, half of them voluntarily. Half of the companies donated to charitable purposes 1% or more of their turnover per year, but no firm donated more than 10%. The research suggested that tax breaks encouraged neither business nor individual donors to support charitable purposes.

Tradition of voluntary organisations

The history of philanthropy in Poland dates back to the 12th century. Initially it was the domain of royalty, and later of noblemen, landowners and the bourgeoisie. Polish philanthropists equipped libraries, funded houses for single mothers, orphanages, homes for the blind, established charities, funded scholarships for university students, funded churches, schools and other institutions of public benefit.

There were also predecessors of community foundations. Until World War II they financed social and cultural activities by establishing ‘perpetual cause’ funds, provided that interests on the capital were allocated to the charitable purposes determined by the donor. Charitable bequests were often motivated by patriotism. They contributed to preservation of the cultural heritage in the difficult period of partition (from 1795 to 1918 Poland was conquered and divided by Germany, Russia and Austro-Hungary and did not exist as an independent country).

At the beginning of 1990s, with major civic and political transformation underway in Central and Eastern Europe, the Polish NGO sector developed dramatically: of the 50,000 NGOs currently operating, 98% were registered after 1989. However, this involvement was concentrated in big cities (20% of all organisations operate in Warsaw, the country's capital). In small communities resistance to getting involved in social activities was much stronger; initiatives concentrated on social services and health care, while areas like community involvement, formation of coalitions, building sustainability on the basis of local resources, and protection of cultural heritage were often neglected.

The withdrawal of foreign financial resources and changing local needs led to a decrease in the operations of many local NGOs, and only 20,000 organisations are now active. In recent years a number of corporate foundations involved in grantmaking activities have been established (e.g. The Leopold Kronenberg Banking Foundation), as well as grantmaking organisations using foreign and internal resources (e.g. Stefan Batory Foundation). But these have a national focus and cannot be a substitute for local sources of finance for civic activity.

3. Developing Community Foundations

Background

When the Academy looked at the development of local philanthropy in Poland, it was felt that community foundations had a number of special attractions in the Polish context, including:

- Listening to donors and analysing local needs
- Creating capital endowment
- Being linked to a specific place
- Combining small donations and improving the efficiency and scope of assistance offered
- Combining ideas and visions for community development
- Transparency, openness, credibility and political independence
- Informing the community about donors and programs.

Before launching the programme to establish community foundations, the Academy had commissioned a feasibility study of creating institutions of that type in Poland. The survey was held in the winter of 1997-1998 in four small and medium-size cities. The feasibility criteria included: support of local residents for the idea of establishing a community foundation; commitment and resources for co-operation between business, NGOs and local government; and the possibility of collecting the necessary financial, human and organisational resources.

The main obstacles to community foundation formation were identified as:

- Underdeveloped business sector with little capital
- Lack of clear guidelines for co-operation between NGOs and local governments
- Withdrawal of foreign financial resources
- Limited possibilities of investing capital endowments in the form of bonds or shares. The only possible investment method was (and remains) bank deposits
- Political conflicts within communities.

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On the other hand, various factors favourable to community foundation formation were identified:

- Demand for donor-oriented organisations focused on solving local problems through grants to meet social needs
- Donors' demands for programs that would solve their problems with requests for financial support, provide feedback information on results of supported programmes, provide financial accountability; and create mechanisms facilitating philanthropic activities
- Huge potential of local environments and eagerness for self-organisation.

The study concluded that community foundations could be established and grown into significant institutions, playing a meaningful role in all four of the towns studied. The idea of establishing community foundations was approved by local governments, businesspeople and NGOs.

It was agreed that community foundations would need a supporting organisation which would provide them with training, technical assistance and specialist know-how. Additionally, the goals of the support organisation would include: promoting community foundations at the state level, and lobbying aimed at changing legal regulations and government policies unfavourable towards community foundations.

In early 1998 the Community Foundation Development Board identified 17 communities eager to create community foundations. Representatives of these communities were given comprehensive training by American and Polish experts in the following fields: concept and functioning of US community foundations, local leadership, grant systems, introduction to marketing, community foundation marketing, fundraising, legal and financial aspects of community foundations operations, and investment policy and practice. Additionally, the trainees took part in ten-day study visits to the United Kingdom and the US to learn more about the functioning of strong community foundations in other countries.

During the training course representatives of the 17 communities prepared (in co-operation with local partners) three-year strategic plans that were then submitted to the Academy to be evaluated by the Local Philanthropy Development Board. The Board approved 14 strategic plans, which meant that 14 community foundation candidates were admitted to take part in the Programme (later on, in the course of Programme implementation, two of the groups decided to withdraw.)

From the outset the Local Philanthropy Development Programme assumed that, in the interests of community foundation sustainability, it would be better to support a small number of stronger organisations than disperse resources among many weaker

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institutions. Funding via ADPP was restricted to matching funding in order to stimulate local fundraising and strengthen community foundations as local institutions.

Community foundations now operate in 12 Polish localities. Their operations cover diverse areas, ranging in population from 16,000 to two million. The total population covered by community foundation operations is around 4.9 million, which constitutes 13% of the population of Poland.

Resources, aims, activities and achievements

The three-year budget of the Academy for the Local Philanthropy Development Programme is \$1,231,844 (US), allocated as follows: operational costs – \$144,156; training for community foundations – \$387,688; co-financing operational costs of community foundations, grant programs and capital endowments – \$700,000.

The Local Philanthropy Development Programme has been supported by USAID, the Stefan Batory Foundation (Polish chapter of the Soros Foundation), Charles Stewart Mott Foundation, Rockefeller Brothers Fund, Skoll Fund (Silicon Valley Community Foundation, US), and the Ford Foundation.

As part of the programme of creating community foundations in Poland the Academy translated into Polish a manual on starting and developing community foundations which was distributed to all organisations involved in the Programme. During the Programme the Academy edited other manuals on different aspects of community foundation functioning. These included: *Community Foundation - a remedy for donor's concerns and struggles of public organisations*; *Capital endowment*, describing the potential for creating capital endowments in the Polish legal environment; *Donor's handbook*, presenting ways of making donations and tax breaks related to charitable donations; *Non omnis moriar*, dealing with how to make a charitable bequest; *How to prepare a fundraising plan: a handbook for foundations and associations*. The Academy also plans to publish a series of manuals devoted to various aspects of community foundations' functioning, based on Polish experience. Manuals are distributed to communities interested in establishing community foundations.

In 1999 the emerging community foundation network participated in internal training courses held in community foundations' local areas and in Warsaw. Training sessions covered: preparing a strategy for development, analysing local needs, marketing strategies, co-operation with local governments and business, legal and fiscal aspects of creating community foundations, establishing and managing capital endowment, co-operation with media, implementing grant and scholarship programmes, monitoring and evaluation. Additionally, participants were able to exchange experiences.

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In 1999, the Academy also launched a support programme which included financial support for operational costs, capital endowments and first grant programmes. The support programme also provides:

- advisory assistance, training, consultations with experts combined with financial support,
- organising and facilitating meetings with experts (lawyers, judges of Registration Courts, investment specialists, foreign community foundation experts),
- providing sample documents, manuals, computer programmes, specialist literature on fundraising methods and implementing grant programmes,
- assistance in preparing long-term development strategies
- assistance in organising regular meeting and training sessions enabling exchange of information and experiences,
- editing a bi-weekly bulletin which reports on the development of all community foundations in Poland and provides information on finance, legal regulations and other aspects of community foundation activities,
- matching financial support, dependent on local fundraising,
- promoting the community foundation network and the idea of philanthropy on the national and international level,
- facilitating contacts and direct co-operation with foreign institutions, i.e. through editing and broad distribution of the community foundation network promotional brochure (Polish and English language version),
- assistance in drafting community foundation operational standards and sustainability indicators
- maintaining direct, frequent contact with people responsible for community foundations
- monitoring community foundation development and providing feedback information to the network members,
- ensuring access to computer networks and a system of efficient co-ordination of operations and exchange of information (e-mail, internet, information bulletin, regular meetings).

By mid 2001, the Academy had distributed among the network members around US \$686,462. Some \$72,500 of this has been spent on grant and scholarship programmes, around \$120,175 on operational costs, and around \$493,788 to capital endowments. Network members managed to raise locally a total of \$757,338 – of this, \$86,982 was for grant and scholarship programmes; around \$122,500 was for operational costs, and \$538,713 was for capital endowments. These amounts illustrate the scale of success of the network in raising funds locally.

The Academy's staff team is responsible for delivering various aspects of the activities outlined above. Specifically, staff members have the following responsibilities:

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The **Programme Director** has been with the Academy since 1998 and is responsible for:

- developing the Local Philanthropy Development Programme and its implementation, including activities relating to office and finance management
- liaising with the media, current and potential sponsors, the Audit Committee of the Academy and the Council of the Community Foundation Development Programme
- project strategy development
- drafting work plans and project performance reports
- supervising the process of community foundation selection
- assisting with preparation of fundraising programmes and strategies, marketing plans, endowment fund management, promoting new community foundation
- tax counselling for potential donors
- organising seminars and training sessions concerning philanthropy
- organising community foundation-related workshops and conferences for local government representatives.

The **Executive Director** has also been with the Academy since April 1998. The Executive Director is responsible for:

- the Local Philanthropy Development Programme, including local needs analysis, advising local communities on legal and organisational aspects of establishing community foundations, working with business donors, and local government
- assisting community foundations in drafting strategic plans, action plans, grant programmes, as well as day-to-day management, including the creation of community foundation councils
- managing the procedure for community foundation selection, and candidates receiving capital endowment funds
- drafting grant-making procedures, and co-ordination of the grant programme
- creation and maintenance of systems to measure/assess action results, for monitoring and evaluation
- drafting the monthly information newsletter for community foundations.
- co-ordination of the “Act Locally” grant programme, supporting civic initiatives and NGOs whose activities are focused on the benefit of local communities
- international co-operation as a member of the Advisory Council of the Community Exchange Fellowship Program, and representing the Academy as part of the Transatlantic Community Foundations Network.

The **Training and Counselling Programme Co-ordinator** is responsible for:

- Co-ordinating assistance programmes to Poland (PHARE, USAID)
- drafting and implementing training programmes and counselling assistance in fundraising, planning, management, co-operation with the local government.

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- co-ordinating the drafting and publishing of the *White Book of Philanthropy*, a comprehensive analysis of the legal environment related to operations of Polish NGOs with recommendations for the future.

The **Financial Manager** is responsible for:

- financial management and reporting for ADPP
- financial monitoring of community foundations
- training and counselling services in accounting and financial reporting for local philanthropic organisations.

The **Senior Local Development Specialist** is responsible for:

- advising communities on legal and organisational aspects of establishing community foundations
- assisting community foundations in drafting strategic plans, action plans, grant-making programmes, and day-to-day management, including creation of community foundation councils
- co-operation with centres establishing community foundations, drafting grant-making procedures
- creation and maintenance of systems to measure/assess action results, for monitoring and evaluation
- drafting the monthly information newsletter for community foundations
- implementing the scholarship programme of the Stefan Batory Foundation
- filing financial documents, co-operation with the accountant and ADPP's treasury.

The **Information and Promotion Specialist** is responsible for:

- drafting and distribution of information and promotional materials and Academy publications
- library management and maintenance
- translating documents
- drafting annual reports, and ADPP's correspondence
- organising promotional events of the Academy (*Benefactor of the Year* competition, etc.).

The **Information and Promotion Co-ordinator** is responsible for:

- drafting promotion campaigns and co-operation with the media
- organising the Benefactor of the Year competition and other promotional events
- designing and updating the Academy Web site
- preparing multimedia presentations and designing the graphic layout of Academy publications
- the ADPP's computer network.

The **Receptionist**, a university student, is responsible for:

- managing the Academy Secretariat, and for staff and administrative matters
- dealing with the *Act Locally Programme*, monitoring and preparing informational materials.

ADPP staff members have taken part in various training sessions within Poland, as well as study visits to the United States and the United Kingdom to learn about the functioning of selected community foundations.

4. Key Tensions and Challenges

Tensions/challenges inside the organization

The mid-term evaluation of the Community Foundation Development Programme revealed a number of tensions and challenges for the Academy in its work with community foundations. The Academy needs to do some preventive investment in its own institutional development to avoid the danger of staff burnout due to workload and pressure. It should consider growing its staff team both in terms of numbers and capacities. Some possibilities include:

- Adding at least two new staff members to the team and planning their capacity building through in-house training or community internships.
- Developing a section in the human resource development strategy, matching the needs of the organization and ways to motivate the team members.
- Investing in training of team members, based on personal development plans including language and professional training, exposure visits and study tours.
- Planning more structured time to think together, as a self-learning organization. Regular self-assessment meetings and issue based discussions building the institutional memory of what works may be helpful.
- Developing a framework of indicators for the Academy as an effective national support organization to serve as the basis for regular monitoring of work. Local partners should participate in this monitoring, providing the Academy with feedback on its effectiveness.

Tensions/challenges in the wider environment

The mid-term evaluation of ADPP activities also concluded that:

- The Academy should support existing community foundations for two to three years after the current program is over. If the program were dropped completely after 2001 some community foundations might survive, but most would be vulnerable, thus slowing down demonstration of working practices.
- Support in the next three-year phase should be linked to the development and achievements of each community foundation. It should be flexible and challenge based. There should be a clear and jointly negotiated withdrawal strategy of decreasing support with the growth of local organizations' capacities to manage on their own.
- Helping each community foundation to develop its own index of maturity, with realistic targets for resource development in the next three years, within the framework of a longer-term ten-year perspective. It should include desired results and vision in the three key areas of institutional growth: internal development (democratic structure and culture, human resources, good administration and procedures etc.); resource development (endowment, operational costs, programming) and leadership community roles (partnership and coalition building around community issues, effective support to community initiatives and activating the community, etc.).
- Based on the above, individual capacity development plans should be designed. These would serve as background for updating the training and technical assistance program.
- Community philanthropy should be extended to more communities. The Academy should carefully plan how to expand strategically in this direction. It should not add new communities before 2001; by then already strong local partners will be able to play the role of co-developers, hosting interns and study visits from newly emerging groups.
- The Academy should intensify national promotion work. This will require new focus on the work of the community philanthropy network. Community foundations should be encouraged to act as strategic partners in all aspects of national promotion. The network could be a very powerful tool in advocacy at the national and regional level, mobilizing partners nationwide. Improvement of tax regulations and reducing the bureaucracy for registration of foundations should be special targets.