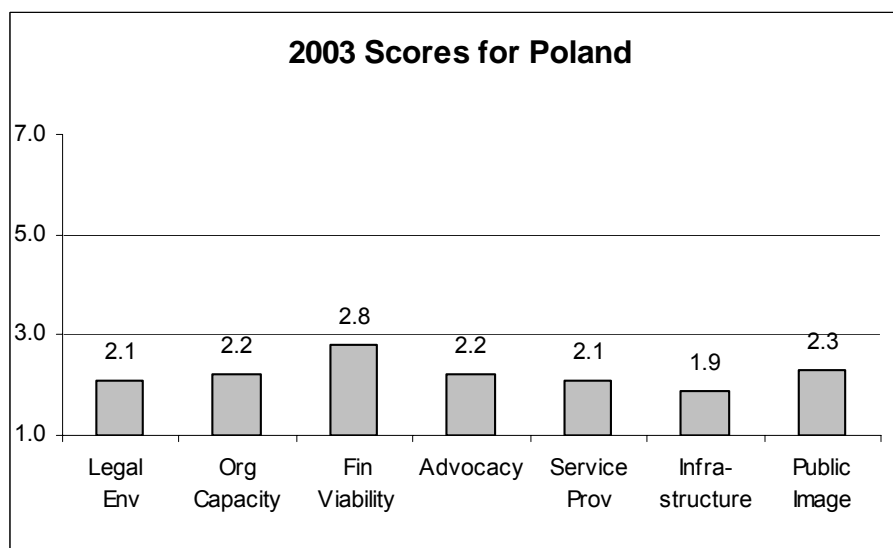

POLAND



Capital: Warsaw

Polity:
Presidential-
parliamentary
democracy

Population:
38,625,478

**GDP per capita
(PPP):** \$8,800

NGO SUSTAINABILITY: 2.1

Poland has a vibrant NGO sector with approximately 41,000 registered organizations,

NGO SUSTAINABILITY

2003 2.1
2002 2.2
2001 2.1
2000 2.1
1999 2.1
1998 2.0

of which 36,000 are associations and the remainder foundations. Approximately two-thirds of these are considered active. One in five organizations is located in Warsaw, though many of these work at the national level. The third sector is still relatively young, with 25 percent of NGOs less than three years old and 90 percent having been established since 1989. It is estimated that the NGO sector accounts for 1.2 percent of non-agricultural employment in Poland, although roughly half of all NGOs do not have any permanent employees.

NGOs are active both in providing services to their members or clients and in advocating on behalf of their constituents. The largest proportion of NGOs is involved in the areas of sports and recreation, health care, social service, education and culture.

Many Polish NGOs remain financially dependent on grant support from various donors. While funding from American private and public donors is decreasing, EU funding is on the rise. Many NGOs are developing other sources of support, particularly by forming relationships with local government and introducing mechanisms of remuneration for their services. The Law on Public Benefit Organizations and Volunteer Work, which was finally passed in May, 2003, provides a better framework for co-operation between NGOs and the public sector, including access to public funding. It also introduces a mechanism

under which taxpayers can dedicate 1 percent of their personal income tax to

public benefit organizations.

LEGAL ENVIRONMENT: 2.0

The most significant development of the past year, was the passing of the Law on Public Benefit Organizations and Volunteer Work after

LEGAL ENVIRONMENT

2003 2.0
2002 2.1
2001 2.0
2000 2.0
1999 2.0
1998 2.0

seven years of preparation. The Act includes several regulations concerning the relationship between NGOs and public administrative bodies. Under the law, local govern-

ments are obliged to create co-operation programs, and establish joint governmental-non-governmental Boards of Public Benefit Activity. The Act ensures that interested organizations can apply for public benefit organization status. Organizations granted this status receive certain advantages, such as access to funds which taxpayers designate from their taxes (up to 1 percent) to the organizations of their choice. This system will be officially introduced in 2005. However, this financial opportunity accompanies several additional responsibilities, including a transparent management structure, the obligatory presentation of annual reports, and other requirements. The Act also regulates the standing of volunteers working for NGOs. It is presently too early for definitive assessment of the Act, since this will largely depend on the way the Act is will be implemented.

Later in 2003, in view of budgetary difficulties, the Ministry of Finance presented several proposals aimed at eliminating many of the tax allowances in the taxation

system. Several of the tax allowances that are important for NGO activity were also endangered. An extensive campaign on the part of the NGOs, including an open letter signed by some 1000 organizations, resulted in the retention of the existing and more advantageous income tax exemption for grants and subsidies. Unfortunately, the sum of donations deductible from a person's taxable income was reduced from the previous percentage arrangement of 10-15 percent of income, to a fixed amount of 350 zł.

Despite the tax law changes mentioned above, it should be stressed that in Poland the freedom of association and the right to establish civil society organizations is constitutionally guaranteed and frequently exercised. The obstacles to creating NGOs are mainly bureaucratic, a problem that does not apply solely to NGOs, and which more likely stems from the general over-regulation of organizational activities, together with the poor functional efficiency of public administration and the registry courts. A research study, carried out by Klon/Jawor Association on a representative sample of NGOs, shows that as much as 35 percent complain about difficulties related to the functioning of registry courts. Presumably, some explanation for this lies in the fact that during the past three years all NGOs had to re-register with the newly established National Court Register.

In general, the extent of government supervision is not much of a burden and audits are performed quite rarely. When audits are performed, they can be difficult,

and some NGOs point out that auditors from NIK (the Polish Supreme Audit Institution) often abuse their powers and include in the scope of the audit not only the way public resources are spent, but all the activities of an organization.

Freedom of opinion on public matters is legally guaranteed to NGOs. They often take advantage of their legal right to express criticism of public authorities, but this often appears to have limited effect. It should be also noted that many local NGOs are vitally dependent on local government decisions to grant subsidies or provide public work space. As a consequence, NGOs are often entangled in a silent network of dependencies that makes it hard for them to remain independent in their opinions. This could give rise to objectivity challenges in relations with public bodies. A stronger NGO sector brought about by alliances which can speak for groups of NGOs would place them in a safer position to defend their interests.

The NGO sector lacks a sufficient legal capacity or corps of lawyers skilled at ne-

gotiating NGO matters. For many NGOs the substantial cost of legal services is a barrier to legal support. NGO assistance organizations, giving cheap or even free legal advice and information, should be an answer to that problem, but they cannot engage in individual cases. NGOs rarely use legal recourse such as litigation to obtain interpretation of the law, since legal proceedings are expensive and lengthy.

The Polish taxation system is still one of the most advantageous in Europe for NGOs. There are tax incentives for donors, and until this year, a tax exemption covered grants of up to 15 percent of income. The recent measures that limit tax advantages for NGOs is a significant setback for NGOs, and displays a lack of thoughtful long-term policy on the part of the government.

ORGANIZATIONAL CAPACITY: 2.2

While significant issues remain, the Polish

ORGANIZATIONAL CAPACITY
2003 2.2
2002 2.2
2001 2.0
2000 2.0
1999 2.0
1998 2.0

NGO sector maintains a solid level of capacity. Only a few Polish NGOs have effectively built their membership, and many NGOs are unable to build constituencies, and NGOs that achieve financial stability and independence based on member contributions are rare. The result of this lack of material self-sufficiency creates a weakness in the ability of NGOs to act as effective watch-

dogs for civil society. Recent research shows a systematic decline in citizen membership in organizations, climbing to 50 percent over the last twelve years. A general unwillingness to become involved in mass membership organizations and for collective action is, at least in part, a legacy of communism and compulsory collectivism.

A disturbing phenomenon is that for many NGOs the basic strategy is that of subsistence. While this shows proof of their ability to adapt and function in a rapidly changing environment, it also may threaten their integrity and distract them from their primary social missions. The

problem will gain importance after Polish accession to the European Union, when financial resources from European sources become available. These are comparatively large amounts, far exceeding sums previously available for Polish NGOs. It continues to be a great challenge for the NGO sector to match up the capabilities of NGOs in terms of planning, procedures, financial management, and effectiveness in achieving measurable results, with the expectations of donors with these resources. The NGOs frequently participate and have an impact in defining programs supported by these funds via committee, and they continue to gain skills in preparing professional proposals for resource competitions. Polish NGOs also have a permanent delegation, the Polish NGO Representative Office, in Brussels.

Volunteer activity is flourishing in Poland. In the last year, the percentage of Poles that volunteered with NGOs rose from 11 percent to 17 percent, and half of the NGOs declare volunteer participation in

their activities. Volunteer participation remains informal, with only a few organizations that request volunteers to sign any form of agreement or list of obligations to be met by both parties. The new Law on Public Benefit Organizations and on Volunteer Work regulates volunteer work for NGOs, but for the time being it is not clear how the relationships between NGOs and volunteers will be affected.

In general, the level of NGOs' technical equipment is also improving. Most of the organizations have access to computers, and one-third has access to the Internet from their offices. Organizations have shown a greater willingness to use Internet resources, as reported by an increase during 2003 in the average daily number of visitors to the non-governmental organization portal www.ngo.pl, usually between 6,000 and 10,000 visits.

FINANCIAL VIABILITY: 2.8

NGOs, particularly small ones with limited budgets, often use funds from local

FINANCIAL VIABILITY	
2003	2.8
2002	2.8
2001	2.5
2000	2.5
1999	2.5
1998	2.0

sources. Under the Law on Public Benefit Organizations and Volunteer Work, local government is required to prepare and implement co-operation programs. This means that at the basic level of local

administration, i.e. in communities, there will be over 2,500 programs in place. But acceptance of these programs by local governments itself does not ensure good co-operation in practice. There remains a need for hard work aimed at building genuine partnerships, and many efforts

have already been initiated. In the absence of systematic and clear legal arrangements, access to local government resources often depends on acquaintances, particular interests, or political commitments. This implies that transparency remains an issue, and that NGOs lack the unity to prevent such practices. During 2003 provisions requiring the announcement of competitions for public funds in the government's Public Information Bulletin, went into force, but so far, only a few agencies have used this to promote improvement in transparency.

The budgets of NGOs are becoming more diversified, but some financing sources (e.g. payments for the services provided) are not sufficiently exploited. This is mainly

due to problems and complications in starting and maintaining economic activities. As the new Law on Public Benefit Organizations and Volunteer Work takes effect, organizations that slowly introduce paid services may improve their financial position. The Act provides for so-called often of poor quality, and the use of external audits is rare. These shortcomings have caused serious internal problems for some NGOs.

It is worth noting that the increasing tendency on the part of foreign sponsors, in

“paid non-profit activity” that is not treated as traditional economic activity.

Many NGOs face challenges in financial management, but are unable to pay for professional advisory services. As a consequence, NGO financial statements are particular American sponsors, to phase out of Poland is being alleviated by the presence of the Polish-American Freedom Foundation and by the Trust for Civil Society which has recently initiated activity. The situation may change dramatically should structural funds become available.

ADVOCACY: 1.9

During the last year in Poland we have seen the emergence of several dozen “social dialogue institutions.” The creation

ADVOCACY

2003 1.9
2002 2.2
2001 2.0
2000 2.0
1999 2.5
1998 2.0

of these bodies may be a sign of the results from lobbying by NGOs, but may also be a result of requirements imposed by European Union. Aside from these events, NGO representatives

were often invited to participate in various consultative bodies, (e.g. the Forum for Non-Governmental Initiatives Association was a formal government partner in preparing the National Development Program to highlight the position of NGOs). The high demand for NGO sector expertise has revealed the shortage of organizations specializing in advocacy and public policy debate. However, improvement is expected since NGOs have often formed alliances for particular objectives, or leveraged resources between organizations from different regions. The need

to support the common interests of the non-governmental sector is becoming more evident, as the wide diversity of organizations in the sector recognize common problems (e.g. taxation issues) that require concerted action. The perceived necessity for collaboration to support the interests of the sector is one of the reasons behind the controversial decision, well-debated in among NGOs, to create and register the National Federation of Non-Governmental Organizations.

At the same time, there has been a visible improvement in the ability of NGOs to conduct popular campaigns on particular issues. A recent example, the campaign “Children Protected by Law”, led to significant changes to the way children are heard before courts. Campaigns and lobbying activities by issue organizations in ecology, human rights, gender equity, and disabled persons also occurred more frequently.

SERVICE PROVISION: 2.0

NGOs in Poland provide a wide portfolio of services. As the sector grows, the need to improve the quality of these services becomes more evident. Organizations too often are not aware of the demand for their services. Because they rarely charge fees for their services, they do not sufficiently analyze client needs, and often do not even record services provided. This has limited their ability to respond to changes

SERVICE PROVISION
2003 2.0
2002 2.1
2001 2.0
2000 2.0
1999 2.0

in demand or draw conclusions from data collected on the quality of their products. However, recent public opinion research indicated that 58 percent of Poles say that services are provided

more effectively by NGOs than by public administration. This relatively favourable opinion for NGOs may be more the result of poor public opinion on the effectiveness of public administration activities. An opinion poll reporting that 39 percent of Poles thought that NGOs are poorly organized and unprofessional may possibly confirm that conclusion. Another disturbing response reported that 53 percent of Poles felt that NGOs play no important role in solving serious social problems in the country.

Self-critical opinions from members of NGOs assessing the real extent and qual-

ity of NGO activity has been heard more often. This may change with the availability of resources from structural funds that could enable a rapid expansion in the scope and geographical outreach of services. At the same time, the availability of these funds is strictly dependent on meeting demanding quality standards. A contributing factor may also be provisions within the new Law on Public Benefit Organizations and Volunteer Work, which introduces competitive mechanisms in the field of public services provision. If they wish to, NGOs may take part in competitions for subsidies or contract services, including services that are currently solely provided by government. Keeping in mind the need to rationalize public expenditures and to reduce the size of government, there is a chance for greater participation by NGOs. The transfer of many services to be provided by NGOs will likely have a cost-saving effect but, more importantly, it should be accompanied by an improvement in the strength of the sector. The Law on Public Benefit Organizations and Volunteer Work also provides for multi-year contracts with NGOs that allows them to develop, test, and improve quality programs. These opportunities, however, may only positively affect those organizations that conduct publicly delivered services and apply for public support.

INFRASTRUCTURE: 1.9

The available infrastructure for Polish NGOs is well developed; though organizations located in more remote areas lack sufficient access to information, training courses, and other helpful resources.

Communication between the few existing NGO support organizations and their networks has been gradually improving, and new information channels have opened.

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Management of these NGO community structures has also visibly improved, and efforts have been taken to set out a consistent policy on NGO activity standards. The new portal for NGOs (www.ngo.pl) offers an extensive set of tools for information exchange and organizational improvement. The main

INFRASTRUCTURE

2003	1.9
2002	1.9
2001	2.0
2000	2.0
1999	2.0

problem of NGO infrastructure improvement organizations is their dependency on sponsors, most of which are foreign donors. There is still no general consensus on charging fees for information delivery.

There are a few good examples of NGO cooperation with business and government, but these remain exceptional. New requirements regarding the use of structural funds may bring about improvement in this.

PUBLIC IMAGE: 2.2

Opinions given by non-governmental organizations are cited with greater frequency in public debates. These are mainly opinions from think tanks, which the average listener seldom associates as representatives of the non-governmental sector. Over time there have been more programs and articles in mass media outlets that relate to non-governmental activities.

PUBLIC IMAGE

2003	2.3
2002	2.3
2001	2.0
2000	2.0
1999	2.0

At the same time, however, there is (especially in national-level media) a negative trend emerging: on the one hand, the media frequently presents representatives or opinions from a small group of well-known NGOs that have a positive image, and on the other hand, other NGOs are seemingly presented in connection with frauds and misconduct. Local media have shown to be more committed to focus on NGOs activities than their national counterparts.

Thanks to the mass media, non-governmental organizations have generally raised their public profiles, but a clear understanding and awareness among the general population still remains quite low. Steps taken by NGOs to acquaint wider audiences with the details of their activities through local communities and mass media representatives are insufficient. Preparations are under way among some NGOs to develop a framework for cooperation with mass media, but the effect this may have is yet unclear.

Self-regulation mechanisms among NGOs are also far from satisfying. An effort several years ago to establish a charter of rules has failed to be implemented across the sector. Only the leading organizations have internal ethical codes and/or publish annual reports. This self-regulation need may reduce with the implementation of the provisions within the Law on Public Benefit Organizations and Volunteer Work. Under the new law, organizations applying for the public benefit status are required to publish annual reports on their activities.