

In Pole Position

Reflections on the Study Visit to Community Foundations in Poland

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1. Background

The visit to Poland was my second in the series of study visits of community philanthropy professionals in Central European countries after Czech Republic. This time the team comprising 23 community philanthropy professionals from 15 countries was split into two groups. The overall trip took three days that included interviews, group discussions and reflections.

I was the part of the Group 2, that visited Biłgoraj Community Foundation, Leżajsk Community Foundation and the Czajnia Association in Tomaszow Lubelsky.

2. Introduction

The most important outcome of the study visits in Central European countries is the opportunity to compare the shape and appearance of community foundations emerged in different social and economic contexts through a variety of institutional development efforts undertaken by a wide set of national and international organizations, individual experts and practitioners. The region is extremely diverse, but at the same time there is deep historical interconnectedness of the peoples leaving in these countries torn by long-standing clash of East and West, which therefore determines the closeness of their generic mentality and value sets. In other words we all speak the “same language” (meaning the language of perception rather than communication) and we can well understand each other, which helped turning the variety of experiences into a productive blend.

Poland is special in many senses: centuries of power change, including points in history when the country virtually didn't exist, developed the type of the national character that is strong and flexible, and that bends and is hard to break. The unique and strong connection to the Catholic Church, which is not just a tradition, but the deep true faith, provides Poles with strong set of values that stands at the basis of nation's exceptional stamina. In the 80s the nation showed its sense of independence and freedom when it went in its protest against communism to the end and kicked off the complete collapse of the “socialist camp”.

The role of Catholic Church needs to be especially emphasized. Unlike the Orthodox Church that has traditionally been loyal to and dependent on the national state hierarchy, it has always had a *supranational* status that allowed it to stay aside from any national government and in countries with large portion of believers its influence on people's state of mind can't be underestimated. That provides a certain external control mechanisms on the government,

which is informal but very effective through making officials follow values that are shared by the majority of people. Such a combination adds an important extra balance of power within the society, which is missing in most Orthodox-centered countries, and creates a more sustainable basis for democracy.

A Thriving Country

The country is thriving and it was visible through the whole study visit: fields of crops, renovated and well-kept rural houses, excellently managed urban communities. Originally poor country with no reserves of natural resources or any other specific economic advantages now looks at the rise. The process of democratization that had started in Poland the 1980s has been steady and progressive ever since. Now clearly Poland is the land of middle-class small business – farms and enterprises predominantly owned by individual entrepreneurs, who form the foundation for the conservative democracy based on institutions and social contracts. If the newly discovered shale gas resources and the fast and easy money that will follow do not corrupt the society, the country has a chance to join the family of well-developed states, and it even has a better chance in view of the current economic crisis in Europe as Poles are used to live in accordance with the small means with no overwhelming reliance on the state services and welfare.

There is high migration of the young workforce to Western Europe, but it is purely economic (unlike Russian migration of getting away from no hope for social lifts on 90% of the country's territory), and with economy improving people tend to come back, but they come with new social experience and language knowledge that makes them more adapted economically and eventually leads to “changing climate” in communities.

Welfare and Loneliness

The other side of the “middle-class society” of small owners is its high level of pragmatism and individualization. It is generally positive from the point of view of economic development and the nation's stamina in the long run, but the attitude of “my life is my responsibility” creates a number of societal issues.

First is the *limited social and welfare support* provided by the state, which mostly stays away from issues like care for elderly and handicapped that is considered to be the responsibility of the family and relatives. A similar pragmatism is practiced when non-costeffective (with too little students) schools are closed down.

But a much higher price for individual freedom and smaller taxes is paid through the deep *sense of loneliness* that haunts people regardless of the type of community they live in and especially with age. It is a natural consequence of capitalism, which atomizes the society by providing individuals with personal independence. This is especially visible in Poland. I'm not sure if there have been any specific research on the sense of loneliness within people in different countries, but it is my personal experience to hear Polish people referring to loneliness as to one of the greatest social issue.

The Associational Life

Naturally people seek for response to loneliness in religion (Poland is the most religious country in Europe) and associational life, which is also extremely vibrant in Poland. Numerous political parties, business associations and nonprofit organizations absorb people's individual energy. "Two Poles have three opinions", a typical self-reflecting joke, makes a precise description of the social process in this country, which eventually helps people find the right decisions, ensure steady and gradual growth while building strong civil society, and develop common values that glue together the Nation.

When looking closer at the associational life in Polish communities one can notice that the associations are not so much focused on the purpose – the process itself makes even more meaning for people. Volunteerism, actionism, diversity – and fun – these are the terms that characterize the Polish associational sector. Money usually is not so important, but any that comes is well used.

A One Percent Shift

The effect of the "1% Law"¹ requires a special analysis and research, but some conclusion can be drawn from the empirical evidence of how the Law transforms the Polish nonprofit sector and its activities.

The first observation is that the "1% Law" got planted into the fertile soil the public attitude and the nature of the society, which can be summarized as follows:

- People pay taxes, care about where their taxes are spent, and don't like/trust the government;
- The active associational life provides both supply (people are ready to give, especially when "the money is lost anyway") and demand (there are large numbers of active and entrepreneurial nonprofit institutions, highly competent in PR and promotion);
- The lack of individual wealth and the prevalence of the middle-class.

The other side of the 1% is that nonprofits tend structure their mindsets towards it as the single (apart from the external funding) source of funding. Such perception is seriously transforming the sector, because getting 1% requires high visibility within wide audience and throws nonprofits in competition, thus demanding essential investments in PR and other skills that differ a lot from those of provision of social services.

¹ A legislation allowing individual taxpayers to use 1% of their income tax for charitable purposes

3. Community Foundations

*“Management is
doing things right,
leadership is doing
the right things.”*

Peter Drucker

The CF Duality

The above and the following analyses are based not only on a short study visit, but is also supported by a decade of cooperation with Polish CFs and the Polish Academy for the Development of Philanthropy (Further “the Academy”), and by participation in the V4 CF Maturity Program as a Board Member, and this long introduction was needed in order to take an attempt to better understand the roots of the type of community philanthropy and community foundations that emerged in Poland thus far.

As it is defined in the Polish CF Federation’s 2011 Report *“the ‘recipe’ for a Polish CF has several ingredients: a local leader, a strong coalition of institutions, outside support at the start, dedication to implementers and donors, and a good idea of how to come to an agreement with local community²”*.

This is a very precise description reflecting the reality. It is especially important that it is not built around “grantmaking”, “donor-service” and “endowment” that would most probably be expected in a community foundation statement, and this explicitly reveals **the duality of what is perceived by “community foundations”** in Poland. On the one hand, it is based on community activism, which can take any shape, form and style; on the other hand there in attempt to catch up with key characteristics of the model that make the CF concept a distinct movement in the nonprofit sector.

In fact the duality can be traced from the Peter Drucker’s phrase placed as epigraph in the beginning of the chapter about the management and the leadership. Everything starts around a person – a leader – *“doing the right thing”*, but when it comes to setting an organization the demand for *“doing things right”* becomes as important.

The CF concept is the vehicle that brings leadership and management together. The problem is that in the nonprofit sector the management part is often neglected as there is always a need to *act here and now*, to save lives and to help those who is the most in need. *“One saved life means everything”* mindset of most charitable institutions perceive the speculations on how to make life saving effective and to build complex and sophisticated assistance systems as cynical. Especially in contexts where people really die around and the social instability is a daily routine.

Another, and more sophisticated, problem is that in order to build sustainable helping mechanisms there is a need of engaging people who are generally not loved or even hated: the business and state elite – the rich people who are believed to have become rich by *“ripping off those who are currently in need”*.

² Shortened citation

The duality of the CF concept is therefore primarily rooted in complexity of marrying the passionate nature of a nonprofit leader with the business opportunism that is required to build a sustainable organization. Very often nonprofits start CFs believing that they finally can start earning and build endowments, but then they stumble over the need to frame the passion into pragmatic goal-setting and turn to daily management and service.

The duality of CFs in developing countries has specific roots of separate sources of funding that could be directed both to the “form” – the management, and the “content” – the leadership, where the “content” is supported locally, but funding for the “form” only comes from external sources.

Turning the duality of the form and content into the natural combination of organizational growth is the key task for the CF development.

The Polish Model

Polish CFs are definitely the type of leader-based organizations and an illustration of the *CF concept duality*, as they are based on the following core grounds.

- **A naturally well-developed associational life in communities** that serves as a good soil for the emergence of various community associations. The distinguishing feature of such associations is the focus on engagement in the form of actions rather than on targeting specific issues. The availability of EU funding turns active nonprofit associations into strong economic players and makes it a *significant and influential part of the local elite*.

The influence of nonprofits can be stunning, like in the case with the ***Czainja Association***: “the state wanted to close a village school, and we just decided to run it ourselves...” It is a clear example of the public-private partnership in the social field, which is still quite impossible in other contexts. The Association here simply solves the problem of the state obligation for sustaining educational institutions, as it can ignore certain restrictions and requirements for the school building and teachers. Perhaps it reduces the level and quality of education in this school, but it prevents the other option – its closure and consequent degradation of the whole village as it will lose an important center for social connections. It raises though a few rhetorical and practical questions, like:

- How the school will be sustained in the long run?
 - Is substituting the failure of state services generally the right approach for an NGO?
 - What strategic message an NGO can develop based on this example (attracting public attention to the public, making schools nonprofit organizations, etc.)?
- **A strong national CF support organization**, which through structuring its organizational development funding sends a key message of what a CF should look like and takes concrete efforts to make it to look like this. An opportunistic nature of the elitist community associations makes them sensitive to any funding that can potentially come

to communities and respond to that with what is required – starting grant and scholarship contests, raising local funds and starting up small endowments. The Academy has been extremely strategic and consistent in its approach to funding CFs, which helped build the national CF field from ground zero and made it growing. The consistency and formalization of the outcomes eventually leads to better understanding of why the requirements are needed and by being instrumental in implementing the CF principles, organizations learn how to use them for own advancement. At the same time it gets perceived that **to have the needed characteristics is more important than to use them.**

In Poland virtually every CF carries out “fun-PR” community projects and actions of the widest variety and creativity, and gives small grants and scholarships, which are very much uniform by nature and follow similar patterns throughout different CFs regardless of their size, the level of development and the type of community. Their basic nature is a “fundraising agency” for local topics or community groups with clear focus on getting the “1%”

The “1%” focus predefines not only the programs that CFs using actions, events, and billboards. It also develops specific financial schemes and relationships with local community groups and associations. For example the **Bilgoraj CF** has **22 affiliate funds** established by local institutions of various types and it provides a professional administrative platform for raising the “1%” funds and channels them to nonprofits that are too small to get registered as “1%” eligible entities and too under-resourced to organize the adequate PR.

This setup is not totally unique in the CF world (see, for example, the *supporting organizations*³ in the US, that are often managed by CFs), but it is definitely quite special for the CEE countries. This approach not only helps **interconnect key community players horizontally**, but also creates a certain economic model adapted to the “1%” environment – when small NGOs learn to promote themselves and by doing that also promote the CF.

The other side of it is the focus on small massive donations, which requires clear, easily-understandable and therefore standard messages and programs, in order to engage the widest public. From the point of view of community involvement, which requires customized individual approach (and what CFs are basically designed for), this approach **undermines vertical connection between local elites and issues.**

Back to the Business Model

The horizontal interconnection is crucial for the development of community philanthropy as it creates the sense of ownership and unity among people and develops an idea of the purpose –

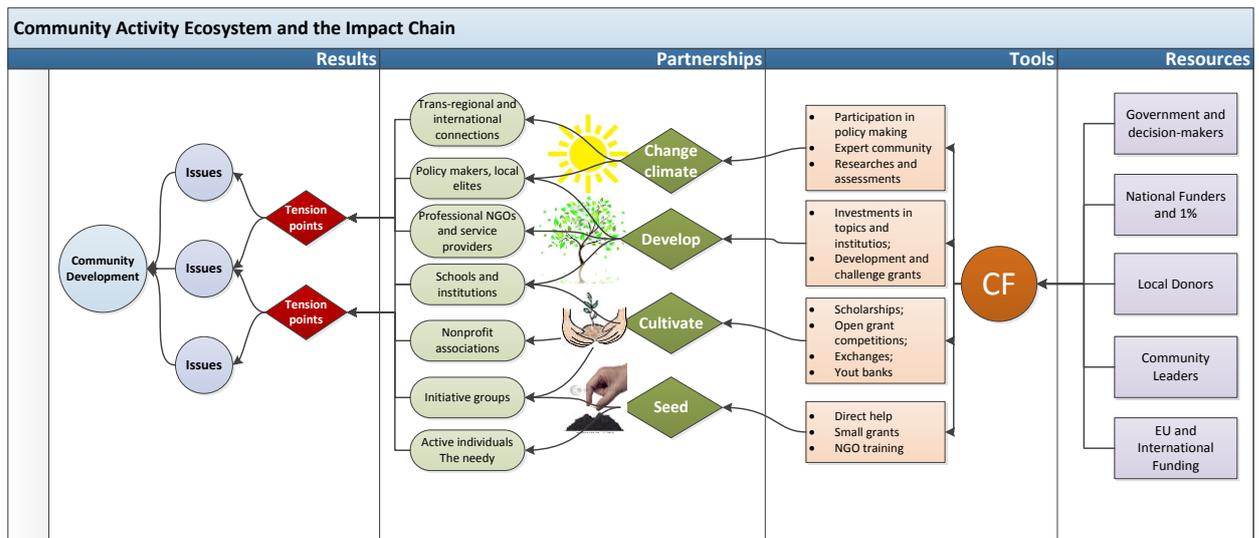
³ A supporting organization is a specific type of public charity. All 501(c)(3) organizations are considered private foundations unless they qualify as public charities. It can be to a nonprofit's advantage to be a public charity; private foundations are more closely scrutinized, regulated, and taxed than public charities. The thinking that underpins this regulatory framework is that the donating public will "discipline" public charities far more efficiently than government oversight can. (<http://www.guidestar.org/rxa/news/articles/2007/brief-overview-of-supporting-organizations.aspx>)

“what we can change if we act together”. The issue with that approach is that the number of community problems, tasks, requests is so large and diverse that by mobilizing resources for addressing one issue, the other stays neglected or a new one arises. Encompassing a diversity of needs and setting holistic goals for community development requires **vertical integration of tools and resources**, with clear processes and result indicators.

How a small philanthropic organization can address a diverse range of community issues and how it can communicate its capacity to do it to?

The answer is in its ability to create partnerships on different levels and therefore ensure informational blend that allows not only identifying real community issues, but also the **tension points** that stand at their core. As any social issue has multifaceted nature, a CF through its multiplicity of instruments and bigger picture view can identify the points that are created by the combination of various social, economic, ethnic, etc., factors, and by impacting these points address chronic community problems.

The involvement of both horizontal connections, as well as local and external donors and partners, researches and scholars, helps understand the Ecosystem of community activity and thus see connections and intersections. This also gives us the picture of understanding what grantmaking is, which basically says: “don’t do it with your own hands”.



What does this Ecosystem picture tells about? First of all it shows the **importance of “unfocusing” before finding the focus**. In order to keep its place and niche in the community the CF needs to be always searching, testing and experimenting trying all sorts of opportunities and knowledge. It can also change tools and approaches dynamically – for example, at one point of time there is a need to increase the number of initiatives from nonprofit organizations and civic groups, at the other – the need to influence authorities to improve ‘the climate’ in terms of policies and regulations. A CF should have mechanisms for acting at different levels using various approaches including grants, scholarships, training and own projects in systematic and interconnected manner, and be able to change finding new solutions and ideas. There will always be dilemmas what to focus on and what to do next, and the crucial point is not to focus on specific issues, but on finding the tension points.

The good example is the **Lezajsk CF** that launched the workshop of traditional craftsmanship (as the CF is based on the Community Center of Culture and Readership this idea came quite naturally), which then expanded to the Ecomuseum and became a touristic landmark of the region. The tension point here was the need to find alternative economic solutions for the community after the closure of the local textile factory. The Ecomuseum, as a result, became the local development point that also facilitated the connection with neighboring communities. The important thing for the CF, however, is to keep from becoming an “organization of the workshop” and to keep on searching for new ideas, solutions and resources.

Another example of finding a *tension point* is the research organized by **Czainja Association** on the attitudes of local businesses to giving, which showed that most businessmen think that they are perceived by the community as “bad capitalists” that in fact was not the truth at all. The unique outcome of this knowledge is that while most people believe that it is important to raise the capacity of local NGOs to start approaching the elite for raising money, the reality is that there is a need to improve the businessmen’s self-esteem in order to communicate with community, which can definitely be leveraged through engaging them in philanthropy.

Identification of the tension points is not only the matter of specific evaluations and research, but it can be embedded in routine programs through setting broad goals and thinking in categories of multiplicity of instruments. For example if we look at the possible tension points of the youth then it will probably be the outflow of young people to bigger cities. The scholarships provided by CFs are just one of the ways to address this issue, as they target only a portion of the constituency, but in order to ensure the effect the youth issues should be looked at from different points of view – from leisure time to opportunities for creativity and self-actualization. This will allow identifying the target groups of beneficiaries and potential donors, and while questioning them the answers might be unexpected, as all parents who want their children to stay home are potential donors and beneficiaries simultaneously. Many parents might *want their children to leave* which is good for children but bad for the community, then the impact should target at changing people’s attitudes to their community and to the opportunities that it provides for their children. This will help to connect directly people and the community and most probably people will be eager to pay for this.

Knowing the tension points helps not only to understand the most burning needs of the community, but also to reduce the costs of interference and to receive the money instead of paying it.

The Endowment Question

The Polish CFs have been very effective in developing endowments. Followed by the Academy’s challenge grants a number of CFs started building endowments and some have achieved remarkable results. The Bilgoraj CF is the obvious leader as not only it accumulated significant EUR 250K, but it also made the endowment a working tool for managing its affiliated funds and now gets most of grantmaking funds from the investment interest. This fact is a real success story and by itself tells about the need for building endowments, but still there is a need to further ask more questions.

The success in endowment building was usually related to the external “push” in the form of challenge grants and their induction went through CF leaders’ huge fundraising efforts, which normally can take place only once. The fortunate extra option for Polish CFs is the “1%” channel that provides unrestricted funds for eligible organizations.

The question however is different – can at all the endowment be used for attracting private funding in smaller communities, in order to make personal perpetuate funds?

The encouraging message came from the conversation with Tomas Krejci, the Usti CF, Czech Republic, who issued his own will to bequeath his flat to the foundation. This gesture attracted other people in Usti community to also write the wills, even though most of them were young.

The concept of endowment can be to a certain extent related to the concept of the faith. Not so much to the Faith to God (although this is important too), but to the belief that the future will be better (or will at all be) and that the end of the world will not come, but more important it is related the faith in the political system that ensures steady growth and consistency of the property rights. There are different views on why after-death donations work so well in the United States. Some refer it to the Protestantism (which is true to some extent), but there is a much stronger faith that this nation is dedicated to – the faith in the US Constitution, which hasn’t changed for 225 years and makes people believe that rules will not change forever. Compare it with Russia, where at will of one person, any law, any bank and any fortune can be simply cancelled.

To the contrary, Poland has all chances to build as strong system as the United States. Therefore, I would like to challenge the Polish CF leaders to think on the following:

1. Will they themselves ever be ready to write a will for donating substantial property (like house) to their foundation?
2. Can they think of anyone in their community who would be able to do it?
3. What is needed to be done to identify and engage such people?

This is exactly the tension point that should be looked at and the answers might surprise.

In Pole Position

The three visited CFs provided a good overview (which was also enriched through the reflections of the second study group that visited the “castle-based” CFs) of the Polish CFs and gave a good idea of the environment and the driving forces that shape the “Polish CF model”.

There are many ways of evaluating the effectiveness of programs and organizations, but there is one universal criterion that predefines their success and growth – the *desire* to accomplish, to develop, and to grow, and this is what we observed in every community that we visited in Poland. The desire and aspiration fills the activities and programs of the community foundations that we visited.

If we generally look at Polish CFs then, unlike the picture in Czech Republic, with all the differences we shall find mostly similarly structured organizations with the following features:

Pros:

- Strong leadership and perfect horizontal interconnections throughout the community;
- Knowledge of local assets;
- Healthy opportunism in searching for income;
- Strong national network.

Cons:

- Duality in perception of the form and content and “easy” attitude towards structuring the organization;
- Inclination towards “surface” look at community issues as opposed to “getting to the core”;
- Focus on massive donations and “1%” PR;
- As a result, no direct connection between elite and community issues and the lack of donor-driven programs.

Basically it is clear where the Polish CFs need to be moving towards – addressing the duality and develop mechanisms for identifying community “tension points” that will help to connect people/the elite with community issues. Otherwise, the Polish CFs formed the model that is capable to absorb people’s energy and aspirations. The changes that are needed to be made are feasible on these basic preconditions; and along with favorable environment this places the Polish CFs in ***Pole Position*** in advancing the CF concept in CEE countries not on the individual level, but as a strong movement of infrastructural organizations naturally integrated and interconnected within the communities and in the national environment.