

Philanthropy in Poland



How Do the Wealthiest Poles Give?



Between April and July 2011, the Homo Homini Research Institute commissioned by the Foundation for Poland, undertook a study of philanthropic attitudes and patterns of the wealthiest Poles.

Funded by the Banque de Luxembourg and implemented under the auspices of the Business Centre Club, the project aimed at:

- **Understanding the motivation for and the scale and type of philanthropic engagement amongst the wealthiest Poles;**
- **Identifying the environment and conditions for individual philanthropy to grow in Poland.**

The face-to-face interviews included 14 representatives of the top 100 list (according to Forbes and WPROST magazines).

The analysis was undertaken within the Individual Philanthropy Program supported by the Trust for Civil Society in Central and Eastern Europe.

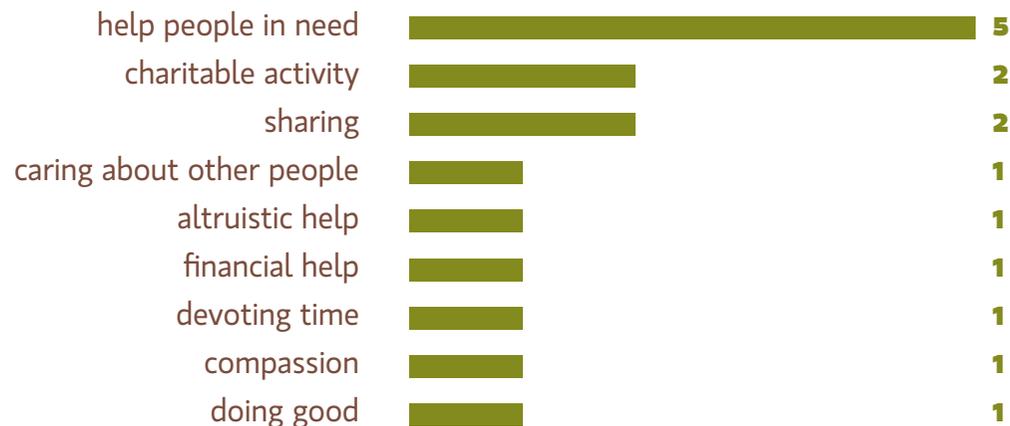
We would like to thank all those who gave their time to take part in the study and we have a great pleasure in presenting the key findings.

What is Philanthropy?

The concept of philanthropy has various meanings to wealthy Poles. Most associate it with helping others, especially those who are not capable of helping themselves.

Donors consistently believe that everyone should help others to the best of one's capacity; in that context they often mention volunteering.

PHILANTHROPY IS:



” *This is a fairly complex concept; obviously the first simple association I have is extending help to other people; not just materially but also in terms of life hints.*

Motivations

Wealthy individuals engage in philanthropy for a number of reasons. The most frequently reported motivations are:

- > **Willingness to help others** – the sense of the need to help other people who are less lucky or unable to cope in life
- > **Satisfaction** – need to feel a better person
- > **Gratitude** – moral obligation to reciprocate help experienced in the past
- > **Personal experience** – critical life situations which have changed one's priorities

MOTIVATION BEHIND PHILANTHROPY



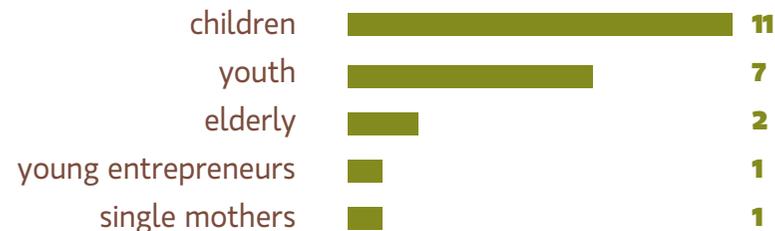
” *It is like a need to share with those who are not capable of coping in life.*

Target Groups

Donors unanimously state that **children and youth** are the two groups that should be supported in the first place. They list treatment of ill children, improving living conditions and providing equal education opportunities to children and young people from disadvantaged families.

Furthermore, they believe it is essential that help is provided to talented youth as this is the society at large that benefits from investing in young people's development.

BENEFICIARIES OF PHILANTROPY



” *I don't think I'll be original if I say that the most ...rewarding – wrong word, perhaps – group that should be supported are children because they will not help themselves. This group should receive special attention.*

Expected Outcomes

When giving, wealthy Poles expect certain outcomes. They believe that in order that the philanthropy makes sense, the outcomes should be meaningful and sustainable. In particular they expect to see:

- **Self-reliance** by a person who received support. It is essential that the beneficiary makes a good use of the support and can “stand on his/her own feet”.
- **Change in public perception and attitudes.** Donors stress the importance of changing public attitudes to specific social issues they are trying to solve, e.g. employment of mentally disabled people.

In addition, some donors admit they themselves can indirectly benefit from their philanthropy engagement. They believe someone will help them if they should experience hardship. They also hope their good work will benefit their business, which may be of particular importance in economic downturns.

” *If you didn't expect anything from it you wouldn't do anything, would you? (...)
It's like “sowing plague”,
I mean positive attitudes. It's all about changing people's perceptions.*

Philanthropy Engagement

All donors who took part in the study help others. In most cases they work through their foundations.

TYPES OF PHILANTHROPIC ENGAGEMENT

„hybrid” foundations		4
family foundations		3
corporate foundations		3
other		4

Family foundation – established by an individual and/or his/her family and funded and supervised predominantly by the founders;

Corporate foundation – established by owners of a business, primarily funded from corporate resources and often leveraged against the corporate brand;

‘Hybrid’ foundation – funded from a variety of sources, including the corporate fund, the founder’s private assets and other donors. The level of the founders’ involvement in operations differs.)

Foundations of the Wealthiest Poles

Causes

Causes supported by **family foundations** are much more likely than in other foundation types to reflect the personal interests of their founders. Largely, they directly target individual needs of:

- > **ill children;**
- > **talented youth (including young researchers);**
- > **people with disabilities.**

Family foundations provide grants and scholarships directly to individuals, reimburse cost of their medical treatment; they rarely support the work of other organisations or institutions.

'Hybrid' foundations operate in a similar fashion to **corporate foundations**. Mainly, they act through a variety of intermediary organisations that are engaged in education, health and social care. They also provide financial support to cultural, education and sports projects. Major target groups include:

- > **children**
- > **youth**

'Hybrid' and corporate foundations mainly operate through making grants to other institutions.

Foundations of the Wealthiest Poles

Funding Sources

Family foundations are mainly funded from their founder's private assets or income from the investments of the foundations' capital. At the same time some foundations also seek other sources of funding, in particular:

- **Donations from private individuals and organisations;**
- **'1% tax' donated to public benefit organisations.**

Corporate and 'hybrid' foundations use more diversified funding sources, including:

- **Donations from the founders' corporations;**
- **Fund-raising campaigns and auctions;**
- **Charity events (e.g. concerts, charity balls);**
- **Donations from private individuals;**
- **'1% tax' donated to public benefit organisations.**

Corporate foundations also leverage the brand identity of their underlying corporations to raise additional funds via media campaigns.

'Hybrid' foundations might receive donations from their founders, some of them also conduct business activities.

Advantages of Foundations as Vehicles of Philanthropy

Individuals who have made a choice to start their own foundations tend to emphasise that this form offers the essential advantage of a structured approach which facilitates decision making, planning and co-ordination.

Donors tend to approach their foundations as their business claiming there are no major differences in managing a foundation and a company. This makes them focus strongly on the way their foundations are managed.

In their view a **stable structure** is essential to ensure efficient management of operations; a strong management is vital for the overall supervision of all projects and activities; projects must be implemented by a competent staff.

Where they see differences are the goals and objectives of the two types of organisations: a business is designed to maximise profit – a foundation is expected to implement its mission and adequately run its projects, which includes efficient use of funds.

” *I have seen many cases of wasted talent and missed opportunities. Ad hoc charity, though still needed, has not solved the problems for ever. I have been looking for a comprehensive system to restore people’s confidence in others. That was exactly what made me start my Foundation (...).*

Other Types of Engagement of Wealthy Poles and Their Families

Beside managing a foundation donors often engage in philanthropy in a different way. They usually do it spontaneously, acting on an impulse whenever they see someone in need. They often make their companies get involved in such initiatives mainly by providing assistance in emergency situations; some of their corporations have implemented regular CSR programs.

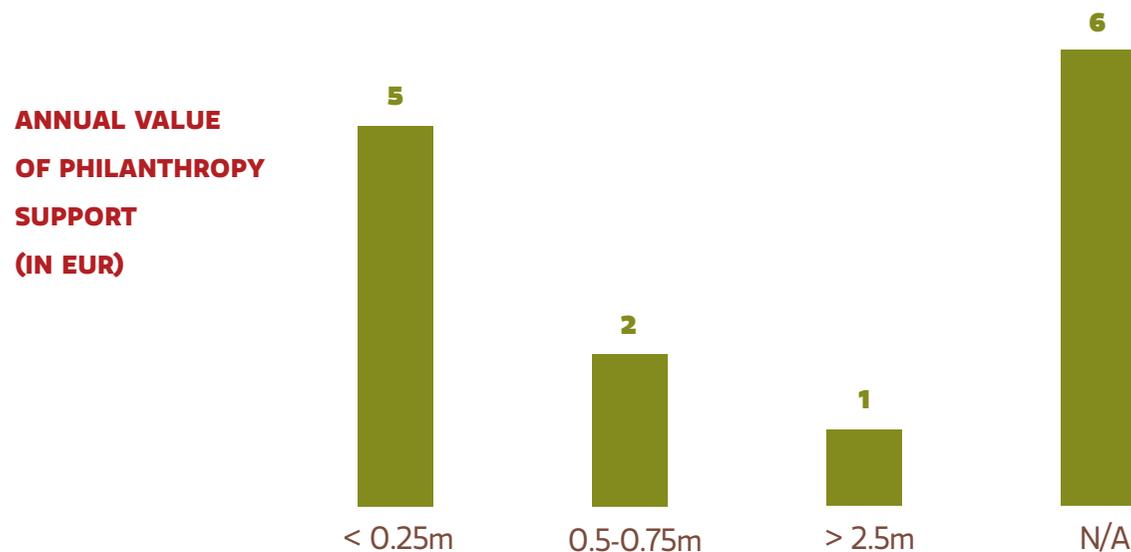
Wealthy individuals who have not built their own foundations still do attempt to engage in philanthropy in a number of ways. They usually act through their businesses, including:

- Ad-hoc financial support to affected groups or organisations (e.g. rebuilding areas affected by floods);
- Free advertising space;
- Donations to charities (e.g. grants to schools, care centres for disabled children);
- Personal involvement (by offering both money and time) in other foundations which they have not created but with which missions they identify.

Families of wealthy Poles engage in philanthropy in a number of ways. Philanthropists' spouses usually share their partners' interests in community affairs and take active part in various initiatives, especially by working in their foundations. The younger generation, however, exhibits a different pattern. By and large, young people as yet do not take particular interest in philanthropy. Only some get involved in their parents' foundations, mainly as volunteers. This pattern is often explained by the young age of the philanthropists' children.

How much is given by wealthy Poles?

Donors are generally reluctant to disclose the scale of their giving. In most cases it is related to the reluctance to boast about it (financial information was mainly disclosed by donors who run foundations).



Control and Monitoring

The majority of donors want to be sure their money is properly spent.

Major factors for them are:

- > Adequate assessment of the genuine needs of the community which is to benefit from their support;
- > Thorough verification of the beneficiaries;
- > Adequate proportion between operational and administrative costs and direct grants to beneficiaries.

In addition, individuals who have established their own foundations want to maintain regular control of their operations; they stay in touch with the foundation staff, influence priorities and, in some cases, even the day-to-day operations.

” *Clearly, it is important to us and this is why we don't want to support people who just apply and then disappear. We want to know how our money is spent.*

Philanthropy and Stereotypes

The study suggests that most donors feel that the society has a negative perception of both philanthropy and philanthropists.

Donors point to a common belief that a philanthropist is someone who wants to make a good deal out of helping others, or else one would not give up his/her money. In this contexts, donors stress the general suspicion around the sources of the assets contributed to philanthropy.

At best, philanthropy is described as a whim of a person who *'has everything and is now playing a philanthropist'*.

” *Something has gone wrong if such words as 'foundation' or 'donor' do not convey a positive energy or add prestige.*

Other Philanthropy De-motivators

According to donors the negative public perception of philanthropy and the suspiciousness towards individuals who want to contribute their own assets to help others is coupled by other three de-motivators such as:

Subject too Difficult

A number of respondents have pointed out they are reluctant to engage personally in helping disadvantaged people suffering from illness, poverty, violence etc. The majority are willing to support projects that trigger positive associations and are likely to make a visible difference in the community.

Publicity

Excessive publicity around philanthropic engagement often attracts public and media attention to donors. They feel it often leads to publicity around their business rather than their community agenda, the quest for negative stories and unfair excessive coverage.

Lack of Knowledge and Competence

Philanthropy requires knowledge of how and who should or could be supported. Donors hold a view that forming a professional team to manage their philanthropy work poses a serious challenge.

” *It seems to me that some of the causes the foundation focuses on are difficult (...) the positive ideas are quite likely to raise funds as opposed to ideas that fail to produce positive connotations.*

External Conditions to Successful Growth of Individual Philanthropy in Poland

Wealthy Poles list two major conditions they believe should be met to encourage individuals giving:

Favourable Legal and Tax Environment:

Most donors claim that the current legal and tax environment does not provide sufficient motivation for philanthropy engagement and this is both true for tax incentives and investments of the capital. Some donors have called for a simplification of reporting procedures.

Promotion of Philanthropy Attitudes:

Donors see a major knowledge gap with respect to philanthropy in Polish society. This applies both to adult and younger generation. They believe two things must happen to change the perception of philanthropy in the country:

- Implementation of **education programs** promoting philanthropy amongst children and youth;
- **More open-minded media** to cover community and social affairs.

” *I wish it could be easier, legally speaking, so that we can use simple legal structures which wouldn't block us.*

20 years ago if you saw someone in a wheelchair you could see children looking strangely at the person which is today no longer the case; media talk about this world more and more and when we get accustomed to people in wheelchairs we will be better persons.

Expected Support

Many donors are of the opinion that philanthropy could develop faster if **the state administration were more cooperative**. Respondents have mentioned the general mistrust towards charities and foundations, which translates into the reluctance among individuals to creating their own organisations.

Some individuals who manage their foundations do expect additional support. They believe that while their foundations make significant contributions, there should be **institutions to represent their interests** in government and parliament.

Some donors have indicated that there is a need to provide incentives to smaller charities by allowing a **simplified financial reporting and accounting** and e.g. by appointing liaison officers in Inland Revenue. They believe it would contribute towards a better understanding and improving mutual relations between the public administration and organisations.

” *I think smaller foundations should be helped(...). Legislation could perhaps be amended to lift some of the burdens in terms of reporting.*

How Do the Wealthiest Poles Help Others? Summary

What motivates them and who do they help?

- Donors help others because they feel **they need to contribute** and share their success, but also for personal satisfaction.
- They care for the **younger generation** – children and youth as they believe it is the best investment.
- Their philanthropy focus mostly on **relief** work – eradicating poverty and enabling equal opportunities for disadvantaged groups. They are much less likely to support innovative projects aiming at sustainable social development.

How do they engage?

- Many donors work through their **foundations**. Equally often, however, they spontaneously, ad-hoc engage in initiatives reacting to emerging needs.
- They often **fail to see the difference between their private assets and the assets of companies** they run in line with a motto 'the company, it is me'. Therefore, it does not matter to them if philanthropy contributions come from their corporate or personal assets.
- **Their approach to philanthropy is very much like to business**: based on planning, run by a professional team, with overall control of the operations.

What Would They Like to See Changed?

- One of the fundamental challenges to the growth of individual philanthropy in Poland is the **perception of philanthropy and philanthropists**, commonly viewed with suspicion and mistrust. Therefore they believe the key focus should be on:
 - **Promoting philanthropic attitudes** in the younger generation;
 - Acting towards a **greater involvement of the media in disseminating good philanthropic practice**.
- Being aware of the importance of legal and administrative aspects of philanthropy, donors advocate for **more favourable legal and tax frameworks** to evoke **greater generosity amongst Poles**.

About Partners

Banque de Luxembourg, established in Luxembourg in 1920, is one of the most important financial institutions in the country. It has always focused on an international clientele of private individuals, entrepreneurs and wealthy families. Its ability to meet the needs of family situations and people with multi-jurisdictional interests is the hallmark of its approach. The Bank provides its customers with comprehensive support at every stage of their lives, including helping them to bring to fruition their philanthropic projects.

Business Centre Club was founded in 1991 as a multilevel organization supporting enterprise in Poland. BCC is an elitist business club and the biggest private employer organization in Poland. BCC affiliates over 2,500 members – entrepreneurs and companies (chiefly private-owned), jointly controlling \$30 billion in capital and employing 600,000 people. BCC also affiliates lawyers, journalists, scientists, publishers, physicians, members of the military and students.

Foundation for Poland was established in 1990 and is one of the oldest active foundations in Poland. Its goal is to initiate various forms of social activities supporting individuals and institutions in their philanthropic work. It offers philanthropy advice, assists in establishing and managing of donor-advised funds and family foundations. The Foundation also operates its own programs aimed at combating poverty and social exclusion.

Homo Homini Research Institute was founded in 2007. It specializes in comprehensive studies of public opinion and markets. It is the fastest growing Polish public opinion research brand. The Institute conducted a number of prestigious research projects, among others for the Chancellery of the Prime Minister, the Ministry of Justice, public and private TV and Radio stations.

Trust for Civil Society in Central & Eastern Europe (the “CEE Trust”) was launched in 2001 as an independent public charity organization with endowment support from a group of American private grant-making foundations. The CEE Trust promotes the development of civil societies in Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia; therefore, it has been conceived as a mechanism for helping the transition to independent, active and viable networks of organizations and citizens, working for the public good.



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