

Polish-American Freedom Foundation



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LETTER FROM THE PAFF LEADERSHIP

We are pleased to present the Annual Report of the Polish-American Freedom Foundation outlining the Foundation's program activities in 2009 as well as financial statements and the auditor's evaluation.

While this publication was completed in May 2010 and falls outside the scope of a formal Report, we wish to mention that this year marks the 10th anniversary of the Polish-American Freedom Foundation's activity. It coincides with the 20th anniversary of the Polish-American Enterprise Fund; the institution that established and funded our Foundation.

In the 1990s, the Enterprise Fund, set up by the US Congress, supported the emerging free-market economy in Poland. As a result of its successful loans and investments, the Fund was able to return half of the initial grant to the US treasury. The remaining amount, together with the profits created by the Fund, was transferred to the Foundation's endowment, which now exceeds \$250 million. By May 2010, the Foundation had disbursed nearly \$90 million for its initiatives including 18,000 scholarships, 6,000 local projects involving hundreds of thousands of people, training for 17,000 NGO leaders and staff, courses for 34,000 teachers as well as numerous study visits to Poland in which more than 3,200 people from such countries as Ukraine, Belarus, Russia, Georgia and Moldova took part.

We celebrated the Foundation's achievements at our 10th anniversary conference on May 14th, 2010, in Warsaw. Among those honoring the celebration with their presence were the Parliament Speaker and Acting President Bronisław Komorowski, Prime Minister Donald Tusk as well as Ministers Katarzyna Hall, Radosław Sikorski, Krzysztof Kwiatkowski and Michał Boni. Also participating were the Foundation's Partners, i.e., NGOs implementing our programs, leaders of local grant organizations, representatives of schools and libraries, graduates of the Foundation's programs, organizers of local initiatives and their tutors as well as many other Friends and Collaborators.

Among the special guests were American astronauts who visited Poland to meet young people as part of PAFF's educational programs. During the celebration, messages with congratulations were presented from US President Barack Obama, Chairman of the European Parliament Jerzy Buzek as well as former Polish Presidents: Lech Wałęsa and Aleksander Kwaśniewski.

Over the past decade the Foundation has focused on four areas of activity: equal educational opportunities and quality of education, encouragement and development of local communities, the citizen in a democratic state of law, and sharing Poland's experiences in reforms – thus reflecting the dual mission with which the Foundation began its activities. On the one hand, it lent support to the changes launched in Poland in 1989 – strengthening civil society, democracy and the market economy. On the other, it helped share with other countries of Central and Eastern Europe the experiences gained during the course of Polish transformation.

As in previous years, in 2009 we focused on educational initiatives involving numerous new projects. One of them, the Teachers On-line Academy, was established as part of the "Learning Schools" Program to provide long-distance training for teachers of schools of every type and level. This is the largest undertaking of its kind in Poland; it makes use of e-learning and coaching to encourage and prepare teachers for more effective work with pupils.

We have also developed other pilot initiatives to improve the competencies of teachers in rural areas and small towns. For the first time in 2009, under the auspices of the "English Teaching" Program, several participants

attended the TESOL Summer Institute, organized by Gonzaga University of Spokane, Washington. For more than three weeks, Polish teachers honed their teaching skills and had an opportunity to put into practice the theories they had learned.

We have also expanded the "Third Age Universities" Program to encourage participants wishing to engage in social initiatives to take part in workshops where they meet people who have already carried out similar projects. They learn how to develop various undertakings in their local communities.

We are gratified with the continued development of our "Bridge Scholarships" Program which grants first-year scholarships to gifted young people from small towns and rural areas so that they may pursue higher education. From the Program's inception, more than 10,000 first-year scholarships have been awarded. High-performing students are also offered assistance in subsequent academic years through the Top Student competition, the corporate scholarship program, the Study Abroad initiative and doctoral scholarships. Four editions of the Diploma of Dreams campaign have been implemented, and as a result 91 new NGOs have become involved in providing assistance to 1,412 additional scholarship recipients. A new initiative has arisen from the Program – Language Scholarships to fund year-long language courses and examinations.

The "Equal Opportunities" Program continued to inspire local communities to engage in efforts addressed to youngsters and adolescents. Over the course of nine editions, 1,437 educational projects have been implemented attracting nearly 116,000 pupils. 140 local NGOs have emerged from these initiatives. In 2009, for the first time an All-Poland Equal Opportunities Forum was organized providing a broader platform for discussing the issues of young people.

Among our initiatives serving to strengthen civil society was the "PAFF Local Partnerships" pilot Program, carried out in 16 communes. Its purpose was to encourage cooperation among various PAFF programs' beneficiaries; the initiative has been a success and it is being continued.

Last year's most significant development was our agreement with the world's largest private grant-making institution, the Bill and Melinda Gates Foundation, to launch the Library Development Program, for which the Gates Foundation has earmarked some \$30 million. Thanks to this PAFF is now assisting public libraries in villages and small towns in their transformation into modern, multi-purpose information, culture, education and civic activity centers. For this purpose PAFF has established the Information Society Development Foundation.

Among the Program-related major achievements is the conclusion of a three-year agreement between the Ministry of Culture and National Heritage, the Ministry of Interior and Administration, the Information Society Development Foundation and the Telekomunikacja Polska Group, under which the TP Group offers free Internet access to all public libraries in Poland and exempts them from subscription fees.

Another important initiative has been the establishment of Regional Partnerships for Library Development: a series of trilateral cooperation agreements between voivodes (provincial governors), voivodship marshals and the Information Society Development Foundation. These partnerships may also be joined by other institutions important to a region's development such as schools of higher learning, NGOs, business organizations and educational centers. As of May 2010, agreements have been finalized in 15 voivodships.

PAFF continued its initiatives designed to share Poland's transformation experiences with other countries to the East. In addition to the "Region in Transition" Program (RITA), the circle of Lane Kirkland Scholarship recipients has now grown to 425. They are young women and men from Eastern Europe and Central Asia interested in acquiring knowledge to help strengthen the market economy, democracy, the rule of law and civil societies in their respective countries.

We note with satisfaction that in 2009 the Unit for Social Innovation and Research "Shipyard" was established to combine the theory and practice of social initiatives. This new institution, co-founded by the Polish-American Freedom Foundation, helps monitor and evaluate the Foundation's programs and offers insights that may improve the efforts of the Foundation and other NGOs.

At the end of the reporting period, we would like to thank our Partners, Collaborators and all those institutions and organizations involved in PAFF's program activities. We extend our particular thanks to the Members of the Board of Directors for their invaluable knowledge, advice and support. And, we would like to cordially welcome Ms. Carla H. Skodinski to the Board.

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John P. Birkelund Chairman of the Board of Directors

Jo Zin.

Jerzy Koźmiński President and Chief Executive Officer

New York/Warsaw, May 2010

THE FOUNDATION'S PROGRAMMATIC FIELDS

INITIATIVES IN EDUCATION



- > POLISH EDUCATIONAL PORTAL "INTERKL@SA"
- > ENGLISH TEACHING (ET)
- > EQUAL OPPORTUNITIES
- > THE LEARNING SCHOOLS (LES)
- > PROJECTOR STUDENT VOLUNTEERS
- > ENTREPRENEURSHIP EDUCATION
- > BRIDGE SCHOLARSHIPS
- > FOR CHILDREN
- > THIRD AGE UNIVERSITIES (TAU)

DEVELOPMENT OF LOCAL COMMUNITIES



- > ACT LOCALLY
- > SUPPORT FOR NGOS
- > PAFF LEADERS
- > WORK IN POLAND
- > VILLAGE IN TRANSITION (e-VITA)
- > "PRO PUBLICO BONO" COMPETITION
- > LIBRARY DEVELOPMENT PROGRAM
- > PAFF LOCAL PARTNERSHIPS
- > CITIZEN AND LAW

SHARING THE POLISH EXPERIENCES IN TRANSFORMATION



> THE LANE KIRKLAND SCHOLARSHIPS> REGION IN TRANSITION (RITA)

TENTH YEAR OF OPERATION

\rightarrow Initiatives in Education

- > POLISH EDUCATIONAL PORTAL "INTERKL@SA"
- > ENGLISH TEACHING (ET)
- > EQUAL OPPORTUNITIES
- > THE LEARNING SCHOOLS (LES)
- > PROJECTOR STUDENT VOLUNTEERS
- > ENTREPRENEURSHIP EDUCATION
- > BRIDGE SCHOLARSHIPS
- > FOR CHILDREN
- > THIRD AGE UNIVERSITIES (TAU)



TENTH YEAR OF OPERATION

Initiatives in Education

POLISH EDUCATIONAL PORTAL "INTERKL@SA"

→ One of the first non-commercial, educational portals in Poland addressed to pupils, teachers and parents has been operating since 2001. It is a joint undertaking between the Polish-American Freedom Foundation and the Interkl@sa Initiative. The modern technological infrastructure is provided by the Poznań Supercomputing and Networking Center (Poznańskie Centrum Superkomputerowo-Sieciowe).

The intention of the Portal's editorial staff is the modernization of education as well as the promotion of equal educational opportunities for schoolchildren from various environments. The Portal offers a wealth of educational resources and multimedia teaching aids (a Multimedia Library): readings, tests, several hundred lesson scenarios, thematic services - e.g. "Frantice" (dedicated to learning and teaching French). The Portal's editorial staff organizes educational competitions and, in cooperation with the "European Schoolnet", provides information on European school projects. It also offers additional services, such as e-mail, chat rooms, and a forum. Additionally, it provides access to a Virtual Classroom (long-distance learning and teaching aid) and an Interactive Map of Schools - offering a database of over 30,000 educational institutions in Poland. Registered users may use the Portal's blogging service and keep their own journals. A noteworthy benefit for users was the introduction in 2009 of a new search-engine based on Google Technology.

In 2009, the Portal recorded an average of 4.6 million hits a month. The weekly electronic bulletin is received by nearly 29,000 registered users.

The educational activities and resources of the "Interkl@sa" Portal have been recognized by periodicals and organizations specializing in modern information technologies. It was honored with the Safe Website Certificate, awarded by the service www.sieciaki.pl and the Child-Friendly Website title bestowed by the kidprotect.pl Foundation. It was also chosen by the "Komputer Świat" magazine as the best and most interesting Polish educational site (in 2004 and in 2007). In 2007 it won, in the "Education" category, the "Webstarfestival" contest promoting the best Internet projects.

ightarrow PAFF granted a total of

\$2,364,861 for the Program including \$165,634 in 2009.

 \rightarrow Program Managers:

- Poznań Supercomputing and Networking Center
- Polish Educational Portal "Interkl@sa" Foundation (since April 2010)
- → more information at: www.interklasa.pl

ENGLISH TEACHING

→ This Program launches and supports activities that promote the English language and improve the quality of English teaching to children and teenagers from small towns and rural areas enhancing their access to further educational opportunities.

The Program is Poland's sole non-commercial undertaking promoting large-scale English teaching as well as stimulating and developing related initiatives in small local communities. The results of such initiatives often go beyond the initial goals. The undertaken actions frequently stimulate civic activity in local communities. Another added value is the possibility of acquiring skills in how to raise EU funds.



In the Program's editions to date (2000–2009), English Teaching and Anglo-Saxon Culture Clubs were set up in many Polish schools thanks to more than 555 projects that were funded under the competition rules. Libraries with English literature and press were created, and theater circles, quizzes on English-language writers, culture and history, as well as song festivals were fundeorganized. More than 32,000 people directly participated in the projects: students, teachers, parents, as well as other members of local communities.

Children and young people were able to watch Englishlanguage films in their original versions and converse with a native speaker of English. The Program also offers language training sessions and camps organized in cooperation with other institutions. Beginning in 2009, the several active teachers participating in the Program have the opportunity to take part in the TESOL (Teaching English to Speakers of Other Languages) Summer Institute organized by Gonzaga University in the USA.

Seven nationwide educational meetings, "English Teaching Markets" were held for teachers of English as well as for interested institutions, organizations, schools and publishers. Some 3,700 people participated. These annual gatherings are aimed at developing of cooperation networks of English-language teachers from small localities, additionally supported by the Program's quarterly Bulletin and a community portal. Sixty-four weekend "Teaching English Teachers" training sessions have been held for 2,800 teachers mainly from outside major metropolitan areas. The sessions concentrated on language-teaching methodology.

 \rightarrow PAFF granted a total of

\$3,700,952 for the Program including \$351,111 in 2009.

→ Program Manager: The "Nida" Development Foundation

→ more information at: www.englishteaching.org.pl

EQUAL OPPORTUNITIES

→ The objective of this Program, implemented since 2001, is to support social initiatives fostering equal opportunities for a better start on the road to adulthood for young people from rural areas and small towns (with a population of up to 20,000).

Within this Program, NGOs, extracurricular institutions and informal youth groups apply for grants to fund projects that help develop the skills needed for young people to achieve independently and realistically set goals and achieve them independently. These projects are intended to evoke a thirst for knowledge and, promote attitudes of active involvement and openness as well as inspire youth to work for the benefit of their own community.

Through these projects young people are able to participate in activities extending beyond the standard curricula offered by schools. A database of projects worth replicating has been created and is regularly updated; it is available at www.rownacszanse.pl.

An important component of the Program are its Educational Forums. Organizations, institutions and individuals involved in promoting equal educational opportunities for children and adolescents from small communities are eligible to participate in meetings organized by the Program's Regional Partners. During the Forums, workshops, discussions and presentations of the best projects carried out under the Program take place. So far, 37 regional and local educational forums have been organized, attended by a total of 6,925 participants. The Program's offer is rounded out by skill-enhancing training opportunities for local project coordinators. They deal with ways of conducting projects, particularly emphasizing the involvement of young people in the role of active creators, participants and direct implementers of an undertaking.

The results of the nine rounds of the Program is the implementation of 1,437 educational projects involving nearly 116,000 participants. Mention should be made of the activation and integration of local communities around the initiatives addressed to children and teenagers. In addition, 140 new local non-governmental organizations have

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emerged as a result, and many projects are being continued after the financial support provided by the Program ceases. They include the "Young Explorer Clubs".

During the current edition, launched in 2009 (Equal Opportunities 2009), grants were awarded to 126 projects taking part in the National Grant Competition, Regional Grant Competitions and the Model Project Competition. The implementation will last until the end of 2011.



 \rightarrow PAFF granted a total of

\$ 7,225,208 for the Program including \$ 677,913 in 2009.

- → Program Manager: The Polish Children and Youth Foundation
- → more information at: www.rownacszanse.pl

THE LEARNING SCHOOLS (LES)

→ The objective of this Program, jointly implemented with the Center for Citizenship Education since 2000, is to improve the quality of a participating school's performance by introducing "learning organization" principles into teachers' daily practice. The starting point is a self-evaluation carried out in accordance with procedures developed on the basis of foreign and domestic experiences. The Program leads to quality improvement in such key areas of schools' activities as: effective education, teaching and learning, the school as an institution and the school and the outside community. Particular emphasis is paid to schools in rural areas and small towns.

Schools which complete the Program training and introduce the quality-improvement system are eligible to join the "Learning Schools Club". Schools belonging to the Club develop a system of quality assurance, help each other in self-evaluation, improve their teachers' skills and share materials as well as experiences. Thanks to the Program, the autonomy of the teaching staff increases and the schools open up to contact with the outside world. In the space of nine years, 907 schools have participated in the core part of the "Learning Schools" Program, and 23,000 teachers have been trained.

The promotion of good practices and innovative teaching methods has been developed by the Learning Summer School, the Polish-American Directors Academy and the Educational Leaders Post-Graduate Studies Program (jointly conducted by Collegium Civitas and the All-Poland Educational Management Staff Association). Their objective is to create within the higher-education system a modern form of skill-improvement training for management and staff, i.e.: headmasters, supervisory organs and staff of the school superintendent's office. In 2007–2009, 130 headmasters and deputy headmasters of all school levels took part in the Post-Graduate Studies.

Another component of the Program carried out in 2007-2008 was the "Good Teaching and Grading in Local Public Schools" initiative. It was conducted with the Methodological Center of Psychological and Pedagogical Assistance in cooperation with the Ministry of National Education. Its purpose was to demonstrate to local authorities the possibility of introducting a local educational policy that supports schools in improving their staff's teaching and grading methods. 202 schools, most of them from small localities, took part in this initiative.

An essential task of the "Learning Schools" Program is the sharing of its procedures and experiences with teachers and schools not participating in the Program's core part. This takes place largely via the "Learning Schools Academy" as well as making the online resources available. Through this it a few thousand teachers benefit annually, mainly through being provided with training opportunities.

An innovation of the Program was the "Teachers Internet Academy" (TIA) launched in 2009. It was the largest such undertaking offering online training to teachers of different subjects at every level, including pre-schools. TIA courses are conducted via a special Internet platform making use of e-teaching and e-coaching and preparing teachers to use modern information technologies in their teaching activities. At present, more than 1,200 teachers from 173 schools are enrolled in TIA training. Also in 2009 the "Pupils Academy" initiative was launched. Its aim is to promote mathematics and science subjects among junior-high school students. By 2014 the project will to encompass 300 junior high schools, which will receive funds for conducting extracurricular activities through scientific clubs for mathematics, physics, chemistry and biology. This will also involve additional remuneration for overtime work of teachers overseeing those clubs. Additionally, the schools will receive Young Explorer's sets and laboratory microscopes to be used for the activities of the scientific clubs as well as the opportunity to arrange trips to science festivals organized by higher education institutions. The idea behind the "Pupils Academy" is for each of the 33,000 participating junior high school students to implement at least one cooperative educational project within the activities of the school's scientific club.

In 2002, the "LES" Program provided the inspiration for launching the "School with Class" nationwide campaign, conducted by the Center for Citizenship Education in cooperation with the "Gazeta Wyborcza" daily newspaper. Over 5,000 schools from all over Poland have fully met the campaign's requirements. The campaign gave birth to the following undertakings: "Teacher with Class", "Student with Class", and "School of Thinking". The Polish-American Freedom Foundation was a partner in each of these ventures.



→ PAFF granted a total of \$3,979,133 for the Program including \$ 302,786 in 2009.

→ Program Manager: Center for Citizenship Education Foundation

→ more information at: www.ceo.org.pl/sus

PROJECTOR - STUDENT VOLUNTEERS

→ This Program is aimed at equalizing educational opportunities for children and youth living in rural areas and small towns. Within the Program groups of university student volunteers (2 to 5 persons) implement educational projects they have prepared to develop knowledge, skills and interests of children and youth. The projects are conducted in free time during the school year as well as summer and winter vacations. The projects involve a specific field of knowledge, a subject or a selected area of activity, and consist of activities such as classes in fine arts, sports, information technology, theater, linguistics, and many others. The Program promotes active attitudes not only among pupils but also university students, developing their sense of social responsibility and sol-

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idarity, at the same time enabling them to pursue their passions and interests in an attractive form.

In the editions of this Program conducted since 2003, 9,862 educational projects have been conducted in 1,600 schools all over Poland in which more than 6,700 student volunteers took part. Last year, nearly 2,900 projects were carried out with 34,500 pupils participating.

The Program was supported by two former Prime Ministers, Professor Jerzy Buzek and Professor Marek Belka, who took part in summer-vacation activities with school children in several rural communities.

A network of institutional partners has also emerged encompassing schools of higher education, local authorities and media which lend support to "Student Volunteers". It now affiliates more than 40 institutions including the Ignacy Łukasiewicz Polish Oil and Gas Foundation (the strategic partner), the Orange Foundation, Microsoft, Polish Oil and Gas Company (PGNiG Group), the Ministry of Treasury, IBM, Euro<26 and Radio Eska.



 \rightarrow PAFF granted a total of

\$2,634,112 for the Program including \$ 567,350 in 2009.

- → Program Managers:
 - Polish Association of Pedagogues and Animators "Klanza"
 - Foundation for the Development of Voluntary Service (since April 2010)
- → more information at: www.projektor.org.pl, www.inspiruj.pl

ENTREPRENEURSHIP EDUCATION

→ The objective of the Program is to support initiatives aimed at stimulating and fostering an entrepreneurial spirit among junior-high and high school students, especially in villages and small towns.

The Program's main component is the "Junior-high Enterprise". This initiative is jointly implemented with the Junior Achievement Foundation which supports teachers who help shape creative, entrepreneurial attitudes among their pupils and teach effective teamwork.

The Program encourages young people to pay attention to the needs of others, especially in their local community. It promotes responsibility for decision-making, motivates pupils to develop their own interests, teaches them how to plan and organize their work. The teacher acts as partner who does not make any decisions on behalf of his pupils but rather assists them in analyzing the situation and drawing their own conclusions.

To meet the needs of the Program, an online system distributing educational materials has been specially created and is accessible at: www.junior.org.pl. It is used by more than 3,200 teachers and nearly 1,300 schools all over Poland. CDs with publications and presentations useful for teachers in their work with students and supplementary methodological materials are also available. Training opportunities for teachers as well as program-promoting workshops for headmasters and teachers' councils are held.

Program participants are eligible to take part in "IDEA", the National Competition for the Best Student Initiative. Its purpose is to encourage young people to undertake worthwhile initiatives in their schools and local communities. It also enables pupils from all over Poland to present their achievements and share their knowledge and experience. Sixteen pupil teams took part in the national finals held in June 2009.

Another component of the Program is support for the National Entrepreneurship Olympics, organized by the Foundation for the Promotion and Accreditation of Economic Education. The finals are held every year in the



spring at the Warsaw School of Economics. The winners were eligible to enroll at the universities organizing the competition. They also receive laptops, palmtops and digital cameras. Prizes are awarded to subject tutors as well.



→ Program Manager: Junior Achievement Foundation

→ more information at: www.junior.org.pl, www.olimpiada.edu.pl

BRIDGE SCHOLARSHIPS

→ The Program was launched in 2002 in response to a serious social problem – the clear disparity of access to higher education of urban and rural youth. The Program makes it easier for talented young people from small towns and the countryside, especially former state-owned farm areas, to decide to begin university studies by offering them first-year scholarships. In successive years of study, scholarship aid is offered to high achievers within the "Top Student" competition, a corporate scholarship program, the "Study Abroad" initiative and doctoral scholarships granted for the first time

in the 2008/09 academic year. Under the current 8th edition 1,585 scholarships have been granted, including 1,042 scholarships for the first year students in the amount of PLN 500 per month. They will be paid out for 10 months.

The Program is a joint undertaking of PAFF, the National Bank of Poland, the PZU (State Insurance Group) Foundation, the BRE Bank Foundation, the BGK Jan Kanty Steczkowski Foundation, the Agricultural Property Agency, the Orange Foundation, the Rural Development Foundation, the Training and Competence Academy and a coalition of 91 local non-governmental organizations cooperating with the Stefan Batory Foundation and the Academy for the Development of Philanthropy in Poland. Also involved are those NGOs who joined the Program as part of the "Diploma of Dreams" campaign. PLN 51 million has been earmarked for the hitherto editions of the Program, including more than PLN 30 million provided by PAFF.

Since 2006 the Educational Enterprise Foundation and the Rural Development Foundation have implemented the "Diploma of Dreams" initiative within the framework of the Program. The purpose is to encourage and support new local non-governmental organizations in the pursuit of local scholarship initiatives coordinated with the Program's aims. As a result, more than 90 new NGOs have provided scholarship assistance to 1,412 recipients.

A survey conducted among scholarship holders revealed that nearly 5,000 of them would not have been able to undertake university studies were it not for the financial assistance of the "Bridge Scholarships" Program . Ninety percent of the scholarship holders have completed their studies with grades of good and very good, and 70 percent have completed them without delays. A mere three percent have dropped out. Nearly one-half of them plan to continue their education after graduation.

Since the start of the Program, more than 12,000 scholarships have been awarded. So far, first-year scholarships for studies leading to a Master's degree have been granted to 9,467 secondary-school graduates. And, in the seven editions of the "Top Student" competition 2,066 winners received second-year scholarships. Nearly 421 cor-

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porate scholarships have been funded as have 84 for the Study Abroad initiative. An initiative to organize foreign internships for the best program participants has also been taken.

In addition, 30 doctoral and 30 language scholarships have been awarded.

Within the Program, academic achievements scholarships have been granted to young people from small towns and rural areas who have demonstrated high scholastic achievements in economic studies at nonstate academic institutions and private business schools. Since 2000 more than 8,000 such scholarships have been awarded.



→ PAFF granted a total of \$ 11, 187,359 including \$ 2,165,453 in 2009.

→ Program Manager: Educational Enterprise Foundation

→ more information at: www.stypendia-pomostowe.pl

FOR CHILDREN

→ This Program, launched in 2005, aims at fostering equal educational opportunities for children from rural areas and small towns by creating the best possible developmental environment and improving the quality of elementary education.

Within the Program's pilot edition, carried out in 2005-2006, seven rural communities aided by experts implemented an initiative titled "Improving the Quality of Elementary Education at the Local Level". In those communities partnerships involving non-governmental organizations and local authorities were set up. They received grants for 10 different projects envisaging such elements of a primary-education strategy as: organizing extracurricular activities for school children, setting up day-care centers and conducting speech therapy classes. Over 1,500 people directly participated in the projects, and indirectly they involved a total of more than 4,100 individuals - children, parents, teachers, after-schoolclub instructors and local leaders. The experience gained during the Program's implementation was presented in the publications: "The Small Child in Poland - Experiences of Non-governmental Organizations" and "We Invest in Young Children - Good Practices of Non-governmental Organizations". A Report on "The Situation of Small Children in Poland" has also been prepared as one of Poland's first studies of its kind. Another component of the Program was the creation of a database of non-governmental organizations supporting elementary education. It is accessible at the Program's website: www.dladzieci.org.pl (the database contains information on 500 organizations).

In the second edition of the Program, carried out in 2007– 2009, 24 NGOs took part in training sessions devoted to modern methods of working with small children in local communities. At the same time, cooperation was under way with 22 communes. Thanks to the collaboration of local authorities and local NGOs, efforts were launched to improve the quality of early education. Seventeen of them introduced local primary-education strategies in their communities. In addition, 17 NGOs received grants in a closed grant competition to introduce elements of a primary-education strategy. The activities carried out as part of those projects directly involved 2,500 people and indirectly affected nearly 6,000 – children, parents and teachers.

Using the experience and tools acquired during implementation of the "For Children" Program, 16 local communities received grants, including European Union funding, in the amount of PLN 16 million to implement local primary-education strategies.

Also taking place as part of the Program are national educational forums, local conferences and seminars devoted to early education, attended by experts from Poland and abroad. An important result of the Program has been the creation of a Partnership for the Education of Small Children affiliating nearly 50 non-governmental organizations. It is a platform for cooperation intended to promote knowledge about the developmental needs of young children, the importance of early education and examples of good practices.

Non-governmental organizations and local councils may avail themselves of an online consultation center at www.dladzieci.org.pl. The task of the consultants is to provide substantive and technical assistance in drafting grant applications for various activities linked to the development and education of small children.

The third edition, launched in 2009, has as its objective the promotion of experiences gathered during the Program's implementation. That will be achieved through of



publications and regional discussions devoted to the role played by NGOs in shaping local primary education strategies. A report is also due to be prepared to determine obstacles obstructing full access to high-quality early education in Poland.



→ Program Manager: Comenius Foundation for Child Development

→ more information at: www.dladzieci.org.pl

THIRD AGE UNIVERSITIES (TAU)

→ The objective of this Program, launched in 2005, is to support education and stimulate social energy of seniors. This purpose is pursued by providing support for Third Age Universities as well as organizations serving the elderly. The Program is carried out at two different levels – a grant competition as well as cooperation and experience-sharing between Third Age Universities. TAU representatives have an opportunity to share experiences at national conferences held every year as part of the Program. So far gatherings have been held in Kraków, Bydgoszcz, Shupsk, Płock, Warszawa and Nowy Sącz.

In the course of three editions of the grant competition (2005–2007) the Third Age Universities have implemented 131 projects all over Poland. In the first edition, the funding was mainly earmarked for projects improving the quality of the educational offer, including computer courses (teaching how to use the computer and the Internet) as well as initiatives reaching out to a broader audience of senior citizens. In the second and third editions, the competition's priorities have been expanded to include encouraging seniors' community involvement, particularly through voluntary work.

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Initiatives in Education

Since 2008, the grant competition has been carriedout under a broader formula - beyond the Third Age Universities. It is open now to active senior citizens, people over 55 involved in social and civic activities within the framework of various organizations and institutions. The "Senior Citizens in Action" grant competition has funded 67 inter-generational projects as well as those mobilizing the involvement of the elderly in their local communities (a great many of which have been linked to the TAUs). Nearly 2,500 people, including almost 1,300 senior citizens, have been engaged in these projects.

An innovation introduced last year has been workshops for TAU students interested in carrying out social projects. So far 100 individuals have taken part.



 \rightarrow PAFF granted a total of

\$ 1,669,095 for the Program including \$ 339,586 in 2009.

- → Program Manager: The Association of the Creative Initiatives "ę"
- → more information at: www.seniorzywakcji.pl

→ Development of Local Communities

> ACT LOCALLY

- > SUPPORT FOR NGOs
- > PAFF LEADERS
- > WORK IN POLAND
- > VILLLAGE IN TRANSITION (e-VITA)
- > "PRO PUBLICO BONO" COMPETITION
- > LIBRARY DEVELOPMENT PROGRAM
- > PAFF LOCAL PARTNERSHIPS
- > CITIZEN AND LAW



TENTH YEAR OF OPERATION Development of Local Communities

ACT LOCALLY

→ The objective of the Program, operating since 2000, is to support civil initiatives that help solve local problems and stimulate new aspirations among communities in small towns and villages as well as to develop social capital. The subsidies awarded in open grant competitions encourage the activity of local communities, the members of which define their own needs and undertake common initiatives. People are different, and so are their needs, traditions, experiences, and available resources. Therefore the Program supports a variety of projects. Each community follows its own path to achieve its goals.

In the first three editions of the "Act Locally" Program, 357 projects were supported in the national grant competition, involving more than \$1 million of PAFF funds. In 2005–2008 (the 4th and 5th editions) a total of 109 projects received supplementary funding in countrywide competitions, and 1,547 grants were awarded via the network of 52 Local Grant Organizations (LGOs) which held local competitions involving several communities or districts.

During the current, 6th edition of the Program, carried out since 2008, financial assistance has been extended to 1,289 projects out of a total of 3,020 applications. They mainly dealt with strengthening cooperation and involvement in local communities, creating new opportunities for personal development and spending free time as well as highlighting regional attractions. Their common denominator is local involvement providing citizens with new skills and teaching them how to organize themselves and react to new problems. The projects have attracted numerous volunteers. The beneficiaries have been NGOs, local public institutions (schools, community centers, libraries and sport clubs) and informal groups on behalf of which organizations were able to apply.

The Program's experiences have been brought togehter by "PAFF Local Partnerships", a pilot initiative launched in 2009. The beneficiaries of various PAFF programs set up coalitions whose objective will be to carry out social projects of importance to local communities.

In 2010 the seventh edition of the "Act Locally" Program started. The network of LGOs, currently comprised of



52 organizations, has been joined by new ones from the Lower Silesian, Opolskie, Subcarpathian, Warmian-Masurian and West-Pomeranian voivodeships. Those organizations have announced local grant competitions in their areas of activity.

Last year, PAFF once again supported the Benefactor of the Year Competition and assumed patronage over the "Local Dimension of Corporate Social Commitment" category, which promotes the civic engagement of companies in areas where Local Grant Organizations operate.

- → PAFF granted a total of \$6,394,161 including \$ 995,324 in 2009.
- → Program Manager: The Academy for the Development of Philanthropy in Poland

→ more information at: www.dzialajlokalnie.pl

SUPPORT FOR NGOs

→ The Program aims to provide institutional support for non-governmental organizations and community leaders in Poland, especially in small towns and rural areas. The support includes access to information, advice and training. The purpose is to improve the conditions in which organizations operate and thus to enhance the quality of their management as well as to make the implementation of civic projects more effective.

This Program comprises three parallel paths. The first is "Mutual Information Society" (MIS@NGO), whose purpose is to expand the resources of the NGO information system such as: The Non-Governmental Organizations' Portal ngo.pl, the Informatorium (information center) with its 0-801-646-719 hotline, research and publications, free "It's Worth Knowing More – 3W*" brochures and the "gazeta.ngo.pl" bi-monthly paper. Also the quarterly "Third Sector", published by the Institute of Public Affairs, was subsidized.

The second path, known in 2001–2008 as "Financial Management for NGOs" (FIM@NGO), includes training, counseling and publications for people responsible for the financial management of NGOs, mainly in small localities. Last year, 184 people representing 142 NGOs from all over Poland took advantage of such training opportunities.

And, the third, the EURO-NGO+ path provided information and expert support for NGOs to increase their ability to acquire European Union funds. Those activities were a continuation of the PAFF's EURO-NGO Program carried out in 2003–2006 by the SPLOT network and the Association for the Forum of Non-Governmental Initiatives. The Program resulted in the creation of a generally accessible information and advisory system on how EU funds function. The system was serviced by EURO-NGO trained specialists. \rightarrow PAFF granted a total of

• MIS@NGO path: **\$ 1,655,839** for the Program including \$ 86,760 in 2009.

• FIM@NGO path:

\$842,613 for the Program including \$ 199,540 in 2009.

• EURO-NGO+ path:

\$ 1,460,138 for the Program including \$ 128,914 in 2009.

→ Program Managers:

- the "MIS@NGO" path: Klon/Jawor Society
- the "FIM@NGO" path: Civil Society Development Foundation
- the "EURO-NGO+" path: Klon/Jawor Society, Szpitalna NGO Center, National Federation of Polish NGOs

more information at: www.ngo.pl, www.frso.pl, www.eu.ngo.pl

PAFF LEADERS

→ The objective of this Program, implemented through the involvement of School for Leaders Association, is to support the development of qualifications and skills by individuals involved in community efforts. This is achieved mainly through the use of the innovative tutoring methods in the third sector based on constant cooperation between the participant (leader) and an experienced tutor. The Program is addressed to active participants of local projects funded by various programs of the Polish-American Freedom Foundation, in particular: "Act Locally", "Equal Opportunities", "English Teaching", "Region in Transition (RITA)", "Village in Transition: Developing Information Society (e-VITA)", "For Children" and "Citizen and Law".

Also, within the Development Fund, the local leaders have an opportunity to obtain small grants, they can work as interns in non-governmental organizations as well as

TENTH YEAR OF OPERATION Development of Local Communities



obtain the support of experts in various fields. So far a total of 143 grants have been awarded to enhance leadership qualities, including 28 last year.

The core part of the Program is a series of training sessions tailored to the participants' needs and priorities focusing on: team building, project management, managing an organization, strategic planning, interpersonal communication, community involvement and creating local partnerships. The skills acquired through participation in the Program are intended to help the participants successfully implement the social initiatives they launch or support.

Graduates of the "PAFF Leaders" Program share their experience in and knowledge of activities serving their local communities as part of the Alumni initiative which supports their social undertakings. It is well served by the electronic Program's newsletter and meetings. Thanks to the cooperation of the American Embassy in Warsaw, groups of leaders and tutors took part in two study tours to the US (in 2008 and 2009), where they met local authorities and became acquainted with the practical activities of local NGOs.

The five editions of the Program carried out to date have helped improve the qualifications of 290 local leaders from all over Poland, and have led to the creation of an active countrywide network and the training of nearly 50 experts at tutoring.

The Program's 6th edition began in December 2009 and will run until June 2011.

 \rightarrow PAFF granted a total of

\$1,506,735 for the Program including \$ 261,608 in 2009.

→ Program Manager: School for Leaders Association

→ more information at: www.liderzy.pl

WORK IN POLAND

→ The purpose of this undertaking which has emerged from the experiences of the "Undoing Unemployment" Program implemented from 2001 to 2006, is to bolster the competence and efficiency of non-governmental organizations in the realm of services for the labor market.

In the period 2007–2009 the Program comprised several interconnected segments: research and analyses, educational-information activities targeting nongovernmental organizations and grants financing local efforts on the labor market that use modern ICT methods.

As part of the Program's first segment, a team of experts prepared three reports: "Contemporary Migration Processes in Poland and the Involvement of NGOs in Areas Linked to the Job Market", "New Technologies in Non-Governmental Organizations" and four case studies containing examples of how ICT methods and tools can be used in efforts related to the labor market on the basis of foreign experiences.

The Program's implementation also involves information (the portal www.bezrobocie.org.pl) and educational efforts addressed to NGOs involved with the unemployed and their local partners: 10 seminars for almost 500 people, training sessions for representatives of 30 organizations. Five organizations of those



taking part in the training sessions, received supplementary funding in a grant competition for projects dealing with migration and the use of new ICT methods taking into account the needs of the local labor market. In addition, 10 other organizations received consultative assistance.

The goal of the current (2009–2010) edition, summarizing PAFF's engagement in the labor market, is to share the Program's experiences especially in the realm of outplacement methodology, chiefly through information and promotional activities addressed to almost 1,500 representatives of non-governmental organizations, small businesses and public employment services. The current edition includes a series of outplacement-focused seminars whose main element is a discussion about district (powiat) employment strategies – for solving social problems. Analyses and evaluation of selected local employment strategies have been carried out with a view to involving non-governmental organizations in the process.

The Program also entails an offer of training opportunities for non-governmental organizations in the deployment of the outplacement method as well as ways of obtaining resources for their implementation through distance learning. Forty organizations from all over the country have been invited to take part in training sessions and some of them will also be able to take advantage of advisory support. \rightarrow PAFF granted a total of



→ Program Manager: Foundation for Social and Economic Initiatives

→ more information at: www.bezrobocie.org.pl

VILLAGE IN TRANSITION: DEVELOPING INFORMATION SOCIETY (e-VITA)

→ This undertaking stems from the experiences of the "Village in Transition (VITA)" Program, implemented between 2001-2003. Its objective is to promote the use of modern information and communication technologies in local development. The Program is addressed to small towns and rural communities – in particular, to local authorities, businessmen, nonprofits and youth.

A pilot stage of the Program was implemented between 2004–2005 in six communes selected in a competition: Białogard, Cekcyń, Mały Płock, Recz, Stoszowice, Zelów. The Program provided for a pilot introduction of computer infrastructure in 41 local government institutions. These institutions (i.e. schools, libraries, municipal councils, information centers) were equipped with readily accessible fast Internet connections. In addition, the Program offered training, advisory services and grants for the implementation of local ICT projects. Its participants improved on their computer and Internet skills in searching for work, enterprise development and implementation of various civic projects.

Local governments acquired knowledge essential for preparing projects financed by the EU structural funds.

Implementation of the Program's pilot edition made it possible to develop and verify the "e-VITA Method" – tai-

TENTH YEAR OF OPERATION Development of Local Communities

lored to Polish reality. Developed by PAFF and the Rural Development Foundation, the Method includes a comprehensive set of activities leading to the use of ICT for the advancement of local communities. It takes into account technical, economic and social factors. It can be carried out with domestic or foreign financial sources, including European Union funds. It enables the activation of local communities focused around their own problems, and the acceptance of new challenges with the aid of ICT technologies.

The second edition was completed in September 2008. Sixty-six partnerships applied for a grant competition for local partnerships comprising local governments, nongovernmental organizations and other institutions, and 13 were invited to the Program (eight new ones and five participating in the pilot phase). As a result of the second edition of the Program, 11 non-commercial community computer networks were set up, thanks to which the residents of 60 villages acquired Internet access. In 11 localities, public Internet-access facilities were set up. 1,360 inhabitants of 12 communities enhanced their computer and Internet literacy during the training sessions organized in their communities, and 500 people took part in project-creation Internet training. A number of projects involving the Internet were carried out, including the creation of community social and educational websites. ICT strategies were also developed for 13 communities.

The third round of the Program, whose implementation began in 2009, has as its primary objective support for inter-community partnerships to effectively obtain Eu-



ropean Union funds earmarked for building Internet access in rural areas. At the same time, educational efforts showing how the Internet and ICT tools can socially and economically activate small-town residents continue. As a result of a countrywide recruitment drive, five partnerships carrying out inter-community projects of developing information society via the "e-VITA Method" have qualified. Apart from infrastructure building, the joint initiatives include training sessions for local-council employees and residents in the use of ICT as well as the development of services and resources accessible to locals. In addition, in cooperation with the Office for Electronic Communications, last year instruction manuals for local councils were published on how to build broadband Internet networks in the countryside.

ightarrow PAFF granted a total of



→ Program Manager and Co-Financing Partner: Rural Development Foundation

→ more information at: www.witrynawiejska.org.pl

"PRO PUBLICO BONO" COMPETITION

→ The purpose of the Competition, organized under the auspices of the Polish Ombudsman, is to support the development of civil society by awarding the most valuable and creative activities undertaken by non-governmental organizations – on a national, regional, and especially local level – in the fields of education, culture and national heritage, health protection, social and charitable assistance, environmental protection and regional development, public diplomacy and European integration. The Competition's Chapter, headed by Professor Andrzej Zoll, is composed of well-known public figures as well as the previous year's main awards' winners. The first honorary President was Jan Nowak-Jeziorański†.

The "Pro Publico Bono" Competition for the Best Civil Initiative was launched in 1999 by Prime Minister Jerzy Buzek. Since 2000 the Polish-American Freedom Foundation has funded prizes awarded in the Competition.

In evaluating projects, the Chapter pays attention to the social importance of the initiative, its innovativeness, the impact on the development and competitiveness of local communities, the effectiveness and transparency in using public funds. Also, the Chapter considers the institutional stability of the nominee, compliance with ethical standards in its activity and its cooperation with public administration and other organizations. The competition winners are rewarded with financial support allocated – in majority of cases – for the continuation of their efforts.

In 2009 the competition awarded the Pro Publico Bono Prize marking the 20th Anniversary of Reborn Independent Poland. Tied for first place were the KARTA Center Foundation, the BARKA for Mutual Help Foundation and the Foundation in Support of Local Democracy, the founder of which was Professor Jerzy Regulski, co-creator of the self-government reform in Poland.

Also presented as part of the Program is the Polish Journalists Association's Bolesław Wierzbiański Prize for local newspapers. In 2009, it was awarded to the Głos Wągrowiecki weekly. \rightarrow PAFF granted a total of

\$1,919,739 for the Program including \$ 239,582 in 2009.

→ Program Manager: The "Pro Publico Bono" Competition Foundation

→ more information at: www.propublicobono.pl

LIBRARY DEVELOPMENT PROGRAM

→ The Polish-American Freedom Foundation is a partner of the Bill and Melinda Gates Foundation in an initiative intended to facilitate access to computers, the Internet and training opportunities for Poland's public libraries. The Program is conducted as part of "Global Libraries", a broader project in which the Gates Foundation creates partnerships in selected countries for the purpose of providing citizens with free access to information and communication technologies via a public library network. The Program is carried out by the Information Society Development Foundation, established in 2008 by PAFF.

The principal goal of the Library Development Program is to assist libraries and their branches in rural areas and small towns (up to 20,000 inhabitants) in transforming themselves into modern, multi-function information, cultural and education centers stimulating civic involvement. Specifically, this involves making it possible for various social groups to fulfill their needs and aspirations through modern tools facilitating the acquisition of knowledge and information. An essential aspect of the Library Development Program will be to enhance the competence and prestige of the librarian's profession by means of, among other things, large-scale training. Thanks to the assistance received by nearly 3,350 libraries in more than one thousand communes, tens of thousands of rural residents and small towns people will acquire access to modern information and communication technologies.

TENTH YEAR OF OPERATION Development of Local Communities

In 2008 the Program's planning phase was carried out. A detailed plan of assistance to Polish libraries was developed to provide them with computer equipment and software and to train librarians and library users. An Agreement on cooperation was also signed by PAFF with the Ministry of Culture and National Heritage which is conducting a parallel program called Library+. The aims of both undertakings are convergent, so the programs are developed to reinforce and complement each other.

In 2009, a grant agreement was signed between the Gates Foundation and PAFF and the implementation of the Program got under way. As many as 2,884 libraries from all over Poland applied to join the Program. 64% of applicants qualified in the first round - all together 1,865 libraries, including 610 commune libraries and 1,255 branches (the next recruitment drive is due to start at the beginning of 2011). They will receive content-related support through various training sessions (workshops about planning the library's work, computer and vocational training) and technical assistance in the form of modern computer equipment together with software. Actions aimed at strengthening the library system are also taken, through cooperation with the National Library, voivodeship libraries and non-governmental organizations. In addition, a promotional campaign is carried out, entitiled "Let's meet in the library". An important source of information, resources and promotion for the Program is the www.biblioteki.org portal.

In 2009 an agreement concerning Polish public libraries was concluded between the Ministry of Culture and National Heritage, the Ministry of Interior and Administration, the Information Society Development Foundation, and the TP Group, Poland's largest telecoms company. As a result all public libraries in Poland are offered by the TP Group free Internet access via cable technology, and in other localities – a wireless system with the highest-capacity links at a given location, plus no subscription fees.

Within the Library Development Program the Partnership for Library Development was established, which comprises more than 100 representatives from the worlds of science, art, economy, media, politics and the non-governmental sector. In addition, 15 Regional Partnerships with provincial authorities were established by the Information Society Development Foundation. Their task is to promote the modernization of public libraries in small localities as well as their transformation into dynamic centers of local life. Participating in the partnerships are institutions important to regional development such as schools of higher education, non-governmental and economic organizations as well as educational centers.

Planned to run over a five-year period, the Library Development Program has been largely financed by a \$28 million grant made available to the Polish-American Freedom Foundation by the Bill and Melinda Gates Foundation. The Microsoft Group will provide the libraries with free software worth a total of \$5 million.



\$250,243 for the Program including \$ 111,510 in 2009.

→ Program Manager: Information Society Development Foundation

→ more information at: www.biblioteki.org

→ PAFF granted a total of

PAFF LOCAL PARTNERSHIPS

→ The purpose of the "PAFF Local Partnerships" Program is to initiate cooperation between beneficiaries of various PAFF programs promoting the creation of partnerships around the implementation of social projects important to local communities. The leading theme involves efforts to achieve the common good in small communities.

Thanks to the PAFF's broad and diversified programatic offer, in many local communities in Poland projects have been carried out which provided experience and developed rich resources that can unleash new, inspiring social energy and develop social capital. The "PAFF Local Partnerships" Program provides various beneficiaries of the Foundation's programs an opportunity to launch partner initiatives by tapping into the huge social potential stemming from efforts towards the common good.

A grant competition announced as part of the Program was addressed to a group of 34 communes in which several projects financed by the following PAFF programs were carried out: "Act Locally", "PAFF Leaders", "English Teaching", "Equal Opportunities", "Learning Schools", "Student Volunteers", "For Children", "Citizen and Law" and "Region in Transition" (RITA). Local partnerships comprising local councils, NGOs, firms and media emerged in those communes. They were led by the Local Grant Organizations participating in the "Act Locally" Program. The grant competition's commission of experts ultimately selected 8 projects serving the purpose of building the common good. These initiatives have been carried out during 2009 in 16 communes in various regions of Poland. Implementation of the "PAFF Local Partnerships" Program's pilot edition showed that work on achieving the common good was a very good way to involve local partners and activate the community. Above all, that has been confirmed by the results of the projects carried out, including a change of legal regulations in order to decrease atmospheric pollution in Żywiec, setting up the first Internet youth radio in Nidzica, creating a mobile facility for civic participation in Pelpin and Gniew and a clean-up of dozens of kilometers of the Strwiaż riv-



erbank in the Bieszczady Mountain area done by volunteers.

The experience gathered during the pursuit of various initiatives has served as the basis for creating a new method of animating local communities, developed by experts of the Unit for Social Innovation and Research "Shipyard" Foundation, co-founded in 2009 by PAFF, and then presented in the publication "How to build the common good".

In the second round of the Program, started in 2010, seven partnerships are taking part, which, in the area of 11 communes, will implement projects aimed at building the common good in local communities. The thematic scope of their activities is diversified – from civic integration around tourism (via collecting and promoting examples of civic activities) to improvements in public facilities. Within the current round, grants have also been awarded to support undertakings implemented in the first round.

 \rightarrow PAFF granted a total of



→ Program Manager: Academy for the Development of Philanthropy in Poland

→ more information at: www.lokalnepartnerstwa.org.pl

CITIZEN AND LAW

→ The purpose of the Program, launched in 2002, is to support the development of various forms of social civic and legal counseling. It does so by providing grants to non-governmental organizations which dispense free, expert legal information and advice and by encouraging citizens to avail themselves of their rights in the public sphere.

This Program was essentially designed to provide assistance to individuals in difficult financial straits or life situations. At the same time, it has fostered public discussion on reforming the system of access to legal assistance.

In the course of the Program's four editions, grant competitions have provided supplementary funding for 91 projects, the majority of which were pursued by nongovernmental organizations operating in small localities. Those projects made it possible to provide more than 120,000 legal consultations, mainly to people from marginalized groups such as victims of violence, ethnic minorities, the families of missing persons and the sick. In addition, these projects have resulted in the creation of legal and civic consultation centers, publications, training seminars and conferences. All told, PAFF has earmarked a total of \$1,359,688 to carry out the grant competitions.

Starting with the Program's second edition, its activities have been overseen by a Council of Experts comprised of recognized figures from the legal community. The Council's task is to recommend solutions facilitating access to legal aid. The Council also commissions pilot projects dealing with issues of systemic nature. These include strategic litigation concerning selected aspects of citizen access to legal aid, effective methods of developing and distributing legal manuals to citizens, popularization of civil mediation as an alternative way of resolving disputes and cooperation between NGOs and lawyers' associations in order to increase access of impoverished citizens to legal assistance. The Council stimulates public debate by holding open seminars attended by representatives of legal communities and the media. Discussions have dealt with limited access to legal professions, the limited access of citizens to free legal assistance and challenges facing the judicial system. The effects of the Council of Experts' efforts have been promoted among non-governmental consulting organizations, in the legal community and among the decision-makers of the justice administration. The work of the Council has led to the creation of the website www.mediacjajestemza.pl promoting civil mediation and the Pro Bono Center, thanks to which NGOs may obtain free legal assistance from well-known law offices.

The Active Citizen Forum has been set up as part of the Program's fourth edition. This is an independent consultative body that studies the organizational barriers limiting voter turnout. It is also involved in developing recommendations on how to improve citizens' voting involvement. The Forum affiliates individuals involved in promoting improved voter turnouts, including experts (sociologists, psychologists, political scientists and constitutional-law specialists) as well as NGO leaders and journalists.

An innovation of the fifth round, launched in 2009, has been the expansion of the Active Citizen Forum to include the topics of e-democracy and e-participation. That means involving citizens in public debates and selfexpression through the use of modern information and communication technologies. The grant competition has awarded financial assistance to 26 projects submitted by NGOs providing free legal and civic consultation, including two large infrastructural grants, supporting the quality of service provided by a network of University Legal Advice Bureaus and Civic Advice Bureaus.

The "Gazeta Prawna" daily has assumed media patronage over the Program.

→ PAFF granted a total of \$2,289,223 including \$ 408,110 in 2009.

→ Program Manager: The Institute of Public Affairs

→ more information at: www.isp.org.pl



Sharing the Polish Experiences in Transformation

> THE LANE KIRKLAND SCHOLARSHIPS

> REGION IN TRANSITION (RITA)



TENTH YEAR OF OPERATION

Sharing the Polish Experiences in Transformation

THE LANE KIRKLAND SCHOLARSHIPS

→ The objective of the Program implemented since 2000, is to share Polish experiences in transformation with young people from Central and Eastern Europe, the Caucasus and Central Asia through two semester complementary studies at Polish universities. The Program is addressed to candidates from Ukraine, Belarus, Russia, as well as Georgia, Moldova, Armenia, Azerbaijan, Kazakhstan and Kirgizstan. Under individual study programs, Lane Kirkland scholarship holders study selected aspects of such fields as economics and management, public administration and business, law, social and political science.

The Program begins with an introduction course, the purpose of which is to provide knowledge about the history of Poland as well as its current political and social situation. After the introduction program, the Kirkland scholars proceed with their studies at universities in Warsaw, Cracow, Poznań, Wrocław and Lublin. They prepare papers and theses under the supervision of academic tutors. The scholars participate in thematic integration meetings. Traineeships in state institutions (including the Supreme Court, the National Bank of Poland and provincial governments) as well as the private sector are organized. An additional element of program introduced in the 2009/10 academic year have been courses in leadership animation and personal development.

Between 2000 and 2009, 367 scholarship holders completed the Program. Of that number, 188 were from Ukraine, from Belarus – 96, Russia (Kaliningrad District) – 16, Lithuania – 12, Slovakia – 10, Moldova – 7, Georgia – 23, Armenia – 8, Azerbaijan – 1 and Kazakhstan – 6. Starting with the 2009/10 academic year, scholarship recipients from Kyrgyzstan have also been involved. The majority of scholarship holders have studied economics and management – 111, law – 53, public administration – 52 and political science – 49. Academic staff have accounted for the largest professional group (146 people) followed by public officials and experts (69).

Following the Program's completion, contact with graduates is regularly maintained thanks to the bulletin, reunions of graduates and the website www.kirkland.edu.pl. Former scholarship holders receive back-up from the Coordinator of Post-Scholarship Projects whose task it is to maintain graduates' contact with Poland and encourage them to undertake joint initiatives.

During the 2009–2010 academic year 51 scholarship recipients from nine countries have participated: Ukraine – 21, Georgia – 8, Belarus – 7, Armenia – 4, and Kazakhstan – 3 as well as two each from Russia, Moldova, Azerbaijan and Kyrgyzstan.





→ Program Manager: Polish-U.S. Fulbright Commission

→ more information at: www.kirkland.edu.pl



REGION IN TRANSITION (RITA)

→ The Program was initiated in 2000 and is addressed to non-governmental organizations and educational institutions willing to share Poland's experiences of social and economic transformation with partners from other Central and Eastern European countries, the Caucasus and Central Asia.

This Program's open grant competitions award grants to Polish non-governmental organizations for projects designed to share Polish experiences, especially in building civil society, strengthening the third sector, promoting local government transformation, reforming education and media functioning. Grants are also provided for establishing and developing cooperation at a local level with partners from countries participating in the Program. A total of 632 projects have received funding since the Program's inception.

In addition, Polish NGOs and schools have been offered training opportunities and experts' support as well as assistance in establishing ties and developing cooperation with foreign partners. The community portal www.civicportal.org facilitates information sharing between organizations and civic leaders. Each year, the Program throws its support behind one of the initiatives of the International Economic Forum in Krynica.

An essential part of the Program in existence since 2004 has been its "Study Tours to Poland" (STP). Their purpose is to familiarize citizens of Eastern Europe with the realities of Poland and the European Union. This especially pertains to university student leaders from Belarus, Russia and Ukraine as well as young professionals from countries in the region. In Poland the foreign visitors meet representatives of public life, the academic community and the business world. They become acquainted with the activities of non-governmental organizations and local councils as well as they establish valuable contacts.

In the 2004–2009 period, nearly 3,200 individuals, including 1,357 university students and 1,805 profes-

sionals representing various sectors, took part in different types of study visits hosted by Polish NGOs.



\rightarrow PAFF granted a total of

for the Program including \$ 785,458 in 2009.

→ Program Managers:

- "RITA" The Education for Democracy Foundation
- "Study Tours to Poland" College of Eastern Europe

more information at: www.rita.edudemo.org.pl, www.studytours.pl

PEOPLE, PROJECTS, INITIATIVES



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"ENGLISH TEACHING" PROGRAM

English-Language Teachers in the USA

The teachers' trip to the USA was a pilot initiative of the "English Teaching" (ET) Program, compatible with its major aim of improving the skills of English language teachers from small localities. The academic course organized by Spokane's Gonzaga University in Washington State is offered within the present and successive editions of the "ET".

The teachers selected in a closed competition, for nearly three weeks took part in a course titled "Teaching English to Speakers of Other Languages (TESOL) Summer Institute". They acquired knowledge of modern second-language-teaching methods which they could then use in practice while observing others and conducting a language camp for immigrants unfamiliar with English. Upon completion of the course, the teachers from Poland received certificates and several academic credits recognized by most universities throughout the world confirming that they had passed the subject.

Ewa Smuk-Stratenwerth shared her impression of the trip as follows: "Eighteen people of different ages and with various professional experiences attended in the 2009 TESOL Summer Institute. Apart from the Polish participants, also taking part were teachers from Colombia, Taiwan, China, Algeria and the USA. Classes were held daily, and in the afternoons we conducted lessons for young people as part of the language camp organized by Gonzaga University in cooperation with Spokane schools and the World Relief refugee-affairs bureau".

Ewa found participation in the language camp and the opportunity to work with the children of refugees and immigrants to be a very valuable experience. The group of which the Polish teacher was in charge was comprised of children aged 9–11 from such countries as Nepal, Vietnam, Laos, Burma, Egypt, Sudan, Iraq, Taiwan, China, Korea, Thailand, Kyrgyzstan, Russia, Ukraine and Kazakhstan.



I acquired knowledge on how to teach English and what's most important – a lot of experience and practice.

Ewa Smuk--Stratenwerth, teacher "The Language Camp was also a good opportunity to discuss the classes and the involvement of the pupils as well as to plan forthcoming lessons," Ewa explained. "Above all, I acquired a lot of inspiration, since the teachers delivering the lectures were the epitome of professionalism. I also acquired knowledge on how to teach English and what's most important – a lot of experience and practice. I now know how to prepare interesting lessons, how to teach and inspire pupils to discover that powerful communication tool – a foreign language. I also learned that fluency in communication is far more important than grammatical accuracy and stylistic correctness."

The participants were very happy to have been able to take part in the "TESOL Summer Institute" Program and agreed to share their experiences with other teachers of English. They prepared a detailed report containing recommendations and practical tips for future participants of such study trips.

"EQUAL OPPORTUNITIES" PROGRAM

Good Head Start

Since 2009, a group of 25 young people from Garwolin district have been actively involved in the Equal Opportunities Program. They have been carrying out the "Good Head Start" project prepared by the Municipality and Town Development Association of the City of Garwolin. The aim of that initiative is to reinforce young people's social skills such as teamwork and interpersonal communication as well as develop their interests and passions. "This project reflects young people's needs and interests since it is based on what they previously suggested," emphasized project coordinator Anna Piotrowska-Pyra. Those who take part in the undertaking are expected to achieve a sense of satisfaction and increase their confidence in their own potential.

Project participants meet in four task groups: journalistic, photographic, art and volunteering. Within each group knowledge and essential skills are acquired in the relevant field. Every four months the participants change groups and it thus way are allowed to make use of all the activities offered within the project. Although the project will be implemented until the end of 2010, the results of the efforts undertaken by young people from Garwolin are already noteworthy.

The young journalists edit and publish a local "Good Head Start" youth paper in which they present their own artistic and photographic creative activity, share their interests and reflect on what is going on in the local community.

The photography buffs have already organized two exhibitions at the Boiler-room Gallery ["Kotłownia"] at Garwolin's Sports and Culture Center. The first one reflected a variety of themes from artistic nature shots, macro details and architecture to picturesque landscapes. The young photographers also had a chance to publicly comment on their creative activity.

Such events are necessary since thanks to them we, young people, can present our extracurricular creative activity and efforts.

Monika Frelik, project participant Marek Świątkiewicz, a photographer, who runs the group, triggered a discussion with the pictures' authors. The second exhibition, entitled Kazimierz in Focus, resulted from a field trip to an open-air photographic session in the picturesque town of Kazimierz Dolny on the Vistula River. Lots of dedicated photography enthusiasts attended the opening of the exhibition, and everyone could find something of interest. Behind-the-scenes discussions on the architectural beauty of Kazimierz, the correctness of the frames and other picture qualities took place. "Such events are necessary since thanks to them we, young people, can present our extracurricular creative activity and efforts," said project participant Monika Frelik.

The volunteer and art groups regularly pay visits to children in Garwolin's hospital and take part in a variety of local community activities.

The crowning touch of these efforts will be an educational film entitled "Good Head Start" shot by project participants.



"PROJECTOR – STUDENT VOLUNTEERS" PROGRAM

"Phenomenalia" Campaign

"Phenomenalia" is an educational campaign first launched in 2009 as part of the "Student Volunteers" Program. Its objective was to increase the scientific knowledge of young people. The pilot project was carried out in five schools of Lubelskie voivodship located in: Sobieszczany, Baranów, Markuszów, Babin and Kiełczewice. The activities were carried out in a mobile science center fitted with appropriate teaching equipment.

Lessons in chemistry, physics, information technology and ecology as well as sports activities for

primary and junior high school pupils were conducted by university student volunteers specializing in the abovementioned fields. The students were also responsible for preparing topic scenarios including such questions as whether washing-up liquid can be a dangerous chemical substance of which a volcano may emerge, what should be done to have lightning appear in a classroom and whether an expedition to the moon is possible. Experiments using a Van Graaff generator, plasma sphere and graphics programs gave the pupils the impression of being in a real lab. Animation and sports activities requiring physical effort also turned out to be a good idea.

The demonstrations have resulted in extensive film and photographic documentation. Moreover, the volunteers were inspired to carry out projects centering round the sciences. Because it was so educationally attractive, the campaign evoked great interest among pupils and teachers alike.



An account of the campaign is presented on the community portal www.inspiruj.pl.

"ENTREPRENEURSHIP EDUCATION" PROGRAM

"Entrepreneurship Salon" of Łomża Junior High School Pupils

The pupils of the Public High School in Łomża have decided to organize an undertaking facilitating their peers' professional choices. Dubbed an "Entrepreneurship Salon", the project was designed to help young people to expand their interests and scope of choices as well as to assert their presence in the life of their school ahead of their entry into the job market.

Their first task was to get in touch with the Mobile Vocation Information Center which helped them arrange visits at various workplaces in town. The next challenge was to pre-
pare professional files, set up a specialized job-information stand at their school and arrange visits by representatives of various professions.

Thanks to their youthful enthusiasm, they did not forget to provide numerous attractions including a "job fashion show", talks on further education and various contests such as a visage competition and future-job-related quizzes. The Łomża school youth became deep-ly involved in the project and their efforts were rewarded by their participation in the finals of the "Idea 2009" Competition organized as part of the Polish-American Freedom Foundation's "Entrepreneurship Education" program.

Both the organizers and participants of the project ended up richer in knowledge and skills, and they acquired something valuable that is not easy to be taught – faith in their own abilities.



"THIRD AGE UNIVERSITIES" PROGRAM

"Grandparents for Kids" – an Intergenerational Film Project

A film entitled "Memoirs", based on the recollections of the oldest inhabitants of Radzyń Podlaski, has been produced as a joint project of the Radzyń Stuk-Puk (Knock-Knock) Association and the Radzyń branch of Lublin's Third Age University. The senior citizens took their audience to the places where the events they recounted took place: their first love, playing truant or vacation time adventures. The young people handled the technical side of the project by recording the conversations on audio-visual equipment. All the residents of Radzyń Podlaski and of course the heroes of the film were invited to its premiere showing in December 2009. In spite of the -16°C freezing cold, slippery roads and snow-clogged pavements, the cinema hall at the palace Orangery was filled with numerous enthusiasts.

The "Memoirs" comprise the personal reminiscing of eight elderly citizens of Radzyń Podlaski. Their recollections form a mosaic showing the picturesque, wooden, multicultural Radzyń Podlaski of the 1930s, '40s and '50s. The idea for this intergenerational film project was born at workshops for 100 students of Third Age Universities, attended by Dariusz Gałan, UTA head in Radzyń Podlaski, and Jakub Jakubowski, a young animator representing the Radzyń Knock-Knock [Stuk-Puk] Association. "We wanted to show the Radzyń that has been preserved in the memories of the town's oldest residents. We wished to convince everyone that our Radzyń is not as colorless and uninteresting as some seem to believe," the young film-makers from the Stuk-Puk Association explained. Work on the film lasted four months. The young activists met the TAU students and recorded and noted down their memories. Discussions on the film's scenario also took place.

Before the citizens of Radzyń could see the completed production, they first received postcards showing selected scenes from the film. In one of the postcards, Jerzy Domański was seen standing at the corner of Warszawska and 11 Listopada streets. Behind him an empty space can be seen in which until recently there stood a wooden house where he had lived in a rented room during his school days. Another postcard shows Hanna Pietrzak with the pond in Potocki Palace park in the background. In her childhood, every winter the pond would turn into a skating rink where young people came to flirt.

The film evoked thunderous applause and deep emotions in the audience. Sitting with the senior citizen were their children and grandchildren who cannot remember the



We wanted to show the Radzyń that has been preserved in the memories of the town's oldest residents.

Jakub Jakubowski, Radzyń "Knock--Knock" Association town as presented in the film. Now, at home and at social gatherings, they will be able to discuss the history of Radzyń and muse about continuing the project. CDs of the film have made their way into local schools, libraries and other institutions.

"PAFF LOCAL PARTNERSHIPS" PROGRAM

"For a Smog-Free Żywiec" – Community Campaign

The dream of enjoying fresh air in the 30,000-strong town of Żywiec is coming closer to reality. That is thanks to the "For a Smog-Free Żywiec" campaign. "The pollution is caused by residents themselves who burn plastic bottles and other trash in their stoves. That is how they save money on fuel," explained Gabriela Gibas of the Żywiec Development Foundation. That is the group that has organized this campaign and received a grant for that purpose from the "PAFF's Local Partnerships" Program.

A bus sporting the campaign's slogans cruises the streets, and on the Internet a short film popularizing the project can be viewed. It shows a small girl with a teddy bear leaving her home in which grown-ups are throwing a plastic bottle into a stove. The girl, her teddy bear and pedestrians in the streets are all wearing gas masks. A similar message is conveyed by graffiti painted next to the train station during the first press conference. It says "If you love your children, don't burn trash. Let's have a smog-free Żywiec!"

The results of school art contests and ecology lessons can already be seen. Youngsters have been seeing to it that their parents don't dump trash into heating stoves. The Foundation has also succeeded in encouraging the "Janosik" cinema of Żywiec to host a festival of



Marek Czul, the deputy mayor of Żywiec



ecological films. Leaflets, posters and other materials explaining the consequences of environmental pollution have also been distributed.

The pro bono project has not only won the support of citizens, schools and local organizations but also of the municipal authorities as well. "We have known the Żywiec Development Foundation for several years. Their clean town notion is in sync with the proecological efforts of the town authorities so we knew they were worth cooperating with," explained Marek Czul, the deputy mayor of Żywiec. The town hall has helped change regulations so trash removal fees are calculated per resident not by volume. The local police check on what residents use as heating fuel, and an ecological hotline has been set up.

The successful Żywiec campaign has been honored in a competition for the best project financed within a pilot "PAFF's Local Partnerships" Program. The "For a Smog-Free Żywiec" campaign was awarded the first place, and the Żywiec Development Foundation received a prize amounting to PLN 60,000. The initiative was acknowledged as a model project contributing to building the common good.

THE LANE KIRKLAND SCHOLARSHIP PROGRAM

Tetiana Semeniuk – Distinguished Scholarship Recipient

Tetiana Semeniuk, a graduate of the Kirkland Program in the 2009/10 academic year, comes from Lutks, Ukraine. She received her education at the Lesia Ukrainka State University of Lutsk, where she studied international relations and defended her Master's thesis entitled "Tourism as a direction of state external policy".

She is professionally involved in logistics and foreign trade and cooperates with the Euro-



The Kirkland Program stays with you forever. It becomes part of your life, it changes and improves people and opens to new possibilities.

Tetiana Semeniuk

pean Union countries, including Poland. "In Poland I have been able to gain experience in those areas, hence I decided to take part in the Lane Kirkland Scholarship Program," Tetiana Semeniuk said.

As a Kirkland Scholarship holder, she studied logistics at Lublin's Maria Curie-Skłodowska University, where under the tutelage of Professor Zbigniew Pastuszak she wrote and defended the dissertation "Logistics in the activities of global enterprises", devoted to modern logistic solutions. Both Ms Semeniuk's thesis and her activities as a scholarship holder in Poland won the acknowledgement of the evaluating commission which awarded her a diploma for completing the Kirkland Program with honors.

Tetiana further enriched her experience in the course of traineeships at Maria Curie-Skłodowska University's Management Information Systems Unit as well as at the Modern-Expo company. She also took part in logistic projects financed by the EU.

During her traineeship at Lublin's Higher School of Entrepreneurship and Administration, she took part in the recruitment process and served as a counselor for students from Ukraine. "In the future I will also continue to be involved in logistics and I plan to cooperate with this school as well as actively work to create academic opportunities for Ukrainian students in Poland," Tetiana declared.

"When I was a scholarship holder I got to know Poland better – its culture, people and their way of thinking. I fell in love with this country and I count on the development of cooperation between Poland and Ukraine. Thanks to the Kirkland Program, you start viewing the world differently. "Kirkland" stays with you forever. It becomes part of your life, it changes and improves people and opens to new possibilities," Tetiana Semeniuk emphasized.

"REGION IN TRANSITION" (RITA) PROGRAM

Professional Administration and Active Citizens – Support for Local Development in Georgia

In 2009 Lublin's Foundation for Managerial Initiatives together with Tblisi's Center for Effective Management Systems and Territorial Reform (CEGSTAR) launched a two-year project designed to support local development in five regions of Georgia: Terjola, Tkibuli, Chokhatauri, Ozurgeti and Borzhomi. As part of the "Region in Transition" (RITA) Program, it involves the implementation of model solutions and improvements in Georgian local governments in the following areas: town-hall management, promotion of tourism, local services and public order as well as cooperation with civic organizations.

The project began with a diagnosis of the way the local governments' administration was functioning in the areas of management and local development on the basis of regions'

strong points. In Georgia, RADAR workshops devoted to cooperation between the local administration and civic organizations were held, and 89 representatives of local governments and NGOs took part. On the basis of Polish experiences, the optimum model of cooperation between Georgian local governments and NGOs was developed in such areas as social assistance, support for disadvantaged groups and organizing extracurricular education for youth. "In cooperating with foreign partners we display Poland's system reforms," emphasized Paweł Prokop of the Foundation for Managerial Initiatives. "We are working on developing the solutions custom-made for a given country". Polish experts have consulted with the leadership of local administration offices as regards introducing more efficiency to the managerial measures needed to develop offers for investors and tourists as well as necessary changes pertaining to cooperation with external entities.

Representatives of Georgian local governments and non-governmental organizations from the five regions taking part in the project have also been on a study tour to Poland. The tour included a visit to the Lublin town hall as well as meetings with NGO representatives and councilors from Leżajsk district. "It was with great interest that I observed the functioning of Lublin's town hall," explained Zaza Gochelashvili from the administration of the Tkibuli region. "We have prepared a brochure and film promoting our region using Lublin as an example."

Implementation of the project's first stage has resulted in the participating Georgian NGOs expanding their cooperation with local governments receptive to cooperation in the pursuit of social projects. The next stage of the project, carried out in 2010, envisages direct support of local, grass-roots initiatives including the possibility of providing them with financial support.



In cooperating with foreign partners we

display Poland's system reforms. We are working on developing the solutions custom-made for a given country.

Paweł Prokop, Foundation for Managerial Initiatives

Financial Statements and Report of Independent Auditors

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FINANCIAL STATEMENTS Independent Auditors' Report

TO THE BOARD OF DIRECTORS OF THE POLISH-AMERICAN FREEDOM FOUNDATION

We have audited the accompanying statement of financial position of the Polish-American Freedom Foundation (the *"*Foundation") as of December 31, 2009, and the related statements of activities and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte andyt 5p. 20.0.

April 30, 2010

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2009

ASSETS

ASSETS:	
Investments, at fair value (Notes 3 and 6):	
Common and Preferred Stocks	\$ 48,500,537
Public Mutual Funds – Equity	58,149,604
Private Mutual Funds – Equity	22,057,745
Alternative Investments	81,376,405
Fixed Income Securities	33,472,145
Cash and Money Market Funds	13,846,302
	257,402,738
Cash and cash equivalents	320,044
Cash restricted for Library Program (Note 5)	6,912,819
Receivable from Gates Foundation (Note 5)	17,995,786
Program related investment (Note 3)	1,052,521
Land and fixed assets, net (Note 7)	1,973,822
Prepaid expenses and other assets	84,530
Total assets	\$ 285,742,260

LIABILITIES AND NET ASSETS

LIABILITIES:

Grants payable (Note 3) Accounts payable and accrued expenses Total liabilities	\$ 32,222,791
UNRESTRICTED NET ASSETS (Note 2) TEMPORARILY-RESTRICTED NET ASSETS (Note 2)	\$ 228,418,340
Total liabilities and net assets	\$ 285,742,260

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2009

	Unrestricted	Temporarily Restricted	Total
Changes in net assets:			
Income:			
Interest and dividend income	\$ 3,473,396	\$ 246,050	\$ 3,719,446
Support:			
Polish-American Enterprise Fund (Note 4)	13,000,000	-	13,000,000
Gates Foundation (Note 5)		28,000,000	28,000,000
	16,473,396	28,246,050	44,719,446
Net assets released from restrictions	3,337,446	(3,337,446)	-
Total income	19,810,842	24,908,604	44,719,446
Expenses:	1.046.060		1.046.060
Employee compensation and benefits Operating expenses	1,046,060 571,968	_	1,046,060 571,968
Occupancy	168,145	-	168,145
Depreciation and amortization	51,119	_	51,119
Total operating expenses	1,837,292	-	1,837,292
Grants (Note 3)	(38,308,766)	_	(38,308,766)
Income in excess of grants and expenses	(20,335,216)	24,908,604	4,573,388
Net realized gain on investments (Note 6)	1,481,072	-	1,481,072
Net unrealized appreciation on investments (Note 6)	48,163,204	-	48,163,204
Net currency remeasurement losses (Note 3)	(1,150,704)	-	(1,150,704)
Total increase in net assets	28,158,356	24,908,604	53,066,960
Net assets, beginning of the year	200,259,984	_	200,259,984
Net assets, end of the year	\$ 228,418,340	\$ 24,908,604	\$ 253,326,944

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2009

Cash flows from operating activities:	
Increase in net assets	\$ 53,066,960
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Net realized gain on investments	(1,481,072)
Net unrealized appreciation on investments	(48,163,204)
Depreciation and amortization	51,119
Increase in cash restricted for Library Program, net	(6,912,819)
Increase in receivable from Gates Foundation	(17,995,786)
Increase in program related investment	(1,052,521)
Decrease in prepaid expenses	38,049
Increase in accounts payable and accrued expenses	2,623
Increase in grants payable	26,890,185
Net cash provided by operating activities	4,443,534
Cash flows from investing activities:	
Proceeds from sales/redemption of investments	77,311,059
Cost of investments purchased	(79,843,048)
Purchase of land	(1,884,929)
Cost of fixed assets	(57,766)
Net cash used in investing activities	(4,474,684)
Net decrease in cash and cash equivalents	(31,150)
- -	
Cash and cash equivalents, beginning of year	351,194
Cash and cash equivalents, end of year	\$ 320,044

Notes to Financial Statements as of December 31, 2009

1. ORGANIZATION

The Polish-American Freedom Foundation (the "Foundation" or the "U.S. Foundation") is a U.S. not-for-profit corporation established on August 11, 1999 pursuant to an agreement between the Polish-American Enterprise Fund (the "Fund") and the U.S. Government. The Foundation was created to advance the purposes of the Support for East European Democracy Act of 1989 by building upon the successful assistance programs and sound practices established by the Fund, and to undertake other developmental initiatives designed to solidify Poland's successful transition to democracy and free markets.

The Foundation concentrates its efforts in four main program areas: (i) Initiatives in Education, (ii) Development of Local Communities, (iii) Citizen in a Democratic State of Law, and (iv) Sharing the Polish Experiences in Transformation. The Foundation generally seeks an external program manager (typically a well established non-governmental organization in Poland) to execute the objectives of each individual grant, thereby leveraging the Foundation's resources. The Foundation does not have ownership or control of the external program managers.

With the permission of the Minister of Foreign Affairs of Poland, the Foundation maintains a Representative Office in Poland, the purpose of which is to engage in activities to promote the Foundation and to provide information and consultation to the Foundation with respect to its activities.

2. BASIS OF PRESENTATION

In accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations, the Foundation is required to classify information regarding its financial position and activities into certain classes of net assets:

- **Temporarily restricted net assets:** Contributions to the Foundation are reported as temporarily restricted net assets if received with donor stipulations that limit the use of the contribution. When a donor restriction expires, i.e. when the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received from the Bill and Melinda Gates Foundation were recorded as temporarily restricted net assets when received.
- **Unrestricted net assets:** Unrestricted net assets are those net assets that are not restricted by donor imposed stipulations. Pursuant to the grant agreement between the Fund and the Foundation (see note 4), at December 31, 2009, the entire balance of net assets received from the Fund are classified as unrestricted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the re-

ported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

INVESTMENTS, AT FAIR VALUE

The Foundation records investment transactions on the trade date. Interest and dividend income and unrealized and realized gains and losses are reported in the statement of activities. The Foundation engages professional investment managers who make investment decisions according to the Foundation's investment policy and monitor the Foundation's investments. See Note 6 for fair value of investments.

The Foundation applies Financial Accounting Standards Board ("FASB") No.157, Fair Value Measurements ("FASB 157") (ASC 820). FASB 157 (i) defines fair value, (ii) establishes a framework for measuring fair value under current accounting pronouncements that require or permit fair value measurement and (iii) enhances disclosures about fair value measurements. FASB 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in such asset's or liability's principal or most advantageous market, in an orderly transaction value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value.

FASB 157 describes three levels of inputs that may be used to measure fair value:

- Level 1: Inputs to the valuation methodology are quoted prices available in active markets for identical assets or liabilities as of the reporting date;
- Level 2: Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; and
- Level 3: Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk. The inputs into the determination of fair value require significant judgment. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these assets and liabilities existed.

A financial instrument's level within the fair value hierarchy is based on the lowest of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

- Common and Preferred Stocks and Fixed Income Securities: Equity and fixed income securities are valued based upon the closing price as quoted on major exchanges. Common and preferred stocks and fixed Income securities are classified within level 1 of the valuation hierarchy.
- **Public Mutual Funds Equity:** These investments are public investment vehicles valued using the net asset value ("NAV") provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV for public mutual funds is a quoted price in an active market and classified within level 1 of the valuation hierarchy.

- Private Mutual Funds Equity: These investments are private investment vehicles valued using the NAV provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV for private mutual funds is classified within level 2 of the valuation hierarchy because the NAV's unit price is quoted on a private market that is not active; however, the unit price is based on underlying investments which are traded on an active market.
- Alternative Investments: Investments that are determined by a fund manager to be illiquid and/or lacking a readily accessible market value are valued using current estimates provided by the fund manager. Alternative Investments are classified within level 3 of the valuation hierarchy.
- Cash and Money Market Funds: These investments are held either as cash or in money market funds, which are public investment vehicles, valued using \$1 per unit for the net asset value and are classified within level 1 of the valuation hierarchy.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Foundation considers all highly liquid financial instruments with original maturity of three months or less to be cash equivalents.

PROGRAM RELATED INVESTMENT

Program related investment is a loan receivable from a Polish non-governmental organization, due December 2010 and bearing interest at 4.5% per annum.

INTEREST AND DIVIDEND INCOME

Interest and dividend income is recorded when earned.

GRANTS AND GRANTS PAYABLE

Grants are recorded as grant expense in the statement of activities and grants payable in the statement of financial position when the grant is approved in accordance with policies set by the Board of Directors, negotiations have been finalized with the grantee, and the parties have signed the grant agreement.

FOREIGN CURRENCY

The Foundation's functional and reporting currency is the U.S. dollar. Substantially all of the Foundation's Polish Zloty denominated assets and liabilities are held by the U.S. Foundation and are remeasured into U.S. dollars at period end spot exchange rates. The functional currency of the Polish representative office is the Polish Zloty. Remeasurement and translation adjustments are reflected in the Statement of Activities.

DONATED SERVICES

The Foundation's American directors receive no compensation or fees for serving as directors. Such directors donate

significant amounts of their time to the Foundation. No amounts have been reflected in the accompanying financial statements for such donated services, inasmuch as no objective basis is available to measure the value of such services. The Foundation's non-executive Polish directors receive a fee for providing advice and assistance to the Foundation. For the year ended December 31, 2009 the total fees paid to all Polish directors amounted to \$35,825.

DEPRECIATION AND AMORTIZATION

Land and fixed assets are recorded at cost. Computer hardware, software, furniture, equipment and automobiles are depreciated on a straight-line basis over their estimated useful lives, ranging from three to five years. Leasehold improvements are amortized on a straight-line basis over the lesser of their useful lives or the term of the lease.

OPERATING EXPENSES

Professional services, expenses of Board of Directors meetings, expenses for travel, lodging and meals incurred in connection with the Foundation's operations and administrative expenses are classified as operating expenses.

CREDIT RISK

Credit risk is the possibility that loss may occur from counterparty failure to perform according to the terms of a contract. Unless noted otherwise, collateral or other security is not normally required by the Foundation to support financial instruments with credit risk. At December 31, 2009, the Foundation had credit exposure mainly from debt instruments in the Foundation's investment portfolio. The maximum risk of loss from these financial instruments is represented by their respective Statement of Financial Position amounts.

RECENTLY ADOPTED ACCOUNTING STANDARDS

In September 2009 the FASB issued Accounting Standards Update ("ASU") 2009-12, Investments in Certain Entities that Calculate Net Asset Value per Share (or its equivalent). ASU 2009-12 provides additional guidance about measuring the fair value of certain alternative investments, such as hedge funds, private equity funds and venture capital funds. The guidance allows companies to determine the fair value of such investments using net asset value ("NAV") as a practical expedient and also requires disclosure of the nature and risks of the investments by major category of alternative investments. The Foundation's adoption of ASU 2009-12 on December 31, 2009 did not have a material impact on the financial statements.

As of January 1, 2009, the Foundation adopted FASB Interpretation ("FIN") No.48, Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No.109 (ASC 740) and applied ASU 2009-06, Implementation Guidance on Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities ("ASU 2009-06"), which was issued by the FASB in September, 2009. The adoption of FIN No.48 had no impact on the Foundation's financial position, changes in net assets or cash flows.

RECENTLY ISSUED ACCOUNTING STANDARDS

In January 2010 the FASB issued ASU 2010-6, Improving Disclosures about Fair Value Measurements. ASU 2010-6

will require new fair value disclosures and clarification of existing disclosures. ASU 2010-6 is effective for Fiscal years beginning after December 15, 2009. The Foundation is assessing the impact the application of ASU 2010-6 will have on its financial statements.

4. POLISH-AMERICAN ENTERPRISE FUND GRANT

Pursuant to an agreement signed in 1999 between the Fund and the U.S. Government and in consultation with the Government of Poland, the Fund has returned \$120 million of the Fund's assets to the U.S. Treasury and has contributed \$250.5 million to the Foundation through December 31, 2009. During the year ended December 31, 2009, \$13.0 million was contributed by the Fund to the Foundation.

According to the terms of the grant agreement between the Fund and the Foundation, as amended, (the "Grant Agreement"), the Foundation shall be operated as a perpetual endowment, with the long-term objective of earning an average annual return on the Endowment Amount which exceeds average annual disbursements to beneficiaries and for expenses as defined in the Grant Agreement.

According to the terms of the Grant Agreement, the Fund has the right to require repayment or transfer of all or any portion of the Endowment Amount paid or transferred to the Foundation together with any interest thereon if foreign policy grounds exist, as described in Section 801 of the SEED Act.

5. BILL AND MELINDA GATES FOUNDATION GRANT

In March 2009, the Global Development Program of the Bill and Melinda Gates Foundation (the "Gates Foundation") awarded the Foundation a project support grant in the amount of \$28 million for the five-year period from April 1, 2009 to March 31, 2014 (the "Library Project Grant"). Funds received from the Library Project Grant, including interest on cash deposits held by the Foundation, are to be spent exclusively to implement a program to increase access to computers and the internet through public libraries in rural areas of Poland (the "Library Program"). The Library Project Grant was recorded as temporarily restricted net assets when the grant agreement was signed and is reclassified to unrestricted net assets when funds are disbursed.

In April 2009 the Foundation received the first installment of \$10.0 million from the Gates Foundation. The remaining \$17,995,786 is due to be paid to the Foundation in four installments, as presented in the table below:

Payment date	Amount
May 2010	\$ 4,500,000
May 2011	4,500,000
May 2012	4,500,000
May 2013	 4,495,786
	\$ 17,995,786

6. FAIR VALUE OF FINANCIAL INVESTMENTS, CARRIED AT FAIR VALUE

See "Investments, at Fair Value" in Note 3, above, for discussions of the methodologies and assumptions used to determine the fair value of the Foundation's Investments. Set forth in the table below are the Foundation's financial instruments as of December 31, 2009, carried at fair value on a recurring basis by the FAS 157 hierarchy levels described in Note 3:

	Level 1	Level 2	Level 3	Total
Common and Preferred Stocks	\$ 48,500,537	\$ –	\$ –	\$ 48,500,537
Public Mutual Funds - Equity	58,149,604	_	_	58,149,604
Private Mutual Funds - Equity	-	22,057,745	_	22,057,745
Alternative Investments	-	_	81,376,405	81,376,405
Fixed Income Securities	33,472,145	_	_	33,472,145
Cash and Money Market Funds	13,846,302	_	_	13,846,302
	\$ 153,968,588	\$ 22,057,745	\$ 81,376,405	\$ 257,402,738
% total	59.8%	8.6%	31.6%	100.0%

Set forth in the table below is a summary of changes in fair value of the Foundation's level 3 investments as of December 31, 2009 (there were no transfers in or (out) of Level 3 investments in 2009):

	Begining Fair Value	C / Realized Purchases and		Ending Fair Value	Unrealized Gains, net for Level 3 Inve- stments outstan- ding at Year End	
		net	net			
Alternative Investments	\$ 37,123,283	\$ 5,180,006	\$ 30,071,503	\$ 81,376,405	\$ 14,124,896	

The Foundation evaluates investment manager performance on a total return basis, net of custodial, investment management and advisory fees and reports income net of such fees. The total amount of such fees reflected in the statement of activities was \$570,346, which represents 0.22% of the total value of investments under management at December 31, 2009. This amount was reflected in interest and dividend income. Included in the amount reported as interest and dividend income in the Statement of Activities is approximately \$1.2 million that represents amounts distributed from and classified by the Foundation's various mutual fund investments as dividend income.

Presented in the table below is information about the Foundation's alternative investments, categorized by investment strategy, measured at fair value based on NAV as of December 31, 2009:

	Fair Value	Redemption Frequency	Redemption Notice Period	
Event driven	\$ 33,659,675	Quarterly/semi-annually	45–65 days	(a)
Long/short equity	28,104,391	Monthly/quarterly	60–90 days	(b)
Multi-strategy	11,787,089	Over 3 years/at manager's	65 days	(c)
Fixed income/credit-related	7,825,250	discretion	00 44/0	
	\$ 81,376,405 Quarterly		60 days	(d)

Note: There are no unfunded commitments to the Foundation's alternative investments.

(a) Event driven: This category includes alternative investment funds that invest in event driven situations such as mergers, acquisitions, recapitalizations, liquidations or other corporate restructuring transactions where there is a perceived differential between the value to be received upon successful consummation of the anticipated transaction or event and the current market price.

(b) Long/short equity: This category includes alternative investment funds that invest in long/short equity. Investments representing 28% of this category cannot be redeemed currently because the investments include restrictions that do not allow redemption in the first year after acquisition.

(c) Multi-strategy: This category includes alternative investment funds that pursue multiple investment strategies, including long/short equity, event driven, credit, private transactions and derivative strategies. Investments representing 66% of this category cannot be redeemed currently because the investments include restrictions that do not allow redemption in the first two years after acquisition. Distributions from investments representing 34% of this category will be received through the liquidation of the underlying assets of the fund and, as of December 31, 2009, it is probable that distributions received will be in an amount different from the NAV of the Foundation's ownership interest in the fund.

(d) **Fixed income/credit-related:** This category includes alternative investments funds that pursue a credit dislocation strategy designed to capture differences between market prices and underlying asset values.

7. LAND AND FIXED ASSETS

In 2009, the Foundation acquired land to be used for a future site for the Foundation's offices. As of December 31, 2009, land and fixed assets consisted of:

Land, at cost	\$ 1,884,929
Computer equipment and software	166,021
Furniture and equipment	98,723
Automobiles	64,925
Leasehold improvements	3,654
	2,218,252
Less - Accumulated depreciation	244,430
Net book value	\$ 1,973,822

8. COMMITMENTS

At December 31, 2009, the Foundation had approved 14 programs totaling \$13.3 million that were subject to the completion of grant negotiations and the signing of grant agreements to the satisfaction of all parties. Subsequent to December 31, 2009 the Foundation signed grant agreements for these programs totaling \$4.1 million.

In addition, the Foundation is committed to make minimum annual rental payments for office space under an operating lease which expires December 31, 2011. Lease commitments for the twelve months are approximately \$165,500 for 2010 and \$165,500 for 2011.

9. TAX STATUS

UNITED STATES

The Foundation is exempt from U.S. Federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code"), and has been classified as an organization that is not a private foundation as defined in Section 509(a)(1) of the Code. In addition, the Foundation is exempt from state and local income taxes.

POLAND

The Foundation's Representative Office in Poland is not subject to Polish corporate income taxation.

John P. Birkelund – Chairman

Chairman of the Board of Directors of the Polish-American Enterprise Fund, Senior Advisor Saratoga Partners

Marek Belka

Former Prime Minister of Poland, former Executive Secretary of the United Nations Commission for Europe, Director of the European Department of the International Monetary Fund

<mark>Joseph C. Bell</mark> Senior Partner, Hogan & Hartson

Frederick M. Bohen

Former Executive Vice President and Chief Operating Officer, The Rockefeller University

Michał Boni (till January 2008)

Minister, Member of the Council of Ministers of the Republic of Poland, former Minister of Labor and Social Policy, Labor Market and Social Policy Expert

Zbigniew Brzeziński

Former National Security Advisor to the U.S. President, Counselor and Trustee at the Washington Center for Strategic and International Studies (CSIS), Director of the Polish-American Enterprise Fund

Robert G. Faris

Chairman of the Board of Directors of Enterprise Investors Corporation, Director, President & Chief Executive Officer of the Polish-American Enterprise Fund

Anna Fornalczyk

Former President of the Polish Office for Competition and Consumer Protection

Geoffrey R. Hoguet

Managing Member, GRH Holdings, LLC

Aleksander Koj

Professor at the Molecular Biology Institute at the Jagiellonian University, former Rector of the Jagiellonian University

Jerzy Koźmiński

Former Polish Ambassador to the United States, President and Chief Executive Officer of the Polish-American Freedom Foundation

Andrew Nagorski

Vice President and Director of Public Policy at the EastWest Institute, former Senior Editor of Newsweek International

Krzysztof Pawłowski

President of the High School of Business-National Louis University in Nowy Sącz, former Polish Senator

Nicholas A. Rey

Former U.S. Ambassador to Poland, Director of the Polish-American Enterprise Fund

Carla H. Skodinski

Vice President and Chief Investment Officer, Van Beuren Management, Inc.

U.S. Government Liaisons to the Board - U.S. Ambassadors to Poland, participating in the work of the Board of Directors Victor Ashe – till September 2009 Lee Feinstein – from September 2009

President and Chief Executive Officer Jerzy Koźmiński

Administrator of the Representative Office Grzegorz Jędrys

Program Directors Jacek Michałowski Radosław Jasiński Anna Wojakowska-Skiba - till March 2009

Program Officers Renata Koźlicka-Glińska Robert Milewski Mirosław Czyżewski

Chief Accountant Agnieszka Kwiatkowska

Programs' Financial Controller Mira Osiecka

Accounting Grażyna Skrzypiec Adela Makarewicz

Information and PR Przemysław Zaroń

Program Assistants and Secretariat Kalina Grzeszuk-Zajączkowska Agnieszka Łukasik Katarzyna Świątkiewicz Paulina Kołaczyńska Joanna Lempart-Winnicka

Administrative Assistant Rafał Milewski Treasurer and Chief Financial Officer Norman E. Haslun III

Secretary to the Board of Directors C. Douglas Ades

Special Consultant Rafał Kramza

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