



POLISH-AMERICAN FREEDOM FOUNDATION

2010 ANNUAL REPORT

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LETTER FROM THE PAFF LEADERSHIP

It is our pleasure to present the Polish-American Freedom Foundation's Report for 2010, the year the Foundation celebrated its 10th anniversary.

Celebrations were held in Warsaw in May 2010 and provided an opportunity to look back upon a decade of the Foundation's efforts in pursuit of its general objectives – strengthening civil society, democracy and a free market economy in Poland as well as sharing Poland's transformation experiences with other countries of Central and Eastern Europe. At a conference marking our 10th anniversary, we had the honor to play host to Parliamentary Speaker and Acting Head of State Bronisław Komorowski, and Prime Minister Donald Tusk as well as Ministers Katarzyna Hall, Radosław Sikorski, Krzysztof Kwiatkowski and Michał Boni. The event was attended by numerous representatives of non-governmental organizations including our partners - Program Managers, civic leaders, scholarship recipients, representatives of local grant-giving organizations, educational institutions and libraries. American astronauts visiting Poland at the time also took part, having met previously with participants of the Foundation's educational programs, in particular from rural areas and small towns.

Congratulations and words of recognition of PAFF's achievements were sent by U.S. President Barack Obama, the President of the European Parliament Jerzy Buzek and the two former Polish Presidents Lech Wałęsa and Aleksander Kwaśniewski.

Our 10th anniversary also afforded an opportunity to highlight the critical role played in Poland's transformation by the Polish-American Enterprise Fund, which was established by U.S. Congress in 1990. The Fund's great success enabled the formation of the Foundation, which it generously awarded with an endowment that is now over \$250 million.

In 2010, one of the Foundation's most important undertakings was the implementation of the Library Development Program in partnership with the Bill and Melinda Gates Foundation. Libraries in rural areas and small towns participating in the first round of the Program, launched in 2009, were provided with modern computer equipment and software. Important components of the Program include training and grants to finance development plans in individual libraries. The funds are also used to bring the librarian community together, share experience and know-how. More than 1,500 libraries qualified for the second round of the Program in Spring 2011, which will join the nearly 1,900 others already participating in the Program. All told, nearly 3,400 libraries from more than 1,100 communes will take part.

During the past year we have continued to develop our long-range educational initiatives. These include the "Equal Opportunities" Program launched in 2001, in which nearly 1,600 local projects were carried out. Over the decade, this venture has evolved into a system with a broad variety of activities, encompassing not only grants but also training opportunities, educational forums and an Internet platform.

Another important undertaking has been our "Learning Schools" Program which has so far directly embraced more than 1,000 educational institutions, and 34,000 teachers who have taken part in its training activities. The experience gained in this Program has been utilized in mass campaigns being conducted in cooperation with *Gazeta Wyborcza* daily. Last year another such initiative got under way: a nationwide action called "School with Class 2.0", aimed at promoting information and communication technologies in the learning and teaching processes.

PAFF has also partnered with the Center for Citizenship Education Foundation in an undertaking known as the "Pupils' Academy". The objective of the "Academy", financed with European Union funds, is to promote math-

ematics and science subjects among junior high school pupils. By 2014, almost 33,000 pupils from 300 junior high schools will have taken part in the project.

Last year, the Universities of the Third Age (UTA) marked their 35th anniversary in Poland. The new challenges facing this community were the subject of the UTA conference held in October in Katowice. Its special guest was Polish First Lady Anna Komorowska who also pledged her support for the "UTA Year" celebrations planned for 2012. The conference afforded an occasion to highlight PAFF's involvement with the Universities which began in 2005. At present, the Foundation's support goes beyond the UTAs themselves and concentrates on intergenerational projects and training opportunities for the elderly wishing to become involved in civic activity.

PAFF also undertook new tasks within our Bridge Scholarships Program. In October 2010 a conference devoted to the development of scholarship initiatives in Poland was held with participation of more than 100 representatives of non-governmental organizations, universities and local governments. As of last year, PAFF was also supporting the Good Network Foundation involved in the promotion of scholarship programs and volunteer activities. The Foundation operates Poland's first portal devoted to these issues. The Bridge Scholarships Program and the "PROJECTOR-Student Volunteers" Program were enriched by the Polish-American Internship Initiative, in which summer internships in American corporations are arranged with the support of the U.S. Embassy in Warsaw.

True to its mission, the Foundation has continued initiatives promoting and consolidating civic activities in rural areas and small towns. Importantly, an increasing number of our programs received added funding from domestic donors. One example is the "Act Locally" Program in which nearly 4,000 projects have been carried out to help solve local problems, inspire developmental aspirations and build social capital. Last year alone, Local Grant Organizations, which conducted grant competitions in their areas, obtained more than PLN 1 million in additional funds for the Program. New Local Grant Organizations have joined the Program. The LGO network already comprises 52 organizations covering more than 20 percent of Poland's rural communities.

Building social capital cannot be achieved without the involvement of local leaders. It was with such people in mind, those deeply involved in the life of their communities, that the Foundation started the "PAFF Leaders" Program in 2004, in cooperation with the School of Leaders Association. Worthy of note was the fact that out of all the Program's 390 participants, 107 ran for office in local government elections of November 2010. Thirty-eight of them were elected to district councils, and six won mayoral elections. These results attest to the growing activity of local leaders ready to take on more responsibility for developing their communities.

Another key area in which PAFF continued its long-range efforts was the support of democratic and free-market transformations in countries to the east of Poland, mainly by sharing Poland's experience. From the outset, that end was served by two programs. The "Region in Transition" Program created conditions to develop cooperation of Polish NGOs and other institutions with partners in the East. Another, the Lane Kirkland Scholarship Program, was inspired by the American Fulbright Program. These initiatives have fostered the creation and consolidation of bonds between Poland and countries of the region. Currently, this is of particular significance in the context of the EU Eastern Partnership and Poland's impending European Union Presidency.

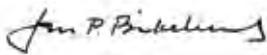
Last year, the Polish-American Freedom Foundation became involved in the establishment of the Tenth of April Foundation. It was set up by representatives of leading corporations and financial institutions in Poland to commemorate the tragic Smolensk air crash of April 10, 2010 and to take care of the children who lost their parents in the accident as well as other children whose parents will perish while performing official civil service duties in the future.

Last year also brought with it destructive floods which ravaged many regions of Poland. In cooperation with the Centre for Citizenship Education Foundation, the Information Society Development Foundation and the Academy for the Development of Philanthropy in Poland, PAFF became involved in assistance to the schools, libraries and local civic organizations in rural areas and small towns which had been the most seriously affected. An Internet platform was also created to quickly relay information about the needs, resources and progress of the relief campaign. In total, PAFF earmarked more than PLN 1.5 million for the 2010 flood relief. Other entities – commercial firms, institutions and private individuals – also joined in the effort.

This Annual Report took its final form in May 2011. It is with pleasure we wish to note that in the period covered by the report the resources disbursed for our activities since the Foundation's inception exceeded the \$100 million mark. These resources have helped finance more than 7,000 local projects, 19,000 scholarships for young people from rural areas and small towns, training opportunities for 35,000 teachers and more than 17,000 leaders and NGO representatives.

We wish to thank all those who have worked with us during the past year, offering their valuable advice and support. We are grateful to the Members of the Board of Directors who have become involved in the Foundation's development and have offered the Foundation's Team their wise support. Particular words of gratitude and recognition are owed to Professor Aleksander Koj who took part in the work of the Board of Directors from our inception until November 2010. Professor Koj's knowledge, experience and personal involvement in many of our efforts have been extremely helpful over the past 10 years. Professor Marek Belka took a leave from the PAFF Board of Directors following his appointment as President of the National Bank of Poland in 2010. We warmly welcome new Board Members Alfred Bieć and Christopher Hill. We also wish to extend our thanks to former Program Director Jacek Michałowski, who was associated with the Foundation since its inception, and who became the Head of the Chancellery of the President of Poland in 2010. We cordially thank our Partners, above all the Managers of the Foundation's Programs, as well as civic leaders, non-governmental organizations and other institutions involved in PAFF initiatives. Thanks to them, we can close this period with a sense of satisfaction with another successful year of activity.

New York / Warsaw, May 2011



John P. Birkelund
Chairman of the Board of Directors



Jerzy Koźmiński
President and Chief Executive Officer

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 SCHOLARSHIP PROGRAM
- REGION IN TRANSITION (RITA)

Initiatives in Education

- POLISH EDUCATIONAL PORTAL „INTERKL@SA”
- ENGLISH TEACHING (ET)
- EQUAL OPPORTUNITIES
- THE LEARNING SCHOOLS (LES)
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- BRIDGE SCHOLARSHIPS
- FOR CHILDREN
- THIRD AGE UNIVERSITIES (TAU)

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 objective of the Portal's editorial staff is to contribute to 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. „Francie” (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. It also provides access to a new search-engine based on Google Technology.

In 2010, the Portal recorded an average of 560,000 hits a month. The weekly electronic bulletin is received by nearly 30,000 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.

→ PAFF granted a total of **\$2,544,147** for the Program, including \$179,286 in 2010

→ Program Manager:
Polish Educational Portal “Interkl@sa” Foundation

→ more information at:
www.interklasa.pl

ENGLISH TEACHING

In operation since 2000, the “English Teaching” 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 a large-scale undertaking stimulating and developing numerous initiatives in small local communities. The results of such initiatives often go beyond the initial goals. The actions undertaken 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, more than 610 projects have been funded. English Teaching and Anglo-Saxon Culture Clubs were set up in many Polish schools. 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 organized. Children and young people had an opportunity to watch English language films in their original versions and participate in



classes conducted by native speakers of English. The Program also offers language training sessions and camps organized in cooperation with other institutions.

More than 37,000 pupils and 2,000 teachers directly participated, while another 100,000 parents and other members of local communities, either directly or indirectly, participated in the projects financed within the grant competitions.

Eight nationwide educational meetings, „English Teaching Markets” were held for teachers of English as well as for interested institutions, organizations, schools and publishers. Some 4,270 people participated in them. These annual gatherings are aimed at developing cooperation networks of English language teachers from small localities, additionally supported by the Program’s quarterly bulletin and a community portal.

In addition, eighty-one weekend „Teaching English Teachers” training sessions have been held for 3,500 teachers mainly from outside major metropolitan areas. The sessions concentrated on language-teaching methodology.

Beginning in 2009, the most active teachers participating in the Program have an opportunity to broaden their skills during a three-week TESOL (Teaching English to Speakers of Other Languages) Summer Institute organized by Gonzaga University in the USA.

→ PAFF granted a total of **\$4,037,795** for the Program, including \$336,843 in 2010

→ 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.

Within this Program, NGOs, extracurricular institutions and informal groups apply for grants to fund projects that help develop the skills needed for children and youth to achieve independently and realistically set goals. 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 worthy of replication has been created and is regularly updated; it is available at www.rownacszanse.pl.

An important component of the Program are the 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 discussions are held on the potential of the local community as well as barriers limiting developmental opportunities for young people from rural areas and small towns.

So far, 2 national as well as 46 regional and local educational forums have been organized, attended by a total of 7,800 participants. The Program’s offer is rounded

Initiatives in Education

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 undertakings.

The results of the nine rounds of the Program include the implementation of 1,547 educational projects involving nearly 116,000 participants. Activation and integration of local communities around the initiatives addressed to children and teenagers should be noted. 13 publications have been issued describing the methodology of selected model projects, which may be implemented throughout Poland. In addition, 140 new local non-governmental organizations have emerged as a result, and the majority of initiatives are being continued after the financial support provided by the Program ceases. They include the „Young Explorer Clubs”.

In 2010, within the National Grant Competition, Regional Grant Competition and the Model Project Competition grants were awarded for a total of 123 projects. Implementation will last until the end of 2011.



→ PAFF granted a total of **\$7,960,328** for the Program, including \$735,119 in 2010

→ 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 teaching at schools, by improving teachers' skills and introducing a quality assurance system into their daily practice. It is founded on the premise that the school can fully and responsibly plan its development provided it recognizes its strong and weak points.

Through training, schools joining the Program learn how to introduce changes into their daily work, relying on self-evaluation and alterations in teaching and evaluation methods.

Schools which complete the training cycle 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. They also participate in the accreditation process of educational institutions vying for the “Learning Schools” title.

Training and workshops for the teaching staff and their representatives, training courses for headmasters, conferences for teachers and summer schools are also offered within the undertaking. 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 placed on schools in rural areas and small towns.

During ten years, 973 schools have participated in the core part of the „Learning Schools” Program, and 34,000 teachers have been trained. Thanks to the Program, the autonomy of the teaching staff increases and the schools open up contact with the outside world.

Interested schools may also take advantage of widely available courses organized within the “Learning Schools Academy”. The „Academy” provides training courses and workshops for teaching staff as well as internet courses for individual teachers. In the 2009/2010 school year more than 170 schools from all over Poland took advantage of this offer.

Since 2007, the Educational Leaders Postgraduate Studies Program has been carried out in cooperation with Collegium Civitas and the All-Poland Educational Management Staff Association. The objective is the skill-improvement training for management staff: headmasters and supervisory bodies as well as staff of the school superintendent's office. So far 171 headmasters and deputy headmasters of all school levels have taken part in the study program.

In the years 2007-2008 the „Good Teaching and Grading in Local Public Schools” initiative was implemented. 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 introducing a local educational policy that supports schools in improving their staffs' teaching and grading methods. 202 schools, most of them from small localities, took part in that initiative.

Two new undertakings have been implemented since 2009 - the “Teachers Internet Academy” (TIA) and the “Pupils' Academy”. The first is a large-scale undertaking offering online training to teachers of different subjects at schools and levels of every kind, including pre-schools. “TIA” courses are conducted on a special Internet platform making use of e-teaching and e-coaching that prepare teachers to use modern information technologies in their teaching activities. “TIA” offers seven yearly courses. In the last year's edition 1,500 teachers took part. The „Pupils' Academy” initiative, financed from European Union funds, is aimed at promoting mathematics and science subjects among junior-high school students. By 2014 the project is to encompass 300 junior high schools, which will receive funds for conducting extracurricular activities by means of scientific clubs for mathematics, physics, chemistry and biology. This will also include additional remuneration for overtime work of teachers overseeing those clubs. And, the schools will receive Young Explorer's tool sets as well as the opportunity to arrange trips to science festivals organized by higher education institutions.

PAFF is the strategic partner of the “School with Class 2.0” undertaking, promoting the use of information and communication technologies in learning and teaching.

It builds on the “School with Class” mass campaign, inspired by the “LES” Program and conducted by the Center for Citizenship Education in cooperation with Gazeta Wyborcza daily newspaper. Over 5,000 schools from all over Poland completed it. The campaign gave birth to the following undertakings: “Teacher with Class”, “Student with Class”, and “School of Thinking”.



→ PAFF granted a total of **\$5,048,965** for the Program, including \$1,069,831 in 2010

→ Program Manager:
Center for Citizenship Education Foundation

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

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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 solidarity, at the same time enabling them to pursue their passions and interests in an attractive and enjoyable way.

In the editions of this Program conducted since 2003, more than 13,000 educational projects have been conducted in 1,000 schools all over Poland in which more than 7,200 student volunteers took part. Last year nearly 3,200 projects were carried out with the participation of more than 32,000 pupils from 380 schools.

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 en-

compassing 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 (PG-NiG Group), the Ministry of Treasury, IBM, Euro<26 and Radio Eska.

→ PAFF granted a total of **\$3,213,295** for the Program, including \$579,182 in 2010

→ Program Manager:
The Foundation for the Development of Voluntary Service

→ more information at:
www.projektor.org.pl, www.inspiruj.pl

ENTREPRENEURSHIP EDUCATION

The objective of the Program was 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 was the “Junior-high Enterprise”, implemented jointly with the Junior Achievement Foundation between 2004 and 2010. The major objective of the initiative was to support teachers in shaping creative, entrepreneurial attitudes among their pupils and teaching them effective teamwork.

Activities carried out within the Program motivated young people to develop their own interests, taught them how to plan and organize their work as well as take responsibility for their own decisions. They also encouraged them to pay attention to the needs of others, especially in their local community. The teacher acted as a partner who did not make decisions on behalf of his pupils but rather assisted them in analyzing the situation and drawing their own conclusions.

Program participants were also eligible to take part in „IDEA”, the National Competition for the Best Student Initiatives. It was aimed at encouraging young people





to undertake worthwhile initiatives in their schools and local communities as well as enabling pupils from all over Poland to present their achievements and share their knowledge and experience. Four editions of the Competition were held within the Program, to which more than 2,000 student initiatives were submitted. Each year sixteen pupil teams were nominated to take part in the national finals.

To meet the needs of the Program, publications and presentations useful to teachers in their work with students as well as supplementary methodological materials, such as lessons scenarios were specially created and are now accessible at: www.junior.org.pl. So far more than 3,300 teachers from nearly 1,400 schools all over Poland have taken advantage of those materials. Within the Program training opportunities for teachers as well as program-promoting workshops for headmasters and teachers' councils were also provided. Within all editions of the Program, a total of 1,200 teachers and more than 700 school headmasters were trained.

Another component of the Program was support for the National Entrepreneurship Olympics, organized by the Foundation for the Promotion and Accreditation of Economic Education. The finals grouping the best contestants are held every year at the Warsaw School of Economics. The winners receive student registration numbers enrolling them in the universities organizing the competition as well as laptops, palmtops and digital cameras. Prizes are also awarded to subject tutors. At present PAFF is a strategic partner of the National Entrepreneurship Olympics within its Bridge Scholarships Program.

→ PAFF granted a total of **\$882,381** for the Program

→ Program Manager:
Junior Achievement Foundation

→ The National Entrepreneurship Olympics:
www.olimpiada.edu.pl

→ Manager:
The Foundation for the Promotion and Accreditation of Economic Education

BRIDGE SCHOLARSHIPS

The Program was launched in 2002 in response to a serious social problem – the clear disparity of access to higher education between 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 edition 1,300 scholarships have been granted, including 734 scholarships for the first year students in the amount of PLN 500 per month.

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 that joined the Program as part of the „Diploma of Dreams” campaign. So far the partners have earmarked almost PLN 57 million for the scholarships, including more than PLN 30 million provided by PAFF.

Initiatives in Education



The Polish-American Freedom Foundation, 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 to pursue local scholarship initiatives coordinated with the Program’s aims. Since 2006, more than 103 NGOs have provided scholarship assistance to 1,720 recipients.

A survey conducted among scholarship holders revealed that nearly 4,000 of them would not have been able to undertake university studies were it not for the financial assistance of the Bridge Scholarships Program. More than 55 percent of the scholarship holders had grade averages of “B” or better during their entire course of studies, and 70 percent completed them without delays. A mere 3 percent dropped out. Nearly 70 percent of them plan to continue their education after graduation.

Since the start of the Program, more than 13,000 scholarships have been awarded. So far, first-year scholarships for studies leading to a Master’s degree have been granted to 10,200 secondary-school graduates. And, in the seven editions of the „Top Student” competition 2,382 winners received second-year scholarships. 515 corporate scholarships have been funded as have 100 for the “Study Abroad” initiative. An initiative to organize foreign internships has also been undertaken. 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 nonpublic ac-

ademic institutions and private business schools. Since 2000 more than 8,253 of these scholarships have been awarded.

Rzeczpospolita daily has assumed media patronage of the Program.

→ PAFF granted a total of **\$12,395,879** for the Program, including \$1,208,520 in 2010

→ Program Manager:
Educational Enterprise Foundation

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

FOR CHILDREN

The Program, implemented between 2005 and 2010, is aimed at creating 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 first 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 elements of developed primary-education strategy such 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-school-club instructors and local leaders. The experience gained during the Program’s first edition 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 com-



ponent of the Program was the creation of a database of non-governmental organizations supporting elementary education. It is accessible at: 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 children, parents and teachers and indirectly affected nearly 6,000 people.

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 were 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 69 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 took advantage of an online consultation center at www.dladzieci.org.pl. The task of the consultants was to provide substantive and technical assistance in drafting grant applications for various activities linked to the development and education of small children.

The aim of the third edition, implemented in the years 2009-2010, was the popularization of experiences gathered during the Program’s implementation. That was achieved by means of publications as well as seminars and regional debates devoted to the role played by NGOs in shaping local primary-education strategies. Almost 650 people participated in them. A report “Standards, Barriers, Opportunities” was also prepared in cooperation with the Unit for Social Innovation and Research “Shipyard” Foundation. It presents a diagnosis of obstacles preventing full access to high-quality early education in Poland. The report is available on the Program’s website.

→ PAFF granted a total of **\$702,344** for the Program, including \$37,303 in 2010

→ 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 educational and empowering activities aimed at seniors as well as to promote their civic involvement. The Program works towards this goal by providing support to, and popularizing, civic initiatives undertaken by the elderly, while making use of their knowledge, experience, potential and availability for the benefit of the community. Support is also provided to Third Age Universities (TAU).

In the years 2005-2008, 131 grants were awarded to Third Age Universities in a grant competition for activities im-

Initiatives in Education



proving the quality of their educational offerings, including computer and Internet courses as well as initiatives reaching out to a broader audience of senior citizens and involving seniors' in their communities, particularly through voluntary work.

Since 2008, as part of the "Senior Citizens in Action" grant competition, grants and training courses are offered for people aged over 55 who are eager to get involved in civic initiatives. The competition is aimed at active seniors, taking part both in Third Age Universities as well as various organizations and institutions. So far 99 inter-generational projects have been funded, mobilizing the elderly in their local communities and promoting seniors' voluntary work. In the current edition, 32 projects are being implemented and accounts of their implementation are provided on the "Senior Citizens in Action" blog.

Within the framework of support for Third Age Universities, the Program offers training courses, workshops and an opportunity for sharing experiences during conferences for TAU representatives. So far such gatherings have been held in Krakow, Bydgoszcz, Słupsk, Płock, Warszawa, Nowy Sącz and Katowice.

In 2009 and 2010 two editions of the workshops aimed at encouraging TAU students to get involved in civic initiatives took place. A total of 200 people participated. In March 2010, the workshops were concluded in an unusual way with the "Here we are! Seniors!" happening carried out in Warsaw.

→ PAFF granted a total of **\$2,082,978** for the Program, including \$413,882 in 2010

→ Program Manager:
The Association of the Creative Initiatives "e"

→ more information at:
www.seniorzywacji.pl

→ TAU website: **www.utw.pl**

Development of Local Communities

- ACT LOCALLY
- SUPPORT FOR NGOs
- PAFF LEADERS
- WORK IN POLAND
- VILLAGE IN TRANSITION (e-VITA)
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- PAFF LOCAL PARTNERSHIPS
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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 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 funding in countrywide competitions, and 1,547 grants were awarded via a network of 52 Local Grant Organizations (LGOs) which held local competitions involving several communities or districts.

In the years 2008-2010, within the 6th edition of the Program, financial assistance was 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 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. 37,000 volunteers were involved in implementation of the projects.

In 2010 the seventh edition of the „Act Locally” Program started. The network of LGOs, currently comprising 52 organizations, has been joined by new ones from the dolnośląskie, opolskie, podkarpackie, warmińsko-mazurskie and zachodnio-pomorskie voivodeships. Those organizations have announced local grant competitions in their areas of activity. A pilot „Act Local-



ly for the Leader Program. Grants and Loans” fund has been initiated within the seventh edition of the Program by the Academy for the Development of Philanthropy in Poland together with four Local Grant Organizations and the “NIDA” Development Foundation. It enables non-governmental organizations to acquire grants and loans for making their own contributions to projects under the European Union Program “LEADER”.

For a few years the “Tell me...” competition has been organized within the “Act Locally” Program. It summarizes and promotes activities for the benefit of the common good, undertaken thanks to the projects financed within the Program.

The Program’s experiences have been harnessed by „PAFF Local Partnerships”, an initiative implemented since 2009. The beneficiaries of various PAFF programs set up partnerships whose objective is to carry out social projects of importance to local communities.

Within the „Act Locally”, 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. The Foundation is also the main partner of the “Civic Leader of the Year” Competition, organized by Newsweek Polska (the Academy for the Development of Philanthropy in Poland is a strategic partner). The aim of the Competition is to promote and award people acting for the common good in their local communities.

→ PAFF granted a total of **\$7,541,449** for the Program, including \$1,147,287 in 2010

→ 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 improve the quality of their management as well as to make the implementation of civic projects more effective.

Currently the Program comprises three parallel paths.

The first is the “Support for NGOs” path (formerly “MIS@NGO”) - the NGO information system whose main component is the Non-Governmental Organizations’ Portal ngo.pl (in 2010 it noted an average of 700,000 visits a month). The system also includes an Informatorium (information center) with its 0-801-646-719 hotline, research and publications, and the quarterly Third Sector, published by the Institute of Public Affairs. The second path is aimed at increasing the NGO’s ability to obtain European Union funds. Those activities constitute a continuation of PAFF’s “EURO-NGO” Program carried out in 2003-2006 by the SPLOT network and the Association for the Forum of Non-Governmental Initiatives. In 2004-2006,

thanks to the participation in the “EURO-NGO”, Polish NGOs gained over \$48 million from EU funds. Information activities, such as the www.eu.ngo.pl service, are now carried out by the Federation of Polish NGOs Szpitalna Center, and advocacy activities by the National Federation of Polish NGOs. The “Support for NGOs” offer also includes experts’ support in this scope for the Third Sector.

The third path is the “Financial Management for NGOs” (FIM@NGO) which includes training, counseling and publications for people responsible for the financial management of NGOs, mainly in small localities. In total, in the years 2000-2010, more than 2,300 people, including 184 last year, representing 142 organizations from all over Poland took advantage of such training opportunities. The training courses are implemented by the Civil Society Development Foundation.

→ PAFF granted a total of:

- the „MIS@NGO” path: **\$1,980,575**
including \$324,736 in 2010
- the „EURO-NGO+” path: **\$1,522,375**
including \$62,236 in 2010
- the „FIM@NGO” path: **\$906,145**
including \$63,532 in 2010

→ Program Managers:
Klon/Jawor Association
Civil Society Development Foundation (the “FIM@NGO” path)

→ more information at:
www.ngo.pl; www.eu.ngo.pl

Development of Local Communities

PAFF LEADERS



The objective of this Program, implemented through the involvement of the 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 tutoring methods 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”.

The core part of the Program is a twelve-month cooperation between a leader and a tutor as well as a series of training sessions adapted to the participants’ needs and priorities, focusing on: interpersonal development, team building, managing an organization, communication, community involvement and creating local partnerships. The skills acquired are to help leaders in the activities which they undertake for the benefit of their local communities.

An essential component of the Program is the offer for Program graduates (the “Alumni” Initiative). The initiative provides an opportunity to participate in meetings with well-known figures of public life and in workshops adapted to the participants’ needs. Also, within the Development Fund, the alumni of the Program may obtain grants for enhancing their leadership skills. Thanks to the

electronic newsletter, the alumni regularly receive information about current undertakings carried out within the Program. Leaders may also exchange experiences during annual meetings of participants as well as via civic portals such as a blog on the Twitter service.

Thanks to the cooperation of the American Embassy in Warsaw, groups of leaders and tutors took part in three study tours to the U.S. (in 2008, 2009 and 2010), where they met local authorities and became acquainted with the practical activities of local NGOs.

To date the six editions of the Program have improved the qualifications of 340 local leaders from all over Poland, led to the creation of an active countrywide network and the training of nearly 50 experts in tutoring. The Program’s 7th edition began in January 2011 and will run until June 2012.

→ PAFF granted a total of **\$1,840,069** for the Program, including \$333,333 in 2010

→ 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 experience of the “Undoing Unemployment” Program implemented between 2001 to 2006, was to bolster the competence and efficiency of non-governmental organizations in the area of services for the labor market.

In the period 2007-2009 the Program comprised several interconnected segments: research and analyses, educational-information activities targeting non-governmental organizations and grants financing local efforts on the labor market using the 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.

Implementation also involved 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 all 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 2009-2010 edition, summarizing PAFF's engagement in the labor market, was to share the Program's experiences especially in the area 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 goal was achieved through a series of outplacement seminars whose main element included a discussion on district employment strategies. Analyses and evaluation of selected local employment strategies was carried out focusing on their efforts to involve non-governmental organizations in the process. The Program also entailed an offer of training opportunities for non-governmental organizations in the use of the outplacement method as well as ways of obtaining resources for their implementation through distance learning. Thirty-six or-

ganizations from all over the country took part in the training sessions.

→ PAFF granted a total of **\$810,277** for the Program, including \$37,925 in 2010

→ 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 from 2001 to 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 through a competition: Białogard, Ciekocyn, Mały Płock, Recz, Stoszowice, Żelów. 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 search for work, enterprise development and implementation of various civic projects. Local governments acquired knowledge essential for preparing projects financed from the EU structural funds.

Implementation of the Program's pilot edition made it possible to develop and verify the „e-VITA Method”

Development of Local Communities

– tailored 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 sparks the activation of local communities focused around their own problems, and the acceptance of new challenges with the aid of ICT technologies.

The implementation of the second edition was completed in 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 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 European Union funds earmarked for building Internet access in rural areas. At the same time, educational efforts

continue showing how the Internet and ICT tools can be an important tool in socially and economically activating small-town residents. As a result of a country-wide 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.

→ PAFF granted a total of **\$1,654,889** for the Program, including \$147,564 in 2010

→ Program Manager and co-financing partner:
Rural Development Foundation

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

“PRO PUBLICO BONO” COMPETITION

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

In evaluating projects, the Jury pays attention to the social importance of the initiative, its innovativeness, the impact on the development and competitiveness of local communities, as well as the effectiveness and transparency in the use of 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 from towns of up to 100,000 inhabitants. In 2010, it was awarded to the weekly Tygodnik Siedlecki.

→ PAFF granted a total of **\$1,930,408**
for the Program, including \$10,668 in 2010

→ Program Manager:
The “Pro Publico Bono” Competition Foundation

→ more information at:
www.propublicobono.pl

THE LIBRARY DEVELOPMENT PROGRAM

Since 2008, the Polish-American Freedom Foundation has been 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 a broader undertaking of the Gates Foundation - „Global Libraries”, which encompasses several countries. In Poland, 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. An essential aspect of the Library Development Program is to enhance the competence and prestige of the librarian’s profession by means of, among other things, large-scale training. Thanks to the assistance to be received by nearly 3,330 libraries in more than one thousand communes, tens of thousands of rural and small town residents will acquire access to modern information and communication technologies.

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 as well as to train librarians and library users. An Agreement of 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 have been 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. 2,884 libraries from all over Poland applied to join the Program. 64% of the applicants qualified in the first round – 1,865 libraries, including 610 commune libraries and 1,255 branches. They receive content-related support through various training sessions (workshops about planning the li-

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brary's work followed by preparation of the library development plan, computer and professional training, specifying further development of the libraries and taking into account the needs of a particular local community) and technical assistance in the form of modern computer equipment (including multifunctional devices, printers, laptops, projectors and digital cameras) together with software, provided free by Microsoft. Additionally, libraries have an opportunity to apply for grants to finance the activities included in the libraries' development plans and to organize meetings for cooperating institutions aimed at integrating the local librarians' environment as well as sharing of experiences.

The Library Development Program supports the National Partnership for Library Development, which comprises more than 100 representatives of the world of science, art, economy, media, politics and the non-governmental sector. In addition, 16 Regional Partnerships with provincial authorities were established by the Information Society Development Foundation. Partnerships are of an open character; apart from self-governments, other institutions such as schools of higher education, non-governmental organizations and business organizations may also participate. Their task is to promote the modernization of public libraries in small localities and their transformation into dynamic centers of local life. Other actions are also taken to enhance the whole library system by, among other initiatives, cooperating with the National Library, voivodeship (provincial) public libraries, the Association of Polish Librarians and the Polish Bibliological Association.

In 2009 an agreement to create a program to help computerize Polish public libraries was signed. This is a joint project of the Ministry of Culture and National Heritage, the Ministry of Interior and Administration, the Information Society Development Foundation, and the Telekomunikacja Polska Group, Poland's largest telecoms operator. The agreement offers all public libraries in Poland free Internet access via cable technology, and in other localities – a wireless system with the highest-capacity links at a given location, plus dispensation from subscription fees. So far 3,300 libraries have benefited from the offer.

In 2010 a national promotional campaign was carried out within the Program, including spots, multi-format commercials, an exhibition "Library. A Place of Reading. A Place of Activity." and an Internet competition "Let's Meet in the Library" announced on the www.biblioteki.org portal. The first all-Poland public libraries' convention "Library: I Like it! – More than a Congress" was held in 2010 with the aim of popularizing the libraries. It gathered almost 500 people. The majority of participants were librarians from small localities.

1,461 libraries have qualified for the second round of the Program, for which the recruitment process finished in the spring of 2011. Therefore, in total, 3,300 libraries from all over Poland participate in the Program. The record holder is the Lubuskie voivodeship, from which almost 90 percent of the libraries joined the Program.

Non-governmental organizations also engaged in activities benefiting the libraries. These include the Center for Citizenship Education Foundation, the KARTA Center Foundation, the Comenius Foundation for Child Development and the Association of Creative Initiatives "ę". Within the "Non-governmental Organizations for Libraries" offer, these organizations have prepared proposals of joint actions and initiatives broadening the libraries' services.

Planned to run for 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.

→ PAFF granted a total of **\$367,608** for the Program, including \$117,365 in 2010

→ Program Manager:
Information Society Development Foundation

→ more information at:
www.biblioteki.org

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 local communities.

As a result of the PAFF’s broad and diversified programmatic offer, many local projects have been carried out which provided experience and developed rich resources that can unleash new, inspiring social energy and build 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 toward 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 governments, 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 com-



munes in various regions of Poland. Implementation of the „PAFF Local Partnerships” Program’s first edition revealed that work toward 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 Strwiąż river bank 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 stimulating local communities, developed by experts of the Unit for Social Innovation and Research „Shipyard” Foundation, and then presented in the publication „How to Build the Common Good”, published by the Academy for the Development of Philanthropy in Poland.

In the second round of the Program, started in 2010, seven projects have been funded. Grants have also been awarded to eight partnerships for continuation of the undertakings they were implementing within the first edition of the Program. The projects carried out by all 15 partnerships in 27 communes with the participation of 200 local partners focus on, among other initiatives, changes in public areas, promotion of sport and active forms of spending time, civic integration around tourism as well as cultivating local traditions. Numerous local inhabitants and volunteers are engaged in implementation of the Program.

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Regional meetings, workshops and an e-bulletin of the Program are to enhance the sustainability of the partnerships and enable experience sharing.

→ PAFF granted a total of **\$732,774** for the Program, including \$184,170 in 2010

→ Program Manager:
The 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 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 domain.

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 debate on reforming the system of access to legal assistance.

The activities within the Program are overseen by the Council of Experts comprised of authorities from the legal community. The Council's task is to recommend solutions facilitating the access of citizens to legal aid. The Council also commissions pilot projects dealing with issues of a 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 the limited access to legal professions, limited access of citizens to free legal assistance and challenges facing the judicial system. The results of the Council of Experts' efforts have been popularized among non-governmental consulting organizations, in the legal community and among decision-makers in the justice administration. The work of the Council has led to the creation of the Website www.mediacijestemza.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 which studies the organizational barriers limiting voter turnout. It is also involved in developing recommendations on how to improve citizens' voting involvement. The Forum affiliates with more than a dozen individuals involved in promoting improved voter turnouts, including experts (sociologists, psychologists, political scientists and constitutional-law specialists) as well as NGO leaders.

During the fifth edition, implemented in the years 2009-2010, 26 projects were funded within the grant competition. They focused on defining the basic terms related to legal counseling, preparing an analysis of access to information on legal acts and judicial issues as well cooperation of non-governmental organizations with law sociologists. A conference, organized in December 2010, summing up this edition, was also an occasion to discuss the role of mediation and ways of its popularization and a relationship between lawyers and civic sensitivity. It also provided an opportunity for law sociologists to meet with non-governmental organizations carrying out legal and civic counseling.

In the course of the Program's four editions, grant competitions have provided funding to 117 projects, including undertakings pursued by non-governmental organizations in small localities. Those projects made it possible to dispense more than 150,000 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 \$1,600,000 to carry out the grant competitions.

Within the sixth edition of the Program, launched in 2011, grants were awarded for the implementation of 14 projects aimed at carrying out professional legal and civic counseling. A special grant has been given to the Legal Clinics Foundation for the improvement of the quality of counseling provided by legal clinics as well as for popularizing their experiences.

→ PAFF granted a total of **\$2,488,031**
for the Program, including \$198,808 in 2010

→ Program Manager:
The Institute of Public Affairs

FLOOD RELIEF PROGRAM

The Flood Relief Program, launched in May 2010, was a joint undertaking of the Polish-American Freedom Foundation as well as the Center for Citizenship Education Foundation and the Information Society Development Foundation, conducted under the patronage of Gazeta Wyborcza daily. The purpose of the initiative was to aid schools and municipal public libraries in rural areas and small towns which suffered due to the flood. Simultaneously, the Polish-American Freedom Foundation together with the Academy for the Development of Philanthropy in Poland launched an aid initiative for local social organizations in flood-ravaged areas encompassed by the “Act Locally” Program. Some PLN 1.5 million of PAFF funds were allocated for that purpose. Assistance was also provided to the flood-relief portal www.powodz.ngo.pl.

PAFF earmarked PLN 1 million for the renovation of damaged schools and library furnishings and the



purchase of additional equipment. Those institutions were eligible to apply for grants of up to PLN 15,000. The initiative was coordinated by the Center for Citizenship Education Foundation. Within the grant competition 72 grants were awarded by the independent commission.

The campaign attracted other institutions willing to help financially or in kind. The State Airports Enterprise provided PLN 500,000 to four selected schools: in Zagłoba, Świniary and two in Wilków. The National Library offered access to its doubles, allowing damaged libraries to renew and expand their collections. It also made the latest book-cataloguing version of its MAK software available and offered specialist book-restoring assistance. Microsoft's Wrocław, VB Leasing Polska SA, Philips Lighting Poland SA, the Saint-Gobain and the METRO GROUP also offered assistance within the initiative. In addition, many private individuals were holding book, toy and hygiene product drives as well as fund-raising for specific institutions. They were working closely with the Center for Citizenship Education Foundation which collected data on the needs of flood-damaged facilities.

PAFF assistance was not limited to schools and libraries. In June 2010 PAFF together with the Academy for the Development of Philanthropy in Poland launched an aid initiative for local civic organizations in flood-ravaged areas encompassed by the “Act Locally” Program. PAFF allocated some PLN 500,000 for Act Locally Centers, NGOs participating in the “Act Locally” Program. The financial assistance was intended for the purchase of furnishings and equip-

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ment and, in exceptionally justified cases, to support social projects threatened by the flood. Within this component of the Flood Relief Program 70 organizations, including Voluntary Fire Brigades, received financial assistance.

→ relief for schools and libraries:

[The Center for Citizenship Education Foundation](#)

→ relief for local NGOs:

[The Academy for Development of Philanthropy in Poland](#)

Sharing the Polish Experiences in Transformation

- THE LANE KIRKLAND SCHOLARSHIP PROGRAM
- REGION IN TRANSITION (RITA)

Sharing the Polish Experiences in Transformation

THE LANE KIRKLAND SCHOLARSHIP PROGRAM

The objective of the Program, implemented since 2000, is to share Polish experiences in transformation with young people from Central and Eastern European countries with two semester complementary studies at Polish universities. The Program is addressed to candidates from Ukraine, Belarus, Russia, as well as Moldova, Georgia, Armenia, Azerbaijan, Kazakhstan and Kyrgyzstan. 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 course”, 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 integration meetings. Thematic integration gatherings are held and traineeships in state institutions (including the Supreme Court, the National Bank of Poland and provincial government) as well as non-governmental organizations and the private sector are organized. Courses in project implementation and teamwork are an additional element of the program.

Between 2000 and 2010, 418 scholarship holders completed the Program. Of that number, 209 were from Ukraine, Belarus – 103, Russia – 18, Lithuania – 12,

Slovakia – 10, Moldova – 9, Georgia – 31, Armenia – 12, Kazakhstan – 9, Azerbaijan – 3 and Kyrgyzstan – 2. The majority of scholarship holders studied economics and management – 153, law – 74, public administration – 61 as well as political sciences and journalism – 58. Academic staff have accounted for the largest professional group (164 persons) followed by public officials and experts (86 persons).

Following the Program’s completion, contact with graduates is regularly maintained thanks to a regular 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 is to maintain graduates’ contacts with Poland and encourage them to undertake joint initiatives.

During the 2010/11 academic year 47 scholarship recipients participated: Ukraine – 23, Russia – 9, Georgia, Belarus and Kazakhstan – each 4, Armenia – 2 as well as one person each from Moldova and Azerbaijan. The most popular field of study among scholarship holders is economics and management. Public administration and law also arouse their interest.

→ PAFF has granted a total of **\$7,280,301** for the Program, including \$842,009 in 2010

→ Program Manager:
[Polish-U.S. Fulbright Commission](http://www.paff.org)

→ 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 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 the local level with partners from countries participating in the Program. In total, 660 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, have been its „Study Tours to Poland”. Their purpose is to familiarize citizens of Eastern Europe with the realities of Poland and the European Union. This pertains especially to university student leaders from Belarus, Russia and Ukraine as well as young professionals from those and other countries in the region. In Poland, the foreign visitors meet representatives of public life, the academic milieu and the business community. They become acquainted with the activities of non-governmental organizations and local governments as well as make other valuable contacts.

Since 2004, nearly 4,217 individuals, including 1,729 students and 2,488 professionals representing various sectors, took part in different types of study visits hosted by Polish NGOs.



→ PAFF granted a total of **\$10,832,830** for the Program, including \$1,409,633 in 2010

→ 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

- | THE "ENGLISH TEACHING" PROGRAM
"For the Blind and People of All Ages" Project
- | THE "EQUAL OPPORTUNITIES" PROGRAM
"Young Stars – the Universe Is Not So Far Away As It Appears"
- | THE "PROJECTOR – STUDENT VOLUNTEERS" PROGRAM
Kamil Wrzos – "From Grass-Roots Volunteer to Regional Coordinator"
- | THE "SENIORS IN ACTION" GRANT COMPETITION
"Knock, Knock! Open the Door and Let Me Help You"
- | THE LIBRARY DEVELOPMENT PROGRAM
A Dream Meeting with an Astronaut in the Library
- | THE "PAFF LEADERS" PROGRAM
Wiesława Kowalska - "The Civic Leader of the Year"
- | THE "PAFF LOCAL PARTNERSHIPS" PROGRAM
"Social (Re)Action – Stop Violence" Campaign
- | "VILLAGE IN TRANSITION – DEVELOPING INFORMATION SOCIETY" (e-VITA) PROGRAM
Developing Information Society in the Cekcyn Commune
- | THE LANE KIRKLAND SCHOLARSHIP PROGRAM
Nazeli Aleksanyan – a Scholarship Student Engaged in NGO Activity
- | THE "REGION IN TRANSITION" (RITA) PROGRAM
An Online Learning Network in Tajikistan

→ THE “ENGLISH TEACHING” PROGRAM

“For the Blind and People of All Ages” Project

Young, visually impaired people from all over Poland took part in the “For the Blind and People of All Ages” Project. A computer with Internet access was all that was required to join in. The idea to conduct classes for disabled people using modern information and communication technologies has been created in response to a limited offer addressed to this group of people.

“Thanks to the financial support within the “Small Grants” competition under the “English Teaching” Program, we completed a project in which a young person is, in a way, forced into creative thinking, into a different way of perceiving the surrounding reality” – says Beata Czogalla from “The World Without Borders – For the Blind and People of All Ages” Association, which, in collaboration with its partners, implemented the project.

On the one hand the initiative aimed at encouraging visually impaired people to become involved in the process of creative and discovery learning in the presence of sighted people. On the other hand it aimed at encouraging teachers to use the Internet in interactive classes. More than 60 teachers who had students with vision impairment were trained as a result and the project’s website “E-College – For the Blind and People of All Ages” was created as part of the undertaking. Classes were held both at the Teacher’s Language Training College in Rybnik and online. In October some classes were conducted by Professor Marion Harsh from the Department of Electronics & Electrical Engineering of Glasgow University. Encouraged by the results of her work, one of the participants who is blind from birth took up university studies in the English language and literature.

The biggest success of this initiative was both in making people with vision impairment interested in continuing their education as well as bringing together people from different walks of life in one education process.



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We completed a project in which a young person is, in a way, forced into creative thinking, into a different way of perceiving the surrounding reality.

Beata Czogalla

“The World Without Borders – For the Blind and People of All Ages” Association

→ THE „EQUAL OPPORTUNITIES” PROGRAM

“Young Stars – the Universe is Not So Far Away As It Appears”

A group of 28 high school students from Włodawa in the Lubelskie Province became enthusiastically involved in the project “Young Stars – the Universe Is Not So Far As It Appears”, prepared by Włodawa’s Educational Society within the “Equal Opportunities” Program. The project aimed at inspiring teenagers to entertain themselves with astronomy and pursue their own observations and discoveries of the sky. The project participants were to turn into astronomers observing the stars, become space guides for their younger friends, and authors of a manual for young astronomy beginners.

They worked hard during weekly meetings as they browsed the Internet and printed publications and used the computer program “Astronica” to find out about the best ways to observe the sky and about the optimal conditions to do this. The young astronomy apprentices also prepared a young astronomer’s manual containing the information and astronomical tidbits they had gathered. The materials which they had prepared on their own also included photographs. Taking photos of the sky is not an easy job – and in order to be well-prepared for this task the project’s participants took part in photo training. And then all they had to do was wait for a cloudless sky to get the most beautiful shot of the celestial bodies.

Next, the project participants went to invite their younger friends from the primary schools in Włodawa to visit their observatory, aiming to attract them to astronomy. They also demonstrated how to use the equipment and what they could see in the sky using a telescope. In a special training, the young project leaders were prepared how to run this kind of sessions as well as how to overcome their shyness and nervousness. The simple form in which the young activists presented astronomy to their peers, as well as their huge enthusiasm while doing this, led many youths to pay multiple visits to the youth space observatory.

“At first I feared we would have to attend classes like we do normally at school, but it turned out that we could learn in an exciting way, using drawings, models and multimedia, plus we had time to have fun and discover our passions” – says Mateusz, one of the project leaders. His colleague Ewelina adds: “For me the project was a way to detach myself from everyday routine and school duties. It allowed me to pursue my ‘little dreams’ connected with sky exploration. I learned to edit texts, pursue observations, and speak in public. I became more resilient, and even stubborn, when it came to deciding whose texts should be published. I met lots of young ambitious and clever people on whom I can always rely.”

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For me the project was a way to detach myself from everyday routine and school duties. It allowed me to pursue my “little dreams” connected with sky exploration.

Ewelina,
project participant



THE “PROJECTOR – STUDENT VOLUNTEERS” PROGRAM

Kamil Wrzos – „From Grass-Roots Volunteer to Regional Coordinator”

Kamil comes from a small village near Nałęczów in the Lubelskie Province. He began his involvement in voluntary work in 2005 with the “PROJECTOR – Student Volunteers” Program and has since advanced from being a volunteer to ultimately reach the position of a regional coordinator. When studying economics, Kamil was seeking various forms of activities which would enable him to gain valuable experience. Having learnt about the Program on the Internet, Kamil wasted no time encouraging his friends to join the Program and in this way they began their first long holidays with “PROJECTOR”. Travelling in Poland between July and September, they reached as far as the Bieszczady Mountains, the Mazury Lake District, and the Baltic Sea. Apart from travelling with the Program, Kamil also became engaged in promoting it at Lublin’s universities.

“The Program inspired me to take action and get involved in the various initiatives that I pursue today. As regards my work in the non-governmental sector, it made me develop a lot of important skills: the ability to work with people, manage a team, and give public speeches. There are lots of other values that are hard to measure or name – such as contact with other people, friendships made all over Poland, smiling kids, and students, who on their trips with “PROJECTOR” did something valuable for others and started to believe in the meaning of voluntary work.”

With time Kamil has tried his hand as a regional coordinator of the Program in the Podkarpackie Province, a place he had become particularly intimate with because of the projects he had completed there. As a participant in the fourth round of the “PAFF Leaders” Program, Kamil, along with his colleagues from the Inspiration Generator Foundation (formerly BARKA Foundation for Children and Youth), which he had set up in 2005 inspired by his participa-



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There are lots of other values that are hard to measure or name – such as contact with other people, friendships made all over Poland, smiling kids, and students, who on their trips with “PROJECTOR” did something valuable for others and started to believe in the meaning of voluntary work.

Kamil Wrzos,
regional coordinator
of the „PROJECTOR - Student
Volunteers” Program,
participant in the fourth
round of the “PAFF Leaders”
Program

tion in “PROJECTOR”, decided to introduce a lot of key changes into the organization’s strategy. Apart from developing the “PROJECTOR – Student Volunteers” Program in the Podkarpacie Province, the Foundation also takes part in other programs run by the Polish-American Freedom Foundation, such as “Bridge Scholarships”, and “English Teaching”.

In his work, and encouraging others to take up voluntary work, Kamil Wrzos stresses the infinite diversity of opportunities which life offers to help enhance another person’s potential, passions, desires, and needs. In the future he wants both to increase the scale of the Foundation’s work and to pursue activities with young people from villages and small towns. It is in the young people that he sees a chance to build a better future for these communities.

→ THE “SENIORS IN ACTION” GRANT COMPETITION

“Knock, Knock! Open the Door And Let Me Help You”

For many years Ms Bożena Szczepańska, a project leader in the “Knock, Knock! Open the Door and Let Me Help You” Project ran a dance team for senior citizens. This was conducted in Tczew with funding obtained from the “Seniors in Action” Competition. Ms Szczepańska observed that more and more seniors were confined within the walls of their homes due to illness or old age.

Together with Małgorzata Ciecholińska, a young welfare worker, and a group of active seniors, Bożena decided to reach out to elderly people to help them stay in touch with their friends. Therefore, they prepared a group of senior volunteers to work with senior citizens who were stuck in their homes. The volunteers aged 55 and up took part in a cycle of workshops training them in how to make use of stimulating methods and how to conduct a home visit in an attractive way. Also, the volunteers were trained to use Internet tools so the people they visited were able to send emails to and talk on Skype with friends. Also, the senior volunteers or-



ganized video-conferences making it possible for seniors staying at home to participate in social life, for instance, by attending concerts.

The experience in helping other seniors as well as the fact that self-help activities had been so well promoted among the elderly in the neighborhood, allowed for follow-up initiatives with the senior volunteers taking an active part. Participation in the two rounds of the project enabled the group of Animators 55+ to broaden their skills in developing community social activities in town. As a result, they prepared several public events in Tczew's Old Town.

Some eighty senior volunteers took part in the project. Forty-five people aged 55 years or older have developed their community social skills and are now stimulating their own local communities.

→ THE LIBRARY DEVELOPMENT PROGRAM

A Dream Meeting with an Astronaut in the Library

"I dream about having a spacecraft in my library with benches inside and a place to sit down, where we could read books about stars. However, what I dream about most is to meet a real astronaut. I would like him to tell me what the Earth looks like from space, whether he has seen any alien vehicles or perhaps aliens themselves?" This is how a five-year-old Mikołaj Mulka described his dream meeting with an astronaut in the library. His work has been awarded in the Internet competition „Let's Meet in the Library” on www.biblioteki.org. He didn't have to wait long for his dream to come true.

In May 2010, the crew of the American space shuttle „Endeavour”, which had been flown in space a few months earlier, visited Poland at the invitation of PAFF and the U.S. Embassy. During numerous meetings at schools and nongovernmental organizations actively participating in PAFF programs, the shuttle crew inspired children and



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What I dream about most is to meet a real astronaut. I would like him to tell me what the Earth looks like from space, whether he has seen any alien vehicles or perhaps aliens themselves?

Mikołaj Mulka,
winner of the competition
„Let's Meet in the Library”

youths from villages and small towns to face up to challenges and pursue goals.

In the Local Public Library in Lubicz Dolny, which participates in the Library Development Program, sixty children were awaiting the astronaut. Among them, there was a special participant – Mikołaj Mulka, who had come to his dream meeting with his parents and siblings all the way from Trzebinia, which is several hundred kilometers from Lubicz.

The children met with Stephen Robinson, Ph.D. who had spent more than 1,000 hours in space. Having watched the film about his last space mission with keen interest, they began asking numerous questions: What does the Earth look like from the space? What do you have to do to become an astronaut? What is everyday life in the space shuttle like? There was also time for autographs and photos.

Overjoyed, Mikołaj came back to his hometown of Trzebinia, where another surprise was awaiting him – the librarian, inspired by his story, had found a sponsor who had built a mini space shuttle for children in the Public Library.

→ THE “PAFF LEADERS” PROGRAM

Wiesława Kowalska - “The Civic Leader of the Year”

Wiesława Kowalska, a graduate of the 2nd edition of the “PAFF Leaders” Program, lives in Pызdry, where she is the President of the “Echo Pызdr” Cultural Society.

“I am motivated by self-development and motivation from the “PAFF Leaders” Program, as well as from the prize for my organization “Echo Pызdr” in the Pro Publico Bono Competition in 2003” – she says.

She was awarded with the 2009 “Civic Leader of the Year” title. The statuette was presented to her on May 14th, 2010, during the 10th anniversary jubilee meeting of the Polish-Amer-



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I am motivated by self-development and it is just such development and motivation that the „PAFF Leaders” Program gave me, as well as the award given to my organization „Echo Pызdr” in the „Pro Publico Bono” Competition in 2003. I constantly want to discover something and if I can help someone else to achieve something, that is fantastic. Life becomes more beautiful then.

Wiesława Kowalska,
2009 „Civic Leader
of the Year”

ican Freedom Foundation. The competition is organized by Newsweek Polska. The Polish-American Freedom Foundation is its main partner, while the Academy for the Development of Philanthropy in Poland also plays a leading role. The objective of the undertaking is to promote civic activity in Poland and popularize initiatives of people working for the common good in nongovernmental organizations, informal groups and local government institutions.

The winner, together with friends from the “Echo Pyzdr” Cultural Society, reconstructed the former Prussian-Russian border crossing, turning it into a venue for musical, theatrical and ecological meetings, as well as international happenings, conferences, shows, festivals and film workshops. Since 1997, together with her husband, with the “Patronage” Scholarship Program, she has supported the education of talented, disadvantaged young people in her community by offering financial aid, training, apprenticeships, and study tours.

Through her involvement in the “Liberate the Village Mayor” project, she has promoted local democracy and monitoring of local authorities. Within the framework of PAFF’s “Act Locally” Program, she has implemented two projects: “The Craft and Film Fair: Art Unites” and “Art Unites – a Meeting with America”. “I still want to discover things and, if I can help somebody to achieve something – that is fantastic. Life is more beautiful then” – says the winner.

→ THE “PAFF LOCAL PARTNERSHIPS” PROGRAM

„Social (Re)Action – Stop Violence” Campaign

Making children safe and free from abuse has become the common good in Sokółka, a little town in the province of Podlasie, near the Poland-Belarus border. The Local Fund of Sokółka for years has been encouraging the local community to tackle social problems. Through its involvement in the “PAFF Local Partnerships” Program, the Fund was able to address the issue of violence in schools and in the backyard. “The research we conducted demonstrated that most students had experienced abuse by their peers by being insulted, bullied, beaten,



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All our activities were upbeat, but we remembered to put out the message: “Stop violence, we do not accept it”.

Maria Talarczyk,
the Local Fund of Sokółka

pushed around, or denigrated for their origin” – says Maria Talarczyk, head of the Local Fund of Sokółka. This way the idea was conceived to run the „Social (Re)Action – Stop Violence” Campaign, which would aim at combating these social problems.

Teachers from the schools in Sokółka took part in training in how to conduct classes on violence prevention, and students sought ways how to deal with violent peers and how to settle conflicts by peaceful means. Competitions were organized to feature the best poster and film documentary addressing the issue of violence, and the winning works were displayed on the main street in Sokółka. Also, the Festival of “Anti-Aggressive Art” and the “Stop Violence March” were organized with hundreds of people taking part. The regional police department, one of the twenty partners of the Program, ran workshops for children and youths. During the campaign, the police of Sokółka succeeded in closing down the only local smart drugs shop.

The Sokółka partnership for children’s security also aims to provide young people with physical training opportunities and ways to pursue their passions and develop their skills. All the partners made a joint effort to persuade the local government to dedicate some resources to promote the healthy posture of children. As a result, rehabilitation sessions are held for children who can exercise in recently opened facilities. Also, art, theatre, cabaret, and film workshops are organized for children. A few hundred children from Sokółka and its vicinity learned to swim and discovered some very different kinds of pastimes – e.g., graffiti and fire dance.

“A friendly atmosphere is what is the most important. We didn’t want to run a campaign that is miserable, in dark colors. All our activities were upbeat, but we remembered to put out the message: ‘Stop violence, we do not accept it’ “ - Ms Talarczyk sums up the campaign.

→ “VILLAGE IN TRANSITION – DEVELOPING INFORMATION SOCIETY”
(e-VITA) PROGRAM

Developing Information Society in the Cekcyn Commune

“The Internet is a window to the world” - claims Jacek Brygman, the Cekcyn village mayor (in Kujawsko-Pomorskie voivodeship). The commune has gained modern IT infrastructure and public broadband Internet access thanks to the participation in the „e-VITA” Program - a common undertaking of the Polish-American Freedom Foundation, the Rural Development Foundation and Cisco Systems.

The Cekcyn commune has been taking part in the “Village in Transition - Developing Information Society” (e-VITA) Program since its pilot edition in 2004. Since that time the structure of the existing local network has been reconstructed. A broad computer network, based on the modern components produced by world-class companies, has been built. It encompasses 60% of the Cekcyn commune’s households, an elementary school, a junior high school, community centers and libraries. The network is being expanded and developed on an ongoing basis. The Society of Cekcyn Region Friends was awarded the title of the 2010 “IT Leader” by the Computerworld magazine for the implementation of the Program.

The partnership, comprising the Society of the Cekcyn Region Friends, the Cekcyn Commune and the CekcynNet Association, was promoting the use of new technologies. The “Net-

ka” public Internet access point was built in Ostrów. The rooms in the village community center, in which the residents can use the Internet, were renovated.

The residents were provided with an opportunity to participate for free in workshops on creating internet websites, e-accounting, using spreadsheets and text editors. The Iwiec Center of Activity educational portal has been created as well as tools for promoting tourist attractions in Tuchola Forest.

The initiative has changed an attitude of the residents of Cekcyn commune towards new technologies. They use the Internet not only for broadening their knowledge and obtaining information, but also for communicating with their relatives and friends. Today, almost no one imagines functioning without the broadband Internet access.



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The Internet is a window to the world.

Jacek Brygman,
the Cekcyn village mayor

→ THE LANE KIRKLAND SCHOLARSHIP PROGRAM

Nazeli Aleksanyan – a Scholarship Student Engaged in NGO Activity

Nazeli Aleksanyan, the Lane Kirkland Scholarship Program’s alumna in the academic year 2010/2011 comes from Armenia. For years she has been involved in the third sector in her home country working on initiatives that addressed such issues as youth problems, philanthropy, and women’s rights. She has always been interested in what factors helped develop nongovernmental organizations, and what could be done for these organizations to exert a greater influence on local communities’ development during the democratic transformation. “The Lane Kirkland Scholarship Program has opened my way into the rich world of knowledge, helping find the answers to some nagging questions and draw from the experience of a nation which owes its success in the political system transformation to its solidarity, great talents, and belief in its strength” - says Nazeli Aleksanyan.



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„Kirkland” is a big family that fosters a most precious bond. Once you pass the threshold, it stays with you forever: great friends, wonderful memories, and brilliant prospects for long term cooperation.

Nazeli Aleksanyan,
the Lane Kirkland Scholarship
Program’s alumna
in the academic year
2010/11

On her Kirkland Scholarship Program Nazeli studied NGO management at the Faculty of Law and Administration at the Adam Mickiewicz University in Poznań. Under the supervision of Michał Flieger, Ph.D., she wrote and defended a thesis on the role and management of NGOs in contemporary society. She compared Polish and Armenian perspectives. The research she conducted in the third sector helped her realize that involving people is what is the most crucial factor in the promotion of democracy. She is going to use the skills gained in Poland in her work for the Women’s Business Society in Kapan – the association that she currently runs.

“Kirkland is a big family that fosters a most precious bond. Once you pass the threshold, it stays with you forever: great friends, wonderful memories, and brilliant prospects for long-term cooperation” - Nazeli emphasizes.

→ [THE “REGION IN TRANSITION” \(RITA\) PROGRAM](#)

An Online Learning Network in Tajikistan

Between June and September 2010, in Dushanbe, the capital city of Tajikistan, a project called “An Online Learning Network as an Example of Good Practice in Educational Reform” was being implemented as part of the “Region in Transition” (RITA) Program.

The project aimed to promote innovation in teaching by making use of modern information and communication technologies (ICTs). The idea of the “Network” was conceived as a result of the cooperation between the Polish Center for International Assistance, Public Fund Internet Tajikistan, and the Office of Education of the City of Dushanbe, which had promoted computer and Internet use in schools in the capital city of Tajikistan since 2003.

The project involved building a computer network which connected nearly 100 schools with Internet access as well as, via an internal computer network (intranet), 10 schools without Internet access. A Moodle-run educational platform was launched as the starting point for an educational portal resembling the Interkl@sa portal in Poland. Its current stock comprises

80 educational materials prepared in the Tajik language. Also, two hundred teachers were trained in how to use the educational platform and create multimedia teaching aids.

“There is no doubt that creating the portal, with its resources, training the teachers and encouraging the pupils to make use of them requires a few years of intensive work. The Polish educators, experienced in this area, may be a valuable source of information for Tajik activists” – says Magdalena Gromek, project coordinator from the Polish Center for International Assistance.

On the Tajik side, the project was coordinated by the Public Fund Internet Foundation. Its president, Rustam Kosimov, had for ten years studied in Poland, where he learned about modern ICTs. This experience led him to believe that Polish best practices would be worth transferring to the Tajik environment. As a result, an educational platform has been continuously developed and teachers have been autonomously creating an electronic database of teaching and learning resources.



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The Polish educators, experienced in this area, may be a valuable source of information for Tajik activists.

Magdalena Gromek,
Polish Center for International
Assistance

Financial Statements and Report of Independent Auditors

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- P. 51

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, 2010, 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, 2010, 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 Audyt Sp. z o.o.

Warsaw, April 30, 2011

Financial Statements

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2010

ASSETS

ASSETS:

Investments, at fair value (Notes 3 and 6):

Common and Preferred Stocks	\$ 51,254,261
Public Mutual Funds - Equity	42,984,538
Private Mutual Funds - Equity	33,301,173
Alternative Investments	102,470,748
Fixed Income Securities	6,526,939
Public Mutual Funds – Fixed Income	9,652,227
Cash and Money Market Funds	<u>30,470,556</u>

276,660,442

Cash and cash equivalents	238,579
Cash restricted for Library Program (Note 5)	4,280,678
Receivable from Gates Foundation (Note 5)	13,495,786
Program related investment (Note 3)	1,012,112
Land and fixed assets, net (Note 7)	2,027,906
Prepaid expenses and other assets	<u>263,277</u>

Total assets \$ 297,978,780

LIABILITIES AND NET ASSETS

LIABILITIES:

Grants payable (Note 3)	\$ 4,784,970
Grant payable – Library Program (Notes 3 and 5)	15,485,890
Accounts payable and accrued expenses	<u>204,756</u>

Total liabilities 20,475,616

UNRESTRICTED NET ASSETS (Note 2) 259,726,700

TEMPORARILY-RESTRICTED NET ASSETS (Note 2) 17,776,464

277,503,164

Total liabilities and net assets \$ 297,978,780

The accompanying notes are an integral part of these financial statements.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2010

	Unrestricted	Temporarily Restricted	Total
Changes in net assets:			
Income:			
Interest and dividend income	\$ 2,837,615	\$ 162,086	\$ 2,999,701
Net assets released from restrictions	7,294,226	(7,294,226)	-
Total income	10,131,841	(7,132,140)	2,999,701
Expenses:			
Employee compensation and benefits	1,084,749	-	1,084,749
Operating expenses	732,117	-	732,117
Occupancy	171,220	-	171,220
Depreciation and amortization	37,462	-	37,462
Total operating expenses	2,025,548	-	2,025,548
Grants (Note 3)	(7,268,662)	-	(7,268,662)
Grants and expenses in excess of income	837,631	(7,132,140)	(6,294,509)
Net realized gain on investments (Note 6)	3,720,871	-	3,720,871
Net unrealized appreciation on investments (Note 6)	26,168,466	-	26,168,466
Net currency remeasurement gains (Note 3)	581,392	-	581,392
Total increase in net assets	31,308,360	(7,132,140)	24,176,220
Net assets, beginning of the year	228,418,340	24,908,604	253,326,944
Net assets, end of the year	\$ 259,726,700	\$ 17,776,464	\$ 277,503,164

The accompanying notes are an integral part of these financial statements.

Financial Statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2010

Cash flows from operating activities:	
Increase in net assets	\$ 24,176,220
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Net realized gain on investments	(3,720,871)
Net unrealized appreciation on investments	(26,168,466)
Depreciation and amortization	37,462
Decrease in cash restricted for Library Program, net	2,632,140
Decrease in receivable from Gates Foundation	4,500,000
Decrease in program related investment	40,409
Increase in prepaid expenses	(178,747)
Increase in accounts payable and accrued expenses	12,231
Decrease in grants payable	<u>(11,951,931)</u>
Net cash used by operating activities	(10,621,553)
Cash flows from investing activities:	
Proceeds from sales/redemption of investments	77,011,234
Cost of investments purchased	(66,373,544)
Cost of land improvements	(28,430)
Cost of fixed assets	<u>(69,172)</u>
Net cash provided by investing activities	10,540,088
Net decrease in cash and cash equivalents	<u>(81,465)</u>
Cash and cash equivalents, beginning of year	<u>320,044</u>
Cash and cash equivalents, end of year	<u>\$ 238,579</u>

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements as of December 31, 2010

1. ORGANIZATION

The Polish-American Freedom Foundation (the “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 “Representative Office”), 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, including interest earned thereon, 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, 2010, the entire balance of net assets received from the Fund, including income received thereon, net of expenses, is classified as unrestricted.

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

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 reported amounts of income 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, unrealized appreciation and depreciation and realized gains and losses are reported in the statement of activities. The Foundation engages professional investment managers and advisors who manage and monitor the Foundation's investments. See Note 6 for fair value of investments.

The Foundation's investments are valued at fair value and disclosed according to the "fair value hierarchy" in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurements and Disclosures. The fair value hierarchy defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation's investments are classified within the level of the fair value hierarchy that gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy, and their applicability to the Foundation's investments, are described below:

- **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. Certain instruments are valued using the net asset value ("NAV") of the investment vehicle. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and

The accompanying notes are an integral part of these financial statements.

then divided by the number of shares or ownership units outstanding. A description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the fair value hierarchy, is presented below:

- **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 fair value hierarchy.
- **Public Mutual Funds – Equity and Fixed Income:** These investments are public investment vehicles valued using the NAV provided by the administrator of the fund. The NAV for public mutual funds is a quoted price in an active market and classified within level 1 of the fair value hierarchy.
- **Private Mutual Funds – Equity:** These investments are private investment vehicles valued using the NAV provided by the administrator of the fund. The NAV for private mutual funds is classified within level 2 of the fair value 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:** These investments are private investment vehicles valued using the NAV provided by the fund manager. Underlying investments that are determined by the fund manager to be illiquid and/or lacking a readily accessible market value are valued using current estimates provided by the fund manager. Valuation inputs and methodologies are determined by the fund manager. Alternative Investments are classified within level 3 of the fair value 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 NAV and are classified within level 1 of the fair value 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 Polsko-Amerykanski Fundusz Pozyczkowy Inicjatyw Obywatelskich Sp. z o.o. (“PAFPIO”), a Polish non-governmental organization 100% owned by the Fund. The loan bears interest at 4.5% per annum and is for an indefinite term, subject to the Foundation's right to demand repayment of the loan with one year's notice. Subject to acceptance by the Foundation's Board of Directors, the Fund intends to contribute to the Foundation 100% of the equity of PAFPIO, which at February 28, 2011 had an estimated book value of approximately \$4.4 million.

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

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 Foundation and are remeasured into U.S. dollars at period end spot exchange rates. The functional currency of the 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, 2010 the total fees paid to all Polish directors amounted to \$39,217.

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

The accompanying notes are an integral part of these financial statements.

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, 2010, 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 January 2010, the FASB issued Accounting Standards Update ("ASU") 2010-6, *Improving Disclosures about Fair Value Measurements* ("ASU 2010-6"). ASU 2010-6 adds new requirements for disclosures about transfers into and out of Levels 1 and 2 of the fair value hierarchy, requires entities to provide fair value measurement disclosures for each class of assets and liabilities and to provide a reconciliation of the beginning and ending balances of Level 3 investments on a gross basis. The adoption of ASU 2010-6 on December 31, 2010 did not have a material impact on the financial statements.

In February 2010, the FASB issued ASU 2010-09, *Amendments to Certain Recognition and Disclosure Requirements*, ("ASU 2010-09"). ASU 2010-09 amends the existing guidance to address certain implementation issues related to an entity's requirement to perform procedures and disclose subsequent events. The adoption of ASU 2010-9 on December 31, 2010 did not have a material impact on the 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, 2010. 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 Pro-

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

gram”). 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.

At December 31, 2010, the Foundation had received \$14.5 million from the Gates Foundation and was due to receive the remaining \$13.5 million in three installments, as presented in the table below:

<u>Payment date</u>	<u>Amount</u>
May 2011	\$ 7,500,000
May 2012	4,500,000
May 2013	1,495,786
	<u>\$ 13,495,786</u>

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

See “Investments, at Fair Value” in Note 3, above, for discussion of the methodologies and assumptions used to determine the fair value of the Foundation’s Investments. The cost, fair value and accumulated unrealized appreciation on investments at December 31, 2010 is presented in the table below:

	<u>Cost</u>	<u>Fair Value</u>	<u>Accumulated Unrealized Appreciation</u>
Common and Preferred Stocks	\$ 35,831,574	\$ 51,254,261	\$ 15,422,687
Public Mutual Funds - Equity	37,359,515	42,984,538	5,625,023
Private Mutual Funds - Equity	23,815,467	33,301,173	9,485,706
Alternative Investments	76,641,260	102,470,748	25,829,488
Fixed Income Securities	5,901,099	6,526,939	625,840
Public Mutual Funds - Fixed Income	9,442,944	9,652,227	209,283
Cash and Money Market Funds	30,470,556	30,470,556	-
	<u>\$ 219,462,415</u>	<u>\$ 276,660,442</u>	<u>\$ 57,198,027</u>

The accompanying notes are an integral part of these financial statements.

Set forth in the table below are the Foundation's financial instruments as of December 31, 2010, carried at fair value on a recurring basis by the hierarchy levels described in Note 3:

	Fair Value at Reporting Date Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Common and Preferred Stocks	\$ 51,254,261	\$ -	\$ -	\$ 51,254,261
Public Mutual Funds - Equity	42,984,538	-	-	42,984,538
Private Mutual Funds - Equity	-	33,301,173	-	33,301,173
Alternative Investments	-	-	102,470,748	102,470,748
Fixed Income Securities	6,526,939	-	-	6,526,939
Public Mutual Funds - Fixed Income	9,652,227	-	-	9,652,227
Cash and Money Market Funds	30,470,556	-	-	30,470,556
	<u>\$ 140,888,521</u>	<u>\$ 33,301,173</u>	<u>\$ 102,470,748</u>	<u>\$ 276,660,442</u>
% of total	51.0%	12.0%	37.0%	100.0%

During the year, there were no transfers of investments between levels 1, 2 and 3.

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, 2010:

Beginning Fair Value	Net Realized Gain on Investments	Net Unrealized Appreciation on Investments	Purchases	Sales	Ending Fair Value	Net Accumulated Unrealized Appreciation Outstanding at Year-End
\$81,376,405	\$432,827	\$11,733,466	\$10,000,000	\$(1,071,950)	\$102,470,748	\$25,829,488

Net realized gain on investments and net unrealized appreciation on investments for Level 3 investments are included in the respective line items in the Statement of Activities.

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 \$473,675, which represents 0.17% of the total value of investments under management at December 31, 2010. 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 \$1.1 million that represents amounts distributed from and classified by the Foundation's various mutual fund investments as dividend income.

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

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, 2010:

	Fair Value	Redemption Frequency	Redemption Notice Period	
Event driven	\$ 38,992,975	Quarterly/semi-annually	45-65 days	(a)
Long/short equity	31,060,098	Monthly/quarterly	60-90 days	(b)
Multi-strategy	23,565,858	Over 3 years/at manager's discretion	65 days	(c)
Fixed income/credit-related	<u>8,851,817</u>	Quarterly	60 days	(d)
	<u>\$ 102,470,748</u>			

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 47% of this category are invested in a fund that invests in global natural resource securities and commodities. Investments representing 26% of this category are invested in a fund that invests in emerging markets.
- (c) **Multi-strategy:** This category includes alternative investment funds that pursue multiple investment strategies, including long/short equity, event driven, credit, private transactions, commodity and derivative strategies. Investments representing 36% 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 14% of this category will be received through the liquidation of the underlying assets of the fund and, as of December 31, 2010, 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 investment funds that pursue a credit strategy designed to provide enhanced returns by actively rotating between high-grade, high-yield and bank loans.

The accompanying notes are an integral part of these financial statements.

7. LAND AND FIXED ASSETS

As of December 31, 2010, land and fixed assets consisted of:

Land, at cost	\$ 1,913,359
Computer equipment and software	98,057
Furniture and equipment	105,706
Automobiles	80,101
Leasehold improvements	<u>3,654</u>
	2,200,877
Less - Accumulated depreciation	<u>172,971</u>
Net book value	<u>\$ 2,027,906</u>

8. COMMITMENTS

At December 31, 2010, the Foundation had approved 13 programs totaling \$18.2 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, 2010 the Foundation signed 12 grant agreements for these programs totaling \$8.0 million.

At December 31, 2010, the Foundation was contractually committed to a general contractor in the amount of \$2.4 million for the construction of the Foundation's new office headquarters.

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 ending December 31, 2011 are approximately \$165,500.

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 Representative Office is not subject to Polish corporate income taxation.

10. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through April 30, 2011, the date the financial statements were issued, and believes no additional disclosures are required except as disclosed in footnote 3.

The accompanying notes are an integral part of these financial statements.

JOHN P. BIRKELUND - CHAIRMAN

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

MAREK BELKA - till June 2010

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

JOSEPH C. BELL

Senior Partner, Hogan Lovells

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

ALFRED B. BIEĆ

Former Undersecretary of State, Office of the Council of Ministers, Secretary of the Government's Economic Committee, former President and CEO of the Bank PEKAO New York and the Post Bank

FREDERICK M. BOHEN

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

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

CHRISTOPHER HILL

Dean, Josef Korbel School of International Studies, University of Denver, former U.S. Ambassador to Iraq, Republic of Korea, Poland, Macedonia, and Special Envoy to Kosovo, former Assistant Secretary for East Asia/Pacific Affairs, head of the U.S. delegation to the 6 party talks on North Korean denuclearization

GEOFFREY HOGUET

Managing Member, GRH Holdings, LLC

ALEKSANDER KOJ - Director Emeritus since November 2010

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

Rector of the High School of Business-National Louis University in Nowy Sacz, 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 LIAISON TO THE BOARD

LEE FEINSTEIN

U.S. Ambassador to Poland, participating in the work of the Board of Directors

MANAGEMENT AND STAFF

President and Chief Executive Officer
JERZY KOŹMIŃSKI

Administrator of the Representative Office
GRZEGORZ JĘDRYS

Program Directors
RADOŚLAW JASIŃSKI
RENATA KOŹLICKA-GLIŃSKA
RAFAŁ KRAMZA

Program Officers
MIROŚLAW CZYŻEWSKI
AGNIESZKA MAZUR

Chief Accountant
AGNIESZKA KWIATKOWSKA

Programs' Financial Controller
MIRA OSIECKA

Information and PR
PRZEMYSŁAW ZAROŃ

Program Coordinator
KATARZYNA ŚWIĄTKIEWICZ

Program Assistant
JOANNA LEMPART-WINNICKA

Accounting
GRAŻYNA SKRZYPIEC
ADELA MAKAREWICZ

Administrative Assistants
RAFAŁ MILEWSKI
JOANNA RECHNIO

Treasurer and Chief Financial Officer
NORMAN E. HASLUN III

Secretary to the Board of Directors
C. DOUGLAS ADES

Financial Analyst
GRZEGORZ BORCZYK

Employees on leave
KALINA GRZESZUK-ZAJĄCZKOWSKA
AGNIESZKA ŁUKASIK
PAULINA KOŁACZYŃSKA

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